

IN THE MATTER OF

LEON WOLFF TRADING AS
L. W. MAIL ORDER SURVEY, ETC.CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION
OF THE FEDERAL TRADE COMMISSION ACT*Docket 6431. Complaint, Oct. 19, 1955—Decision, Mar. 8, 1956*

Consent order requiring an individual in Los Angeles, Calif., selling a Survey or Guide having to do with the establishment and operation of a mail order business, to cease advertising falsely in newspapers, periodicals, etc., that anyone could start a successful mail order business by purchase and use of his Survey, and for only a few dollars; that the successful operators of mail order businesses named had purchased the Survey, and that the large incomes cited were typical and had been achieved by hundreds of small operators who had purchased it; that the Survey revealed confidential facts which had made fortunes for purchasers; that he was its author and one of the foremost experts in the United States on mail order business problems; and that installment purchasers could obtain a refund of all amounts paid if not satisfied.

Before *Mr. William L. Pack*, hearing examiner.

Mr. George E. Steinmetz for the Commission.

Mr. Ralph B. Herzog, of Beverly Hills, Calif., for respondent.

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 Leon Wolff, an individual trading as L. W. Mail Order Survey and as L. W. Publishers, hereinafter referred to as respondent, has 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. Respondent Leon Wolff is an individual trading as L. W. Mail Order Survey and as L. W. Publishers. Respondent is now, and for more than one year last past has been, engaged in the promotion, sale and distribution of a Survey or Guide having to do with the establishment and operation of a mail order business and known as the "L. W. Survey." Respondent's office and principal place of business is located at 805 Larrabee Street, Los Angeles, California. Said Survey or Guide is sold directly to purchasers in various States of the United States by the respondent.

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PAR. 2. In the course and conduct of his business, respondent now causes and has caused said Survey or Guide, when sold, to be transported from his place of business in the State of California to purchasers thereof located in various other States of the United States. Respondent maintains, and at all times mentioned herein has maintained, a substantial course of trade in commerce selling said Survey or Guide.

PAR. 3. Respondent at all times mentioned herein has been in substantial competition, in commerce, with other persons and with corporations, firms and partnerships engaged in the sale of courses of instruction, books and literature relating to the mail order business.

PAR. 4. In the course and conduct of his business and for the purpose of inducing the sale of his said Survey or Guide, respondent has made numerous statements in advertisements inserted in newspapers and periodicals and in other advertising literature, with respect to said Survey or Guide; the mail order business, the results that may be expected to follow the purchase of said Survey or Guide, and the establishment of a mail order business by following the said Survey or Guide.

PAR. 5. By and through statements made in said advertisements respondent represented, directly and by implication:

1. That anyone can start a successful mail order business by purchasing and following respondent's Survey or Guide;
2. That only a few dollars are required to conduct a successful mail order business by those purchasing and following respondent's Survey or Guide;
3. That the successful operators of mail order businesses named in the advertisements are persons who have purchased respondent's Survey or Guide;
4. That the examples of large incomes cited in the advertisements are typical and have been achieved by hundreds of small operators who have purchased respondent's Survey or Guide;
5. That the Survey or Guide offered for sale by respondent reveals confidential facts which have made fortunes for persons who have purchased it;
6. That respondent Leon Wolff is the author of the Survey or Guide and was the agent of the successful persons named in the advertisements; that he is one of the foremost experts in the United States on mail order business problems; and that purchasers will be given two free written opinions by the author of the Survey or Guide in his expert capacity at which time he will answer questions of their choice;

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7. That the Survey or Guide may be purchased in one transaction or by installments on an examination basis and that the purchaser may obtain a refund if not satisfied. Said refund shall be the complete purchase price, if bought in one transaction, or all amounts paid by installments if all of the Survey or Guide the purchaser has received is returned within seven days of the latest shipment of the Survey or Guide he has received.

PAR. 6. The foregoing representations and implications are grossly exaggerated, false and misleading. In truth and in fact:

1. The purchase and study of respondent's Survey or Guide will not enable every purchaser to conduct a successful mail order business. The mail order business is extremely crowded, competitive, and risky. Success comes only to a very limited number of beginners in this field and then, in practically all cases, only after continued and prolonged investment, experimentation and initial failures. While the Survey or Guide does contain factual information about the field in general, it does not present to the purchaser any information which will assure him of success. The beginner's success will depend on his initiative, background, product, knowledge, resources, market conditions, and other fluctuating and uncertain factors, none of which can be satisfactorily determined by studying the Survey or Guide.

2. The establishment of a mail order business with any chance of success at all requires a minimum of \$300 to \$500 capital readily available at the very outset. This amount is required for advertising and supplies alone and additional amounts would be required for the initial inventory of items to be sold. Respondent's Survey or Guide does not enable the purchaser to obviate this necessary prerequisite in any manner.

3. The successful mail order operators named in respondent's advertisements have not purchased and used respondent's Survey or Guide.

4. The examples of large incomes cited in respondent's advertisements are not typical of the mail order business and have not been achieved by hundreds of small operators who have purchased respondent's Survey or Guide. On the contrary, earnings for most operators in the mail order business are either non-existent or extremely limited. This is especially true for beginners.

5. The Survey or Guide offered for sale by respondent does not reveal confidential information which has made fortunes for persons purchasing it.

6. Respondent is not the author of the Survey or Guide he sells and offers for sale and was not the agent for the successful mail

order operators named in his advertising. He is not a recognized authority on mail order business problems. The free written opinions are given in practically all instances by respondent and only in rare instances are they given by the actual author of the Survey or Guide. In all cases the purchaser is informed that the written opinions are given by respondent and that he is the author of the Survey or Guide.

7. Purchasers of respondent's Survey or Guide who purchase by the installment method do not receive a refund of their purchase money for prior shipments if they return said shipment within seven days of receiving their latest shipment. Under these circumstances the purchaser receives a refund of his purchase money for the latest shipment only.

PAR. 7. The use by the respondent of the foregoing false, deceptive and misleading statements, representations and practices in connection with the sale and distribution in commerce of his Survey or Guide has had and now has the tendency and capacity to mislead and deceive a substantial portion of the purchasers and prospective purchasers of said Survey or Guide into the erroneous and mistaken belief that such statements and representations were and are true and into the purchase of substantial quantities of the Survey or Guide offered for sale in commerce by the respondent. As a result thereof trade in commerce has been unfairly diverted to respondent from his competitors and injury has been done to competition in commerce.

PAR. 8. The aforesaid acts and practices of respondent, as herein alleged, are all to the prejudice and injury of the public and of respondent's competitors and constitute unfair and deceptive acts and practices and unfair methods of competition, in commerce, within the intent and meaning of the Federal Trade Commission Act.

INITIAL DECISION BY WILLIAM L. PACK, HEARING EXAMINER

The complaint in this matter, issued October 19, 1955, charges the respondent with misrepresenting a certain publication sold by him, in violation of the Federal Trade Commission Act. An agreement has now been entered into by respondent and counsel supporting the complaint which provides, among other things, that respondent admits all of the jurisdictional allegations in the complaint; that the answer filed by respondent to the complaint shall be considered as having been withdrawn, and that the record on which the initial decision and the decision of the Commission shall be based shall consist solely of the complaint and agreement; that

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the inclusion of findings of fact and conclusions of law in the decision disposing of this matter is waived, together with any further procedural steps before the hearing examiner and the Commission; that the order hereinafter set forth may be entered in disposition of the proceeding, such order to have the same force and effect as if entered after a full hearing, respondent specifically waiving any and all rights to challenge or contest the validity of such order; that the order may be altered, modified, or set aside in the manner provided for other orders of the Commission; and that the agreement is for settlement purposes only and does not constitute an admission by respondent that he has violated the law as alleged in the complaint.

The hearing examiner having considered the agreement and proposed order and being of the opinion that they provide an adequate basis for an appropriate settlement and disposition of the proceeding, the agreement is hereby accepted, the following jurisdictional findings made, and the following order issued:

1. Respondent Leon Wolff is an individual trading as L. W. Mail Order Survey and as L. W. Publishers, with his office and principal place of business located at 805 Larrabee Street, Los Angeles, California.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

It is ordered, That respondent, Leon Wolff, an individual trading as L. W. Mail Order Survey and as L. W. Publishers, or trading under any other name, and his agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of a course of instruction known as the "L. W. Survey," or by any other name, 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 it is possible for anyone to organize and conduct a successful mail order business wholly as a result of the purchase and use of respondent's Survey or Guide;

2. That a successful mail order business can be started on a "shoe string" or on less than adequate capital;

3. That successful mail order operators have purchased respondent's Survey or Guide and have profited and benefited thereby, unless said persons have in fact purchased and subsequently used the Survey or Guide;

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4. That unusually large incomes have been achieved wholly as a result of purchasing the Survey or Guide, or that unusually large incomes are typical of the mail order business;

5. That confidential information contained in the Survey or Guide in itself is capable of making fortunes for persons who purchase it;

6. That respondent is the author of the Survey or Guide, or that he is one of the country's outstanding experts in the mail order business;

7. That refunds of all payments will be made to dissatisfied purchasers of respondent's Survey or Guide under given conditions, unless such refunds are actually made when the conditions are fulfilled.

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 8th day of March, 1956, become the decision of the Commission; and, accordingly:

It is ordered, That the respondent herein shall within sixty (60) days after service upon him of this order, file with the Commission a report in writing setting forth in detail the manner and form in which he has complied with the order to cease and desist.

IN THE MATTER OF
INTERNATIONAL WEAVING INDUSTRIES,
INCORPORATED, ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION
OF THE FEDERAL TRADE COMMISSION ACT

Docket 6416. Complaint, Sept. 21, 1955—Decision, Mar. 9, 1956

Consent order requiring a seller in Newark, N. J., of a "Speedweaving" reweaving kit, together with a course of instructions to prepare students for work at home as commercial reweavers, to cease representing falsely through statements made by its salesmen and in sales literature furnished them, that personal instruction and supervision would be given to each purchaser; that reweaving could be learned easily and quickly by anyone through use of the kit and instructions; that there was a great demand for reweaving and services of Speedweavers; that upon completion of the course, earnings of \$3 to \$5 per hour, \$30 per week, and \$200 per month, spare time, could be expected; that Speedweaving was a new method of invisible repairing; that respondents would arrange with dry cleaners, tailors, and others to supply all reweaving work they could handle to persons completing the course; that only a limited number of the kits and courses of instruction would be sold in each area; and that they maintained offices in New York, Chicago, California, and New Orleans.

Before *Mr. Everett F. Haycraft*, hearing examiner.

Mr. Michael J. Vitale for the Commission.

Mr. Henry Ward Beer, of New York City, 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 International Weaving Industries, Incorporated, a corporation, and Wallace Katz, individually and as an officer of said corporation, 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. Respondent International Weaving Industries, Incorporated, is a corporation, organized and existing under the laws of the State of New Jersey, with its principal office and place of business located at 45 Clinton Street, Newark, New Jersey. Respondent Wallace Katz is president of the corporate respondent. This individual formulates, directs and controls the acts, policies