

Complaint

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IN THE MATTER OF

BRAINERD L. MELLINGER ET AL. TRADING AS
SKIL-WEAVE CO. ET AL.CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket 6226. Complaint, June 30, 1954—Decision, Sept. 22, 1955*

Consent order requiring sellers in Los Angeles, Calif., of a correspondence course in reweaving, to cease representing falsely that invisible French reweaving could be learned easily and quickly, and that anyone between 16 and 60 years of age could become an expert weaver through study of their course, could start a prosperous career, doing business at home in any city or on a farm, a large volume of it by mail, with reweaving work supplied by dry cleaners, department stores, and laundries.

Before *Mr. Abner E. Lipscomb*, hearing examiner.

Mr. William L. Pencke and *Mr. Edward F. Downs* for the Commission.

Nash & Donnelly, of Chicago, Ill., for respondents.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Brainerd L. Mellinger and Sibyle O. Mellinger, copartners trading and doing business as Skil-Weave Co., and Brainerd L. Mellinger, Jr., and Augustine Ott, individuals, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondents Brainerd L. Mellinger and Sibyle O. Mellinger are copartners trading and doing business under the firm name and style of Skil-Weave Co. and Brainerd L. Mellinger, Jr. and Augustine Ott are individuals who participate in the management and operation of said business and the promulgation of the advertising policies thereof. The principal office and place of business of all of said respondents is located at 1717 Westwood Boulevard, Los Angeles 24, California.

PAR. 2. Respondents are now, and have been for more than two years last past, engaged in the sale and distribution in commerce

among and between the States of the United States of a course of instruction designed to prepare students thereof for work as commercial rewavers. Said course is pursued through the medium of the United States mails. Respondents, in the course and conduct of said business, cause their said course of instruction to be transported from their said place of business in the State of California to the purchasers thereof located in other States of the United States. Respondents maintain, and at all times hereinafter mentioned have maintained, a substantial course of trade in said correspondence course in commerce among and between the various States of the United States.

PAR. 3. Respondents, in the course and conduct of said business and for the purpose of inducing the sale of said course of instruction in commerce, have made many claims and representations respecting said course and the benefit which would accrue to those purchasing the same. Said claims, statements and representations are made in advertisements inserted in newspapers and magazines, and in circulars and other printed matter disseminated generally to prospective purchasers. The statements, claims, representations and implications arising by reason thereof, are, in substance, as follows:

1. That Invisible French rewaving may be learned easily and quickly by anyone through the study of respondents' correspondence course of instruction.

2. That any normal person between the ages of 16 and 60 years can become an expert reweaver through the study of said course.

3. That men and women who have completed said course of instruction can make big profits at home in their full or spare time, have the opportunity to start a prosperous career and become financially independent, and that earnings up to \$5.00 an hour is a minimum charge, that \$10 or more an hour is common and that \$200.00 a week is possible.

4. That French rewaving is a little known profession and that the work is easy to perform.

5. That persons completing respondents' course of instruction can successfully operate a rewaving business at home in any large or small city, or on a farm, and that a very large volume of invisible rewaving business can be done by such persons by mail.

6. That rewaving is seldom available in small communities and that even the largest cities have only a few shops.

7. That an insurance company once paid respondent Augustine Ott \$1500 for about 60 hours of Skil-Weave work on an antique which was equal to \$25 an hour, and that while such order is exceptional, it illustrates the possibilities in said rewaving business.

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8. That persons who have completed said course of instruction receive a certificate which identifies them as graduate Skil-Weavers and qualifies them as skilled reweavers and automatically entitles them to a twelve-months' membership in the Skil-Weavers Guild, to receive and feature the guild insignia, and benefit from national advertising of the Skil-Weavers Guild.

9. That reweaving work is supplied to such persons by dry cleaners, department stores and laundries.

PAR. 4. All of the statements, representations and implications hereinabove set forth were and are false, deceptive, misleading or exaggerated. In truth and in fact:

1. Invisible French reweaving cannot be learned easily or quickly by anyone through the study of respondents' correspondence course.

2. Many persons, between the ages of 16 and 60, or of any other age cannot become expert reweavers through the study of respondents' course. An expert reweaver must have the aptitude and manual dexterity and other characteristics not possessed by many persons. Reweaving strains the eyes of some persons to the extent that they cannot engage in such work. Under ordinary circumstances, persons possessing the necessary qualifications must study and practice under the personal supervision and guidance of a competent instructor before they become expert.

3. The represented earnings of persons who have completed respondents' course are greatly exaggerated. Generally speaking, persons completing said course cannot make big profits at home either in spare or full time; neither can they start a prosperous career or become financially independent. Even for experienced workers, the average pay is substantially less than \$5 an hour and \$200.00 a week.

4. French reweaving is generally known as a means of repairing or restoring damaged textile articles. It is not easy to perform since it requires a high degree of painstaking effort.

5. Persons having completed respondents' said course cannot successfully operate a reweaving business at home, regardless of their locations. The volume of such business done by mail is not large. Such as is done is generally confined to established reweaving concerns and not by persons from their homes.

6. Reweaving services in small communities are readily available and numerous reweaving establishments operate in virtually all cities.

7. The claim that respondent Augustine Ott received \$1,500 for 60 hours' work—which claim is emphasized and reiterated through respondents' advertising material—is grossly exaggerated. The fact is that for this work Mrs. Ott was paid \$1,440 for 288 hours' work requiring two persons, or \$2.50 an hour per person.

8. While persons who have completed respondents' course of instruction receive a certificate, they are thereby not qualified as skilled reweavers. There is no such organization as Skil-Weavers Guild and the Skil-Weavers Guild insignia is of no validity. No national or other advertising is provided by respondents or any one in their behalf, for the benefit of such persons.

9. Dry cleaners, department stores or laundries do not furnish reweaving work to respondents' graduates but have such work done by established reweaving concerns.

PAR. 5. The use by respondents of the false, deceptive and misleading statements and representations set out in Paragraph 3 hereof has the tendency and capacity to mislead a substantial portion of the purchasing public into the mistaken and erroneous belief that such statements and representations are true and to induce a substantial portion of the purchasing public, because of such erroneous and mistaken belief, to purchase respondents' course of instruction.

PAR. 6. The aforesaid acts and practices of respondents, as herein alleged, are all to the prejudice and injury of the public and constitute unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

INITIAL DECISION BY ABNER E. LIPSCOMB, HEARING EXAMINER

On June 30, 1954, the Federal Trade Commission issued its complaint in this proceeding, charging the respondents with unfair and deceptive acts and practices in connection with the sale in commerce of a course of instruction designed to prepare students thereof for work as commercial reweavers, in violation of the Federal Trade Commission Act.

Thereafter, on July 26, 1954, respondents filed with the Commission their answer to the complaint, and on July 8, 1955, entered into an agreement with counsel supporting the complaint, and, pursuant thereto, submitted to the hearing examiner a Stipulation For Consent Order disposing of all the issues involved in this proceeding.

Respondents are identified in the stipulation as individuals and co-partners, with their office and principal place of business located at 1717 Westwood Boulevard, Los Angeles 24, California.

Respondents admit all the jurisdictional allegations set forth in the complaint, and stipulate that the record herein may be taken as if the Commission had made findings of jurisdictional facts in accordance therewith.

It is stated in the Stipulation For Consent Order that all parties thereto withdraw the answer filed by respondents on July 26, 1954,

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and for all legal purposes said answer will hereafter be regarded as withdrawn. All parties expressly waive a hearing before a hearing examiner or the Commission; the making of findings of fact or conclusions of law by the hearing examiner or the Commission; the filing of exceptions and oral argument before the Commission; and all further and other procedure before the hearing examiner or the Commission to which respondents may be entitled under the Federal Trade Commission Act or the Rules of Practice of the Commission. Respondents agree that the order contained in the stipulation shall have the same force and effect as if made after a full hearing, presentation of evidence, and findings and conclusions thereon. Respondents specifically waive any and all right, power, or privilege to challenge or contest the validity of such order.

It is also agreed that said Stipulation For Consent Order, together with the complaint, shall constitute the entire record in this proceeding, upon which the initial decision shall be based. The stipulation sets forth that the complaint herein may be used in construing the terms of the aforesaid order, which may be altered, modified, or set aside in the manner provided by statute for orders of the Commission.

Respondents specifically refrain from admitting or denying that they have engaged in any of the acts or practices stated in the complaint to be in violation of the law.

The order embodied in the aforesaid stipulation differs from the order accompanying the complaint herein in minor particulars only.

In view of the facts outlined above, it appears that the order embodied in the stipulation will safeguard the public interest to the same extent as could be accomplished by the issuance of an order after full hearing and all other adjudicative procedure waived in said stipulation. Accordingly, in consonance with the terms of the aforesaid stipulation, the hearing examiner accepts the Stipulation For Consent Order submitted herein; finds that this proceeding is in the public interest; and issues the following order:

It is ordered, That the respondents, Brainerd L. Mellinger and Sibyl O. Mellinger (spelled Sibyle O. Mellinger in the complaint), as individuals or as copartners trading as Skil-Weave Co., or under any other name, and respondents Brainerd L. Mellinger, Jr., and Augustine S. Ott, individually and respondents' agents, representatives, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of courses of instruction in reweaving in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or by implication:

1. That invisible French weaving can be learned easily or quickly by taking respondents' course;
2. That it is easy to learn reweaving, or that one can become an expert reweaver by taking respondents' course of instruction, unless it is restricted to the patch or overlay method of reweaving and unless it is disclosed that anyone taking said course of instructions must have normal use of hands, good eyesight, with or without glasses, and is temperamentally disposed to learn reweaving;
3. That the potential earnings for persons completing respondents' course of instruction are greater than they are in fact;
4. That French reweaving is little known or is easy to perform;
5. That persons completing respondents' course can successfully operate a reweaving business by mail;
6. That reweaving is not available in small communities or that only a few reweaving establishments are operated in cities;
7. That any respondent received greater compensation for reweaving than is the fact;
8. That the issuance of certificates to persons who have completed respondents' course qualifies them as skilled reweavers;
9. That an organization known as Skil-Weavers Guild exists or that the Skil-Weavers insignia is of any validity;
10. That respondents, or any one in their behalf, provide national advertising for the benefit of persons who have completed their course;
11. That through the efforts of respondents dry cleaners, department stores, laundries or similar business organizations supply reweaving work to persons who have completed respondents' course, or that the amount of such reweaving work available at such sources is greater than it is in fact.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Section 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall, on the 22nd day of September, 1955, become the decision of the Commission; and, accordingly:

It is ordered, That respondents Brainerd L. Mellinger and Sibyl O. Mellinger (spelled Sibyle O. Mellinger in the complaint), copartners trading and doing business as Skil-Weave Co., and Brainerd L. Mellinger, Jr., and Augustine Ott, individuals, shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist.

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IN THE MATTER OF

DUMAS OF CALIFORNIA, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND THE WOOL PRODUCTS LABELING ACTS

Docket 6284. Complaint, Jan. 10, 1955—Decision, Sept. 22, 1955

Consent order requiring manufacturers in Los Angeles, Calif., to cease violating the Wool Products Labeling Act through falsely labeling ladies' coats as to vicuna, wool and cashmere content, and failing to label other coats as required.

Before *Mr. John Lewis*, hearing examiner.

Mr. George E. Steinmetz for the Commission.

Blau, Shaw & Miller, of Beverly Hills, Calif., and *Mr. Milton J. Levy*, of New York City. for respondents.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Dumas of California, Inc., a corporation, and Herbert Bass, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Dumas of California, Inc., is a corporation organized and existing under and by virtue of the laws of the State of California. Respondent Herbert Bass is President of said respondent corporation. This respondent individually formulates, directs and controls the acts, policies and practices of said corporate respondent. The offices and principal place of business of each said respondent are located at 818 South Broadway, Los Angeles 14, California.

PAR. 2. Subsequent to the effective date of the Wool Products Labeling Act of 1939, and more especially since January, 1954, respondents have manufactured for introduction into commerce, introduced into commerce, sold, transported, distributed, delivered for shipment and offered for sale in commerce, as "commerce" is defined in said Act, wool products as "wool products" are defined therein.