

Decision

IN THE MATTER OF

JOHN D. MARTIN ET AL. DOING BUSINESS AS
INVISIBLE REWEAVING INSTITUTEORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket 6541. Complaint, Apr. 4, 1956—Decision, Nov. 30, 1956*

Consent order requiring sellers in La Mesa, Calif., of a correspondence course purportedly designed to prepare students for work as commercial reweavers, including French reweaving and overweaving or patch reweaving, to cease misrepresenting in advertising the ease of learning reweaving by anyone, the financial returns and security assured those completing the course, and opportunities and demand for their services, among other things; representing falsely in advertisements in the "Help Wanted" classified sections of newspapers—inserted to obtain leads for the sale of their courses—that they were offering employment at specific hourly wages; and using the term "Field Registrars" for their salesmen and the word "Institute" in their trade name.

Mr. George E. Steinmetz for the Commission.

Mr. John D. Martin and *Mr. Otto A. Silberman*, *pro se*.

INITIAL DECISION BY EVERETT F. HAYCRAFT, HEARING EXAMINER

The Federal Trade Commission issued its complaint against the above-named respondents on April 4, 1956, charging them with having violated the provisions of the Federal Trade Commission Act through the making of false, misleading and exaggerated statements and representations with respect to a correspondence course of study and instruction, purportedly designed to prepare students thereof for work as commercial reweavers. After the issuance of said complaint and the filing of their answer thereto, the respondents entered into an agreement with counsel supporting the complaint, dated August 24, 1956, providing for the entry of a consent order disposing of all the issues in this proceeding, which agreement was duly approved by the Director and the Assistant Director of the Bureau of Litigation, and transmitted to the undersigned October 5, 1956.

By the terms of said agreement, the respondents admitted all the jurisdictional facts alleged in the complaint and each of them agreed that the record herein may be taken as if findings of jurisdictional facts had been duly made in accordance with such allegations. Respondents in the agreement expressly waived any further procedural steps before the hearing examiner and the Commission;

the making of findings of fact or conclusions of law; and all of the rights that they and each of them may have to challenge or contest the validity of the order to cease and desist entered in accordance with the said agreement.

By said agreement the answer of the respondents to the complaint shall be considered as having been withdrawn and the record on which the initial decision and the decision of the Commission shall be based shall consist solely of the complaint and the said agreement. It was further agreed that the agreement shall not become a part of the official record unless and until it becomes a part of the decision of the Commission, and that said agreement is for settlement purposes only and does not constitute an admission by the respondents or either of them that they have violated the law as alleged in the complaint. The agreement also provided that the order to cease and desist issued in accordance with said agreement shall have the same force and effect as if entered after a full hearing; that it may be altered, modified or set aside in the manner provided for other orders; and that the complaint may be used in construing the terms of the order. Paragraph 1(a) of the order following is made to conform to prior orders of the Commission issued in the cases of Fabiricon Company, Docket 6282, Skil-Weave Co., Docket 6226 and International Weaving Industries, Incorporated, Docket 6416.

This proceeding having now come on for final consideration by the hearing examiner on the complaint and the aforesaid agreement for consent order, and it appearing that said agreement provides for an appropriate disposition of this proceeding, the aforesaid agreement is hereby accepted and is ordered filed upon becoming part of the Commission's decision in accordance with Sections 3.21 and 3.25 of the Rules of Practice, and in consonance with the terms of said agreement, the hearing examiner makes the following jurisdictional findings and order:

1. The respondents constitute a copartnership, existing and doing business under the laws of the State of California, with a principal office and place of business located at 4722 Nebo Drive, La Mesa, California.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding, which is in the public interest, and of the respondents hereinabove named; the complaint herein states a cause of action against said respondents under the provisions of the Federal Trade Commission Act.

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Order

ORDER

It is ordered, That respondents, John D. Martin and Otto A. Silberman, individually and as copartners trading and doing business as Invisible Reweaving Institute, or under any other name or names, and their respective representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of any course or courses of instruction in reweaving in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication:

(a) 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 this is possible only in the case of those persons having normal use of their hands, good eyesight with or without glasses, and who are temperamentally disposed to learn reweaving;

(b) That persons completing respondents' course of instruction thereby become expert reweavers;

(c) That reweaving is easy to perform by persons completing respondents' course of instruction;

(d) That the potential earnings of persons completing respondents' course of instruction are greater than they are in fact;

(e) That respondents assist persons completing their course of instruction in obtaining work or employment as reweavers;

(f) That respondents give or provide personal instruction in reweaving to those who purchase their course of instruction unless such is the fact;

(g) That there is a demand for the services, as reweavers, of persons who have completed respondents' course of instruction;

(h) That persons completing respondents' course of instruction are assured of steady incomes or secure financial futures;

2. Using the word "Registrars," or any other word or words of the same import, as a means of identifying or in connection with their salesmen or misrepresenting in any manner the status of their salesmen;

3. Using the word "Institute," or any other word or words of similar import as a part of a trade or corporate name, or otherwise representing directly or by implication, that respondents' business is an organization or institution of higher learning;

4. Advertising in newspapers or other media under the "Help

Wanted" classifications or similar classifications, in connection with the offering for sale of their course of instruction.

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 30th day of November, 1956, become the decision of the Commission; and, accordingly:

It is ordered, That respondents John D. Martin and Otto A. Silberman, individually and as copartners trading and doing business as Invisible Reweaving Institute, 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.

Decision

IN THE MATTER OF

DAVID ROTH TRADING AS ROTEX PRODUCTS

ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket 6602. Complaint, July 30, 1956—Decision, Dec. 1, 1956*

Consent order requiring an individual engaged in New York City in purchasing fur scrap, the fibers of which he processed and blended with other fibers, and sold to fabric manufacturers, to cease invoicing as "Beaver Fur Products" fibers which contained substantially less than 100% beaver fur, and as "25% Vicuna, 75% Other Fur Fibers," fibers which contained substantially less than 25% vicuna or none at all.

Mr. John T. Walker and Mr. S. F. House for the Commission.
Respondent appearing for himself.

INITIAL DECISION BY JOSEPH CALLAWAY, HEARING EXAMINER

The Federal Trade Commission issued its complaint against the above-named respondent on July 30, 1956 charging him with violation of the Federal Trade Commission Act in connection with his business of selling fur fibers. After service of the complaint, respondent by letter dated August 24, 1956, treated as an answer, replied to the charges. Subsequently, on September 26, 1956 respondent entered into an agreement for a consent order to cease and desist from the practices complained of which agreement disposes of all the issues in this proceeding without hearing. The agreement has been duly approved by the Assistant Director and Director of the Bureau of Litigation and has been submitted to the undersigned, heretofore designated to act as hearing examiner herein for his consideration in accordance with Rule 3.25 of the Rules of Practice of the Commission. It is noted that the address of respondent as originally written on the typewriter on the first sheet of the agreement has been changed in pen and ink to read "257 W. 30th Street." This corrected address corresponds to the address of respondent under his signature on the last sheet of the agreement. It is also noted that the first sentence of paragraph Numbered 6, at the top of page two of the agreement as originally written on the typewriter is stricken out, presumably by respondent, as his initials are beside it. Such changes have evidently been agreed to by Counsel supporting the Complaint and approved by the Assistant Director and Director of the Bureau of Litigation and hence do not invalidate the agreement.