

IN THE MATTER OF
LESTER B. PATTERSON ET AL.
TRADING AS SKIL-WEAVE CO., ET AL.¹

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

*Docket 7318. Complaint, Nov. 26, 1958—Decision, May 20, 1959*¹

Consent order requiring Chicago sellers of a correspondence course in reweaving to cease advertising falsely the ease of learning reweaving through their course, and overstating potential earnings and business opportunities for persons completing it; and

Complaint was dismissed on Nov. 7, 1959, as to respondent advertising agency and an official thereof.

Before Mr. Walter R. Johnson hearing examiner.

Mr. Edward F. Downs and Mr. John J. Mathias for the Commission.

Nash & Donnelly, by Mr. John A. Nash, of Chicago, Ill., for respondents Lester B. Patterson and Edythe F. Patterson, copartners trading and doing business as Skil-Weave Co.

INITIAL DECISION AS TO CERTAIN RESPONDENTS

In the complaint dated November 26, 1958, the respondents Lester B. Patterson and Edythe F. Patterson, copartners trading and doing business as Skil-Weave Co. are charged with violating the provisions of the Federal Trade Commission Act.

On March 4, 1959, the above-named respondents and their attorney entered into an agreement with counsel in support of the complaint for a consent order.

Under the agreement, respondents admit the jurisdictional facts alleged in the complaint. The parties agree, among other things, that the cease and desist order there set forth may be entered without further notice and have the same force and effect as if entered after a full hearing, and the document includes a waiver by respondents of all rights to challenge or contest the validity of the order issuing in accordance therewith. The agreement further recites that it is for settlement purposes only and does not constitute an admission by respondents that they have violated the law as alleged in the complaint.

The respondents Grant, Schwenck & Baker, Inc., a corporation,

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and Paul Grant, individually and as an officer of said corporation, are not parties to the aforementioned agreement and are subject to further proceedings.

The hearing examiner finds that the content of the agreement meets all of the requirements of Section 3.25(b) of the Rules of the Commission.

The hearing examiner being of the opinion that the agreement and the proposed order provide an appropriate basis for disposition of this proceeding as to said respondents, the agreement is hereby accepted and it is ordered that the agreement shall not become a part of the official record of the proceeding unless and until it becomes a part of the decision of the Commission. The following jurisdictional findings are made and the following order issued.

1. Respondents Lester B. Patterson and Edythe F. Patterson are copartners trading and doing business as Skil-Weave Co., with their principal office and place of business located at 335 West Madison Street, Chicago, Ill.

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

ORDER

It is ordered, That respondents Lester B. Patterson and Edythe F. Patterson, copartners trading and doing business as Skil-Weave Co., or under any other name, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of courses of instruction 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 reweaving can be learned easily or quickly through the study of respondents' correspondence course of instruction;

2. That it is easy to learn reweaving, or that one can become an expert reweaver by taking respondents' course of instruction, unless restricted to the patch or overlay method of reweaving;

3. That the potential earnings for persons completing respondents' course of instruction are greater than they are in fact;

4. That the certificate issued to individuals who have completed respondents' course or the use of the trade mark "Skil-Weave" qualify an individual as a skilled reweaver;

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5. That persons completing respondents' course can successfully operate a reweaving business or can expect to receive substantial orders from homes, cleaners or department stores.

DECISION OF THE COMMISSION AS TO LESTER B. PATTERSON,
AND EDYTHE F. PATTERSON, COPARTNERS
TRADING AND DOING BUSINESS AS SKIL-WEAVE CO.,
AND ORDER TO FILE REPORT OF COMPLIANCE

The Commission having considered the initial decision of the hearing examiner wherein he accepted an agreement containing a consent order to cease and desist executed by respondents Lester B. Patterson and Edythe F. Patterson, copartners, trading and doing business as Skil-Weave Co., as well as by respondents' counsel and by counsel supporting the complaint, service of which initial decision was completed on April 17, 1959; and

It appearing that the initial decision may be deficient in that it fails to incorporate the substance of certain pertinent provisions of the agreement of the parties:

It is ordered, That said initial decision be, and it hereby is, amended by inserting between the second and third paragraphs thereof the following paragraph:

Under the agreement, respondents admit the jurisdictional facts alleged in the complaint. The parties agree, among other things, that the cease and desist order there set forth may be entered without further notice and have the same force and effect as if entered after a full hearing, and the document includes a waiver by respondents of all rights to challenge or contest the validity of the order issuing in accordance therewith. The agreement further recites that it is for settlement purposes only and does not constitute an admission by respondents that they have violated the law as alleged in the complaint.

It is further ordered, That the initial decision as so modified shall, on the 20th day of May 1959, become the decision of the Commission.

It is further ordered, That the respondents Lester B. Patterson and Edythe F. Patterson, copartners, trading and doing business as Skil-Weave Co., 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 contained in said initial decision.

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Before *Mr. Walter R. Johnson*, hearing examiner.

Mr. John J. Mathias and *Mr. Edward F. Downs* for the Commission.

Mr. Charles F. Short, Jr., of *Brundage & Short*, of Chicago, Ill., for respondents *Grant, Schwenck & Baker, Inc.*, a corporation, and *Paul Grant*, individually and as an officer of said corporation.

INITIAL DECISION AS TO RESPONDENTS

GRANT, SCHWENCK & BAKER, INC., AND PAUL GRANT

In the complaint dated November 26, 1958, the respondents *Lester B. Patterson* and *Edythe F. Patterson*, copartners trading and doing business as *Skil-Weave Co.*, and *Grant, Schwenck & Baker, Inc.*, a corporation, and *Paul Grant*, individually and as an officer of said corporation, are charged with violating the provisions of the Federal Trade Commission Act.

Hearings were held in Chicago, Ill., on March 2 and 3, 1959, at which time testimony and evidence was offered on behalf of the Commission. The attorneys in support of the complaint did not close the case-in-chief and no testimony or other evidence was received on behalf of the respondents.

On March 4, 1959, the respondents *Lester B. Patterson* and *Edythe F. Patterson* and their attorney entered into an agreement with counsel in support of the complaint for a consent order which was accepted by the hearing examiner in an initial decision and which, with modifications, on May 20, 1959, became the decision of the Commission. The said order was further modified by the Commission on July 7, 1959.

The respondents *Grant, Schwenck & Baker, Inc.*, and *Paul Grant* were not parties to the aforementioned agreement. On July 29, 1959, counsel supporting the complaint filed a motion to dismiss as to respondents *Grant, Schwenck & Baker, Inc.*, and *Paul Grant*, reading:

"COMES NOW counsel supporting the complaint and moves that the complaint be dismissed as to respondents *Grant, Schwenck & Baker, Inc.*, and *Paul Grant*, for the following reasons:

"The Commission, in its decision dated May 20, 1959, as modified by a Commission order dated July 7, 1959, has prohibited respondents *Lester B. Patterson* and *Edythe F. Patterson*, copartners trading and doing business as *Skil-Weave Co.*, from engaging in the practices set forth in the complaint.

"Two days of hearings were held in this matter for the reception of evidence in support of the charges of the complaint as to Grant, Schwenck & Baker, Inc., and Paul Grant. The record, insofar as it concerns said respondents' participation in the practices alleged in the complaint, is complete.

"The record does not contain sufficient evidence to substantiate the charges against respondents Grant, Schwenck & Baker, Inc., and Paul Grant.

"Additional investigation conducted subsequent to the issuance of the complaint and the aforesaid hearings has disclosed that there is not sufficient evidence available to make a record which would support a cease and desist order against the above-named advertising agency and its officer.

"In view of the above, counsel supporting the complaint feels that the complaint should be dismissed as to respondents Grant, Schwenck & Baker, Inc., and Paul Grant."

The hearing examiner considering said motion and being fully advised in the premises finds there is not sufficient evidence in the record to substantiate the charges against the respondents Grant, Schwenck & Baker, Inc., and Paul Grant.

It is ordered, That the complaint herein be, and the same hereby is, dismissed as to the respondents Grant, Schwenck & Baker, Inc., a corporation, and Paul Grant, individually and as an officer of said corporation.

DECISION OF THE COMMISSION

Pursuant to Section 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall, on the 7th day of November 1959, become the decision of the Commission.

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IN THE MATTER OF
CONSUMER DRUG CORPORATION, ET AL.ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT

Docket 7362. Complaint, Jan. 15, 1959—Decision, May 20, 1959

Order dismissing, following dissolution of respondent corporation, complaint charging drug distributors in Portland, Oreg., with advertising falsely that their "Oragen" tablets enabled obese persons to lose a pound of weight a day.

Before *Mr. Earl J. Kolb*, hearing examiner.

Mr. Berryman Davis for the Commission.

Mr. Arthur D. Herrick, of New York, N.Y., for respondents.

INITIAL DECISION DISMISSING THE COMPLAINT

This proceeding is before the hearing examiner upon motion of counsel for respondents to dismiss the complaint; amended motion to dismiss; answer to motion and amended motion filed by counsel supporting the complaint; reply memorandum filed by counsel for respondents; and answer to reply memorandum filed by counsel supporting the complaint.

It appears that prior to the issuance of the complaint in this proceeding, the assets of the corporation respondent, Consumer Drug Corporation, were sold to Consumer Laboratories, Inc., a corporation, and on February 16, 1959, Certificate of Dissolution of said corporate respondent was issued by the Corporation Commissioner of the State of Oregon.

In addition to the corporate respondent, Harold S. Heldfond, Robert C. Heldfond, and Henry Cohen were named respondents, both individually and as officers of said corporate respondent. Of these three individual respondents only respondent Harold S. Heldfond is connected with the new corporation. While he owns no stock in the new corporation, he is president and director of said corporation.

In his answer to said motion to dismiss, counsel supporting the complaint stated that he had no objection to dismissal of the complaint as to the corporate respondent and as to the individual respondents in their capacities as officers of the corporate respondent, but did object to the dismissal of the complaint against