

It is further ordered, That with the exception of paragraphs 2 and 7 the order of December 28, 1962, shall in all respects and for all purposes remain final and unaffected by this reopening.

It is further ordered, That respondent shall, within sixty (60) days after service upon it of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with paragraphs 2 and 7 of the order to cease and desist as set out above.

IN THE MATTER OF
PUZZLERS RESEARCH BUREAU, INC., ET AL.

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

Docket C-611. Complaint, Oct. 23, 1963—Decision, Oct. 23, 1963

Consent order requiring New York City distributors of contest aids to the public to cease representing falsely in pamphlets, brochures and other advertising matter that they could increase customers' "solving effectiveness at least 500%", that "Winners' lists are studded with names of our subscribers", etc., when they failed to advise customers that the rules of such contests commonly provide that all award-winning entries must be the original creation of the person submitting them and that certification is required that he had no assistance.

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 Puzzlers Research Bureau, Inc., a corporation, and Jules Leopold and Minna Leopold, individually and as officers 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, Puzzlers Research Bureau, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at 8 West 40th Street in the city of New York, State of New York.

Respondents Jules Leopold and Minna Leopold are officers of the corporate respondent. They formulate, direct and control the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondent.

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PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution of contest aids to the public.

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time last past have caused, their said products, when sold, to be shipped from their place of business in the State of New York to purchasers thereof located in various other States of the United States, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business and for the purpose of inducing the purchase of their contest aids, the respondents have made numerous statements in pamphlets, brochures and other advertising matter sent through the mails to the public.

Typical and illustrative of the aforesaid statements are the following:

You can save at least 100 hours in solving time. By reducing drudgery, you increase your solving effectiveness at least 500%.

Winners' lists are studded with names of our subscribers.

Twenty-five years of intensive experience are hard to beat.

Moreover, when lists of winners in various contests are published, in various media, respondents immediately contact such winners and offer assistance by means of word lists, comparison answers and rules interpretations for impending contests.

PAR. 5. The rules of all such contests provide, as a rule, that all prize or award-winning entries must be the original creation of the person submitting the entries and, as set forth in said rules, no award or prize is awarded to an entrant until proper certification and proof have been submitted that such person was not assisted in any manner or by anyone in the preparation or composition of his or her entry.

At no time and in no manner do respondents notify or advise their customers or prospective customers of these facts. Therefore, said statements, representations and offers are false, misleading and deceptive.

PAR. 6. In the conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of contest aids of the same general kind and nature as that sold by respondents.

PAR. 7. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondents' contest aids by reason of said erroneous and mistaken belief.

PAR. 8. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and of respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereof with violation of the Federal Trades Commission Act, and the respondents having been served with notice of said determination and with a copy of the complaint the Commissioner intended to issue, together with a proposed form of order; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, and admission by respondents of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as set forth in such complaint, and waivers and provisions as required by the Commission's rules; and

The Commission, having considered the agreement, hereby accepts same, issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent, Puzzlers Research Bureau, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York with its office and principal place of business located at 8 West 40th Street in the city of New York, State of New York.

Respondents Jules Leopold and Minna Leopold are officers of said corporation, and their address is the same as that of said corporation.

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.

Syllabus

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ORDER

It is ordered, That respondents Puzzlers Research Bureau, Inc., a corporation, and its officers, and Jules Leopold and Minna Leopold, individually and as officers of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of contest aids or other materials or services designed to assist entrants in competitive contests in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Failing to disclose in a clear and conspicuous manner in all advertising and promotional material, that the use of such contest aids, materials, or services, as entries in competitive contests, may subject such entries to invalidation under contest rules and practices which require all entries to be the original creation of the entrant;
2. Representing that such contest aids, materials, or services may be used as entries in competitive contests where inconsistent with the rules of such contests.

It is further ordered, That the respondents herein shall, within