

Complaint

IN THE MATTER OF

ALEX SANDRI WHITE TRADING AS
AUREA PUBLICATIONSCONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket 8056. Complaint, July 26, 1960—Decision, July 18, 1961*

Consent order requiring a representative of correspondence schools in Great Britain and Italy, with headquarters in Central Valley, N.Y., to cease representing falsely in advertising in national magazines, brochures, and circulars, that such foreign correspondence schools were accredited in the United States and their degrees and diplomas recognized by accredited educational institutions in this country; and to cease using the words "University" or "College" as part of their trade names.

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 Alex Sandri White, trading as Aurea Publications, 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 Alex Sandri White is an individual trading and doing business as Aurea Publications, with his office and principal place of business located in Central Valley, New York.

PAR. 2. Respondent, in the course of trading as Aurea Publications, has acted and presently acts as representative or agent for certain correspondence schools located primarily in Europe. As agent or representative for the aforesaid foreign correspondence schools, respondent's duties include the solicitation of individuals located in this country as students in various courses given by said foreign correspondence schools. Individuals in this country enrolling with the above-mentioned foreign correspondence schools are required to submit their applications to and pay their entrance fees to respondent, who, in turn, transmits said applications and fees to the various foreign correspondence schools, less commissions. Said foreign correspondence schools, for which respondent has acted and now acts as representative or agent, confer college degrees or diplomas to students who either successfully complete special courses offered by said schools through the mails, or who have suffi-

cient credits to enable them to receive college degrees or diplomas without the necessity of taking special correspondence courses.

PAR. 3. In the course and conduct of his business, respondent, as representative or agent for various correspondence schools, now causes, and for some time last past has caused, the courses of study and instruction of the aforesaid correspondence schools to be transported from said schools' places of business to purchasers located in various States of the United States. There is now, and has been at all times, a course of trade in said courses of study and instruction in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. Respondent, in soliciting the sale of and in selling various courses of study and instruction on behalf of various correspondence schools, has inserted, and is now inserting, advertisements in various national magazines. In addition, respondent has distributed and now distributes brochures and circulars to prospective students outlining the various courses, college degrees and diplomas granted by the aforementioned correspondence schools. Typical of the statements made by respondent in advertisements in national magazines are the following:

INEXPENSIVE Correspondence courses: Science, Arts, Psychology, Engineering. Earn diplomas, degrees, colleges abroad. Aurea, Central Valley, New York.

EARN COLLEGE diploma through courses or tests by correspondence. Qualify for degree from institutes abroad. Engineering, Sciences, most subjects. Request folder #175. American Representatives: Aurea, Central Valley, New York.

DEGREE Program by mail (courses or tests). Colleges abroad—Aurea, Central Valley, New York.

PAR. 5. Through the use of the aforesaid statements, respondent represented, directly or by implication, among other things, that:

(1) Foreign correspondence schools are accredited institutions of higher learning in this country;

(2) The degrees or diplomas issued by foreign correspondence schools are recognized by accredited institutions of higher learning in this country.

PAR. 6. Among other statements made, directly or by implication, in brochures and circulars are:

1. That St. Andrew Ecumenical University College, a correspondence school located in Great Britain, is an accredited educational institution of higher learning, authorized to award degrees recognized by duly accredited institutions of higher learning in the United States.

2. That Phoenix University and Minerva University, both being correspondence schools located in Bari, Italy, are accredited educational institutions of higher learning, qualified to award degrees recognized by duly accredited institutions of higher learning in the United States.

3. That Clough & Normal Colleges of Great Britain, through its correspondence school, is qualified to confer college diplomas recognized by duly accredited institutions of higher learning in the United States.

4. That the educational qualifications of those awarded degrees or diplomas from foreign correspondence schools are equivalent to the educational qualifications acquired by those attending accredited institutions of higher learning.

PAR. 7. All of the foregoing statements and representations, and others similar thereto, are false, deceptive and misleading. In truth and in fact, a college or a university, as that term is understood in the educational field, and by the general public, is an institution of higher learning, including subjects in the arts, sciences and professions, such as law, medicine and theology, with adequate equipment in the form of buildings, laboratories, libraries, dormitories for resident students, and sufficient financial resources to operate and maintain such institutions; with an adequate and competent faculty of learned persons qualified and trained to teach the respective subjects offered by such institutions, and possessing degrees from recognized universities and colleges. None of the correspondence schools represented by respondent meets these requirements.

A college degree or diploma is an academic rank conferred by duly recognized and accredited institutions of higher learning such as colleges and universities, and which degree or diploma conveys to the ordinary mind the idea of some collegiate or university scholastic achievement. Degrees or diplomas granted solely for work done by correspondence are not accredited and recognized by colleges and universities or by examining boards of the different professions.

Phoenix University, Minerva University, St. Andrew Ecumenical University College and Clough & Normal Colleges of Great Britain are not recognized in this country as accredited institutions of higher learning. In addition, the educational qualifications of those obtaining degrees or diplomas from foreign correspondence schools are not equivalent to the educational qualifications acquired by those attending accredited institutions of higher learning.

PAR. 8. In addition to the foregoing, by disseminating and distributing brochures and other information containing therein the names of correspondence schools having as part of their trade names

the words "University" or "College", respondent has represented, contrary to the fact, that such correspondence schools meet the requirements set out in Paragraph Seven hereof.

PAR. 9. In the conduct of his business, respondent is in competition, in commerce, with corporations, firms and individuals in the sale of correspondence courses of the same general nature as those sold by him.

PAR. 10. The use by the respondent of the aforesaid false, misleading and deceptive statements, representations and practices has the capacity and tendency to lead the public into the erroneous and mistaken belief that the statements and representations are true and into the purchase of a substantial number of the correspondence courses sold by him because of such erroneous and mistaken belief. As a result thereof, substantial trade in commerce has been unfairly diverted to respondent from his competitors and substantial injury has thereby been, and is being, done to competition in commerce.

PAR. 11. The aforesaid acts and practices of respondent, as herein alleged, were and 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.

Jerome Garfinkel, Esq., for the Commission.

Herbert J. Fabricant, Esq., of Monroe, N.Y., for respondent.

INITIAL DECISION BY ROBERT L. PIPER, HEARING EXAMINER

The Federal Trade Commission on July 26, 1960, issued its complaint against the above-named respondent charging him with having violated the Federal Trade Commission Act by misrepresenting certain courses of instruction and study which are offered to the public. Respondent appeared and entered into an agreement dated December 16, 1960, containing a consent order to cease and desist, disposing of all the issues in this proceeding without further hearings, which agreement has been duly approved by the Bureau of Litigation. Said agreement has been submitted to the undersigned, heretofore duly designated to act as hearing examiner herein, for his consideration in accordance with § 3.25 of the Rules of Practice of the Commission.

Respondent, pursuant to the aforesaid agreement, has admitted all of the jurisdictional allegations of the complaint and agreed that the record may be taken as if findings of jurisdictional facts had been made duly in accordance with such allegations. Said

agreement further provides that respondent waives all further procedural steps before the hearing examiner or the Commission, including the making of findings of fact or conclusions of law and the right to challenge or contest the validity of the order to cease and desist entered in accordance with such agreement. It has also been agreed that the record herein shall consist solely of the complaint and said agreement, 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, that said 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, that said order to cease and desist shall have the same force and effect as if entered after a full hearing and 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.

This proceeding having now come on for final consideration on the complaint and the aforesaid agreement containing the consent order, and it appearing that the order and agreement cover all of the allegations of the complaint and provide for appropriate disposition of this proceeding, the agreement is hereby accepted and ordered filed upon this decision and said agreement becoming part of the Commission's decision pursuant to §§ 3.21 and 3.25 of the Rules of Practice, and the hearing examiner accordingly makes the following findings, for jurisdictional purposes, and order:

1. Respondent Alex Sandri White is an individual trading and doing business as Aurea Publications, with his office and principal place of business located in the City of Central Valley, State of New York.

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

It is ordered, That respondent Alex Sandri White, an individual trading as Aurea Publications, or under any other trade name or names, and respondent's agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act, of courses of study and instruction, do forthwith cease and desist from:

I. Representing, directly or by implication:

(a) That any foreign correspondence school is an accredited institution of higher learning in this country;

(b) That the degrees or diplomas issued by foreign correspondence schools are recognized by accredited institutions of higher learning in this country;

(c) That any foreign correspondence school is authorized to issue college or university degrees or diplomas in this country;

(d) That the academic qualifications of those awarded degrees or diplomas by foreign correspondence schools are equivalent to the academic qualifications acquired by those attending accredited institutions of higher learning in this country; or misrepresenting in any manner the academic qualifications of those awarded degrees or diplomas by foreign correspondence schools.

II. Using the words "College" or "University" or any other word or term of similar import as a part of the trade or corporate name of a foreign correspondence school.

[For the purposes of this section, a foreign correspondence school shall mean a foreign school or entity which furnishes courses of study solely by means of correspondence.]

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 18th day of July 1961, become the decision of the Commission; and, accordingly:

It is ordered, That respondent Alex Sandri White, trading as Aurea Publications, 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

APPROVED FORMULAS, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE

FEDERAL TRADE COMMISSION ACT