

Docket C-840. Complaint, Sept. 29, 1964—Decision, Sept. 29, 1964

Consent order requiring a Chicago operator of schools offering courses of instruction to persons seeking jobs as professional models, fashion advisers, buyers, airline stewardesses, secretaries and receptionists, and careers in

radio, the movies, television and other fields, along with its corporate associate which granted franchises to schools throughout the United States wherein the Patricia Stevens methods of training were employed, to cease making such false claims in advertising and through agents that jobs and careers were open to all graduates of their courses; that their career placement service assured graduates of immediate employment; that their graduates were in great demand by airlines as stewardesses and by department stores as fashion advisers or buyers; that their schools were recommended by vocational counsellors, high schools, colleges, etc.; and that their contracts were cancellable at the students' option.

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 Patricia Stevens, Inc., a corporation, and Vincent Melzac, as an officer of said corporation, and Tom Fizdale, Inc., a corporation, and Tom Fizdale, individually and as an officer 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 Patricia Stevens, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 22 West Madison Street, in the city of Chicago, State of Illinois.

Respondent Vincent Melzac is the principal officer of said corporation having taken that office after a change of ownership on April 22, 1962. Since that date and at present he formulates, directs and controls the acts, practices and policies of said corporation and his address is the same as that of said corporation. The acts and practices of said corporation hereinafter alleged were pursuant to policies formulated prior to the time respondent Melzac became an officer of said corporation.

Respondent Tom Fizdale, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 22 West Madison Street, in the city of Chicago, State of Illinois.

Respondent Tom Fizdale is an officer of said corporation, Tom Fizdale, Inc. He formulates, directs and controls the acts and practices of said corporation, and his address is the same as that of said corporation.

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PAR. 2. Respondents are now, and for some time last past have been, engaged in the operation of schools, either directly or indirectly, wherein courses of instruction are offered to those seeking jobs as professional models, fashion advisers, buyers, airline stewardesses, secretaries and receptionists; and careers in radio, the movies, television and in various other fields.

PAR. 3. Both corporate respondents stem from a common source, the Patricia Stevens School System, which was owned and operated by Patricia Stevens in her lifetime. In the past, respondents have used the same type of recruitment program and in some instances identical advertising claims, and have jointly held out to the public that they were a large, single, nationwide organization, and have so represented verbally to prospective students, pointing out the enrollment with one may be continued at the school of the other in the event that the student should change his or her residence.

PAR. 4. Corporate respondent Patricia Stevens, Inc., conducts a residence school of instruction in Chicago, Illinois. It solicits students by means of advertisements in Chicago newspapers that have an interstate circulation, by direct mailings to recent high school graduates and others, in various States, by telephone and also by salesmen who travel in and solicit students from States other than Illinois. Said salesmen secure signed contracts from prospective students and remit cash deposits from them across State lines to the home office in Chicago, Illinois.

PAR. 5. Corporate respondent Tom Fizdale, Inc., grants franchises to operators of schools throughout the United States wherein the Patricia Stevens methods of training are employed. The franchise agreement entered into between corporate respondent Fizdale and said operators provide, among other things, that said operators are to expend at least 10% of their gross annual receipts in advertising and that 10% of the weekly gross receipts are to be paid to respondent Fizdale. Fizdale furnishes said schools advertising matter, instructions with reference to sales methods, lesson material and instructions to teachers in the schools.

PAR. 6. By virtue of the aforesaid acts and practices all of the aforesaid respondents have been, and are now, engaged in extensive commercial intercourse in commerce as "commerce" is defined in the Federal Trade Commission Act.

PAR. 7. In the course and conduct of their aforesaid business, and for the purpose of inducing persons to sign contracts for respondents' course of instruction, the respondents have made many statements and representations, similar in character through mail advertising,

through oral representations made by salesmen and other advertising material, of which the following are typical:

Patricia Stevens training can be your stepping stone—not only can Patricia Stevens training be the magic road to an exciting life for you—but it can open, too, the exciting avenues of a thrilling new career life for you. Thousands of women of all ages all over America are proving it every day—with Patricia Stevens training. Now any glamorous career can be within your reach—fashion adviser! private secretary! advertising receptionists! a course in movies, TV, radio!

Airline training—study for an airline career and travel to fascinating places throughout the world: You learn all the skills for this exciting and interesting career and you receive the unique Patricia Stevens finishing training to qualify you for top positions such as airline stewardess and reservationist.

Jobs through Patricia Stevens Placement Service—When you graduate from Patricia Stevens our work for you has just begun. Our consistent record for placing graduates is widely known. This is one of the many reasons why our finishing schools are recommended by vocational counselors, high schools, colleges and educational departments of leading magazines. Our Career Placement Service—finds for our graduates exciting jobs in retailing, fashion, advertising, airlines, publishing and many other fascinating fields.

Jobs through Patricia Stevens Placement Service—after you have completed your fashion career training here, the Patricia Stevens Placement Service then goes to work to find you a job, the assignment in which we have been notably successful. This free service has placed girls in leading department stores, with manufacturers, with advertising agencies, with manufacturers.

That graduates of respondents' schools are in great demand by airlines and by business organizations, that hire fashion advisers and buyers.

In addition, respondents' salesmen or representatives have in many instances assured persons signing contracts with the schools that said contracts were cancellable at the option of the enrollee.

PAR. 8. By and through the use of the aforesaid statements and representations, and others of similar import and meaning but not specifically set out herein, respondents represented, directly or by implication:

1. That the jobs or careers listed in their said advertising representations were in reach of and available to their graduates regardless of their capacity or fitness for such positions or careers.
2. That anyone finishing respondents' courses of instruction will secure top positions upon graduation in the fields for which they had been trained by respondents.
3. That their schools are recommended by vocational counselors, high schools, colleges and educational departments of leading magazines.
4. That their career placement service assures their graduates of immediate employment in the field or vocation for which they had been trained by respondents.

5. That student contracts were cancellable at the option of the enrollee.

6. That graduates of respondents training courses for airline stewardesses are in great demand by airlines and that graduates of certain other courses are in great demand by department stores and other business organizations as fashion advisers, buyers and for other lucrative positions.

PAR. 9. In truth and in fact:

1. The jobs or careers listed in respondents' advertising representations are not obtainable by nor available to graduates of respondents' schools regardless of their capacity or other fitness for such jobs or careers.

2. Graduates of respondents' schools cannot secure top positions upon graduation in the fields for which they have been trained by respondents solely by taking said courses. Such positions are available only to persons who have had training and experience in such positions.

3. Respondents' schools are not recommended by vocational counselors, high schools, colleges and educational departments of magazines.

4. Students' contracts are not cancellable at the option of the enrollee.

5. Respondents cannot and do not secure employment for all their graduates.

6. Graduates of respondents' schools are not in great demand by airlines as hostesses or stewardesses, nor are such graduates in great demand by business organizations seeking to employ buyers, fashion advisers or to fill top positions. On the contrary airlines train their own hostesses and stewardesses. Also fashion advisers and buyers as well as most top positions open to men and women with business organizations generally are drawn from the ranks of such business firms and almost invariably only after years of training and experience.

Therefore, the statements and representations set out and referred to in Paragraph Seven hereof are false, misleading and deceptive.

PAR. 10. 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 courses as that sold by respondents.

PAR. 11. 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' courses of instruction by reason of said erroneous and mistaken belief.

PAR. 12. 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 Trade Commission Act, and the respondents having been served with notice of said determination and with a copy of the complaint the Commission 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, an 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 Patricia Stevens, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business located at 22 West Madison Street, in the city of Chicago, State of Illinois.

Respondent Vincent Melzac is an officer of said corporation and his address is the same as that of said corporation.

Respondent Tom Fizdale, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business located at 22 West Madison Street, in the city of Chicago, State of Illinois.

Respondent Tom Fizdale is an officer of said corporation, Tom Fizdale, Inc., and his 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.

ORDER

PART I

It is ordered, That respondent Patricia Stevens, Inc., a corporation, and its officers, and respondent Vincent Melzac, as an officer 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 courses of instruction, or services, 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 jobs are obtainable by or that careers are open to all graduates of said respondents' school in the field for which they receive said respondents' training.

2. That graduates of said respondents' school can obtain top positions in any field solely by finishing a course or courses of instruction offered by said respondents.

3. That said respondents' school is recommended by colleges or educational departments of leading magazines; or that such school is recommended by vocational counselors or high schools, either generally or specifically, unless said respondents establish that such is the fact.

4. That said respondents' career placement service assures graduates of said respondents' school immediate employment in the field or vocation for which they have been trained by said respondents; or representing that any kind of placement assistance is furnished to persons completing said respondents' course of instruction unless such assistance is so afforded.

5. That students' contracts are cancellable at the students' option unless such contracts contain a clause providing for such option.

6. That graduates of said respondents' training courses for airline stewardesses are in great demand by airlines.

7. That graduates of certain of said respondents' courses are in great demand by department stores or other business organizations as fashion advisers or buyers.

PART II

It is ordered, That respondent Tom Fizedale, Inc., a corporation, and its officers, and respondent Tom Fizedale, individually and as an

officer 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 courses of instruction, or services, 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 jobs are obtainable by or that careers are open to all graduates of said respondents' schools in the field for which they receive said respondents' training.

2. That graduates of said respondents' schools can obtain top positions in any field solely by finishing a course or courses of instruction offered by said respondents.

3. That said respondents' schools are recommended by colleges or educational departments of leading magazines; or that such schools are recommended by vocational counselors or high schools, either generally or specifically, unless said respondents establish that such is the fact.

4. That said respondents' career placement service assures graduates of said respondents' schools immediate employment in the field or vocation for which they have been trained by said respondents; or representing that any kind of placement assistance is furnished to persons completing said respondents' course of instruction unless such assistance is so afforded.

5. That students' contracts are cancellable at the students' option unless such contracts contain a clause providing for such option.

6. That graduates of said respondents' training courses for airline stewardesses are in great demand by airlines.

7. That graduates of certain of said respondents' courses are in great demand by department stores or other business organizations as fashion advisers or buyers.

For the purposes of this proceeding and as used in this order, the phrase "directly or through any corporate or other device", insofar as it imposes responsibility upon respondents for acts and practices engaged in by respondents' licensees or said licensees' representatives, shall be construed to impose such responsibility upon respondents for only those said acts or practices which have been participated in, or directed, authorized, ratified or condoned by respondents.

It is further ordered, That the respondents herein 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 this order.

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IN THE MATTER OF
CHESTNUT HILL INDUSTRIES, INC.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF SEC. 2(d)
OF THE CLAYTON ACT

*Docket C-841. Complaint, Sept. 29, 1964—Decision, Sept. 29, 1964**

Consent order requiring a Hollywood, Fla., distributor of wearing apparel to cease violating Sec. 2(d) of the Clayton Act by granting substantial allowances for the promoting and advertising of its products to certain department stores and others who purchased its products for resale while not making proportionally equal allowances available to all competitors of those so favored. The effective date of the order has been postponed until further order of the Commission.

COMPLAINT

The Federal Trade Commission, having reason to believe the respondent named in the caption hereof has violated and is now violating the provisions of subsection (d) of Section 2 of the Clayton Act, as amended by the Robinson-Patman Act (U.S.C., Title 15, Sec. 13), and it appearing to the Commission that a proceeding by it in respect thereto is in the interest of the public, the Commission hereby issues its complaint stating its charges as follows:

PARAGRAPH 1. The respondent is a corporation engaged in commerce, as "commerce" is defined in the amended Clayton Act, and sells and distributes its wearing apparel products from one state to customers located in other States of the United States. The sales of respondent in commerce are substantial.

PAR. 2. The respondent in the course and conduct of its business in commerce paid or contracted for the payment of something of value to or for the benefit of some of its customers as compensation or in consideration for services and facilities furnished by or through such customers in connection with their sale or offering for sale of wearing apparel products sold to them by respondent, and such payments were not made available on proportionally equal terms to all other customers competing with favored customers in the sale and distribution of respondent's wearing apparel products.

PAR. 3. Included among, but not limited to, the practices alleged herein, respondent has granted substantial promotional payments or allowances for the promoting and advertising of its wearing apparel products to certain department stores and others who purchase re-

*This order was made effective on Aug. 9, 1965, see *Abby Kent Co., Inc., et al.*, Docket No. C-328, et al., Aug. 9, 1965, 68 F.T.C. 393.