

versal Extension Service, 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
CHARLES FORD & ASSOCIATES OF THE
MIDWEST, INC., ET AL.

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

Docket 7338. Complaint, Dec. 17, 1958—Decision, July 1, 1959

Consent order requiring two affiliated Chicago concerns to cease obtaining advance fees from businessmen seeking loans and property owners wanting to sell, by offering false inducements including representations that they were affiliated with lending institutions which would make loans to anyone they recommended, and that even larger loans than those requested would be obtained for those paying the fee; that they had ready buyers interested in the specific properties and that asking prices should be increased; and that the advance fees would be refunded if the loans were not procured or the properties sold.

Mr. John W. Brookfield, Jr., and Mr. William A. Somers supporting the complaint.

Mr. Lawrence S. Jacobson of Jacobson and Lieberman, of Chicago, Ill., for respondents.

INITIAL DECISION BY WALTER R. JOHNSON, HEARING EXAMINER

In the complaint dated January 21, 1959, the respondents are charged with violating the provisions of the Federal Trade Commission Act and the Rules and Regulations made pursuant thereto.

On April 21, 1959, respondents Charles Ford & Associates of the Midwest, Inc., a corporation, by its duly authorized officer, and Charles C. Solk, individually and as an officer of said corporation, Casey and Associates, Incorporated, by its duly authorized officer, Charles C. Solk, individually and as an officer of said corporation, and Emmet R. Casey, individually and as a former officer of said corporation and George B. Bry, individually, and their attorneys and John W. Brookfield, Jr., and William A. Somers, Counsel in Support of the Complaint, entered into an agreement for a consent order.

The hearing examiner finds that the content of the agreement meets all the requirements of Section 3.25(b) of the Rules of the Commission, and contains a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that they have violated the law as alleged in the complaint.

In said agreement it is agreed that the complaint shall be dismissed as to respondents Donald Karol and Gerald Newman, individually and as officers of the corporate respondents and Carl F. Strodel and A. R. O'Rourke, individually, for the reasons set out in affidavits, executed by each of said respondents, attached to said agreement and made a part thereof.

Affiant Donald Karol states that he is not now and has not been since early February 1959 employed by the corporate respondents in any capacity whatever; that his powers, duties and functions as an employee of said corporations were entirely menial and he had no power or authority with respect to the operation of the business activities of said corporations; that he did not at any time participate in any way in solicitation of clients or prospective clients of either of said corporations; that the use of his name as officer or director of said corporations was permitted by him merely as an accommodation to Mr. Charles C. Solk and at no time was he vested with any actual power or authority involved in acting as officer.

Affiant Gerald Newman states that since approximately 1954 he has been employed by Mr. Charles C. Solk as a bookkeeper in various business enterprises owned or controlled by Mr. Solk; that although his name appeared as officer or director of some of the corporations controlled by Mr. Solk, the use of his name was for purposes of Mr. Solk's convenience, that he was at no time vested with

actual power or authority customarily involved in acting as officer or director of such corporations; that his duties and authority were always limited to bookkeeping; that he did not at any time participate in any way in the solicitation, execution or performance of contracts between the corporate respondents and the clients of said corporations.

Affiant Carl F. Strodel states that he was engaged by Casey and Associates, Inc. at approximately the time it was organized as an independent contractor to advise and assist in establishing the operational structure of the business of the corporation, particularly with respect to the business management consultation aspect thereof; that the services rendered by him to said corporation have been largely in connection with that aspect of said corporation's business and said services were rendered by him as an independent contractor and not as an employee; that he is not now and has not been at any time either an officer, director or shareholder of said corporation, and that he was at no time affiliated or associated in any way whatever with Charles Ford & Associates of the Midwest, Inc.

Affiant A. R. O'Rourke states that he became an employee of Casey and Associates, Inc. in August of 1958 and his duties as such employee consisted entirely and exclusively of assembling, analyzing and presenting to prospective lenders, financial data furnished to his employer by its clients; that he did not at any time participate in any way in obtaining contracts with said corporation's clients; that he did not participate or have any voice in the general operations or policies of the business activities of said corporation; that his work consisted solely of performing services after the execution of contracts of said corporation's clients; that he is not and has not at any time been either an officer, director or shareholder of said corporation and his activities as an employee of said corporation played no part whatever in the solicitation or execution of contracts between said corporation and its clients; that he was at no time affiliated or associated in any way whatever with Charles Ford & Associates of the Midwest, Inc.

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 all of the parties, 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. Respondent Charles Ford & Associates of the Midwest, Inc., is a corporation organized, existing and doing business under and

by virtue of the laws of the State of Illinois. Respondent Charles C. Solk is an individual and officer of said corporate respondent.

2. Respondent Casey and Associates, Incorporated is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois. Respondent Charles C. Solk is an individual and officer of said corporate respondent and respondent Emmet R. Casey is an individual and former officer of said corporate respondent, and respondent George B. Bry is an individual.

3. The office and principal place of business of all of said respondents is 10 North Clark Street, Chicago, Illinois.

4. 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 Charles Ford & Associates of the Midwest, Inc., a corporation, and its officers and Charles C. Solk, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any other corporate device, in connection with the offering for sale or sale of advertising in any advertising media, or of other services and facilities in connection with the offering for sale, selling, buying or exchanging of business or any other kind of property, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or by implication, that:

1. Respondents have available prospective buyers who are interested in the purchase of the specific property sought to be listed or advertised.

2. Respondents will finance the purchase of the listed property.

3. The property is underpriced by the owner or that the asking price should be increased or that respondents can or will sell the property at the increased price.

4. Respondents assume all risks or obligations in connection with their activities in listing or attempting to sell the listed property, or that the owner or prospective borrower has nothing to lose.

5. Respondents are associated with large numbers of cooperating brokers who will assist in the sale of the listed property.

6. The listing or advance fee will be refunded if the property is not sold within a short period of time.

7. Property listed with respondents will be sold within a short period of time, or that the sale is guaranteed, or that respondents

have sold the property of others, who listed it with them, within a few weeks or other short period of time.

It is further ordered, That respondents Casey and Associates, Incorporated, a corporation, and its officers and Charles C. Solk, individually and as an officer of said corporation, Emmet R. Casey, individually and as a former officer of said corporation, and George B. Bry, individually, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, or sale, of services to obtain loans for, or financial assistance to, businessmen or others, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or by implication, that:

1. Respondents will obtain loans within a short period of time.
2. Respondents will refund the fee paid in the event they do not obtain a loan.
3. Respondents can and will obtain larger loans than the loans requested by businessmen.
4. Respondents are agents of, correspondents for, or are affiliated with banks, insurance companies, or other lending and financing institutions.
5. Banks or other lending institutions will make loans to anyone recommended by respondents.
6. Respondents have obtained loans within short periods of time for other businessmen.
7. Respondents' principal business is that of business consultants and that their service in obtaining loans is only a part of their principal business.

It is further ordered, That the complaint be and the same hereby is dismissed as to respondents Donald Karol and Gerald Newman, individually and as officers of said corporations, and Carl F. Strodel and A. R. O'Rourke, individually, without prejudice to the right of the Commission to take such action in the future as may be warranted by the then existing conditions.

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 1st day of July, 1959, become the decision of the Commission; and, accordingly:

It is ordered, That the respondents, except those against whom the complaint has been dismissed, shall, within sixty (60) days after service upon them of this order, file with the Commission a report,

