

Complaint

70 F.T.C.

IN THE MATTER OF

PAGEANT PRESS, INC., ET AL.

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

Docket C-1115. Complaint, Sept. 23, 1966—Decision, Sept. 23, 1966

Consent order requiring a New York City subsidy publisher to cease misrepresenting in its advertising the profits which authors may make, the sales promotion it gives its books, and making other false claims.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Pageant Press, Inc., a corporation, and Simon A. Halpern, individually and as 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 Pageant Press, Inc., is a corporation, organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondent Simon A. Halpern is an individual and an officer of the said corporate respondent. He formulates, directs and controls the acts, practices and policies of the said corporate respondent including the acts and practices hereinafter set forth.

Said respondents have their offices and principal place of business at 101 Fifth Avenue, in the city of New York, State of New York.

PAR. 2. Respondents are now, and for more than four years last past have been, engaged in the advertising and soliciting of contracts for the publication of books for authors and prospective authors, and in the printing, promotion, sale and distribution of the contracting authors' books.

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 contracting authors and purchasers thereof located in various other States of the United States and in

the District of Columbia, 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 services and products, the respondents have made numerous statements and representations respecting costs and sharing of costs of publications, the advertising, reviewing and distributing of the publications and the profits and benefits derived by the publishing authors in their promotions, in advertisements, in newspapers, magazines and other periodicals, generally purchased by authors and in circulars, letters, and in a brochure entitled "How To Get Your Book Published Promoted Distributed" which is sent to persons responding to the advertisements.

Typical and illustrative, but not all inclusive of such statements and representations are the following:

Q. Who pays for the advertising and promotion of my book?

A. We do. We pay for the national advertising and direct mail circulation on your book to the book trade, libraries and the reading public.

We provide and specify national advertising for all our books, at no extra cost to the author.

Why Authors Have Confidence in Pageant Press

. . . Pageant's contracts specify national advertising, publicity and sales promotion for each book.

Payments to our authors total tens of thousands of dollars each year. These returns are based on orders from bookstores, department stores, wholesalers, libraries, colleges and universities all over the country and in foreign countries.

And now. . . . See how Pageant Publicizes, Advertises, Distributes Your Book.

. . . A book needs the widest possible discussion in the reviewing media of the country—whether magazines, newspapers, radio, television or public platform.

—Norman Cousins
Saturday Review

. . . This financial return is calculated to enable our authors to regain their entire cost plus a profit when the trial edition is sold. . .

The publishers agree to publish a first edition not exceeding. . . . Copies of said work within. . . . working days

However, if you are tired of waiting for recognition—if you believe that your book has good sales possibilities and that some enterprising publisher could make a lot of money with it, then subsidy publishing should appeal to you.

Complaint

70 F.T.C.

Our authors receive a 40% return (\$1.20) on a \$3.00 book). Having your book published by Pageant Press is a business venture. Under our plan the author of a good steady seller can realize a sizeable profit.

Our full page group advertisements in the 'Bible of the book business', The Book Buyer's Guide, have resulted in orders from independent and chain shops across the nation and from foreign countries. . . Our ads are designed to attract the bookseller's eye and his order . . . Our complete general catalog is printed in Publishers' Trade List Annual, which is distributed through over 10,000 bookstores, schools, libraries, government purchasing offices, and practically every other outlet in the book world.

* * * * *

Q. What Is The Attitude Of Reviewers And Booksellers Toward Subsidized Books?

A. Pageant books have been reviewed in the most important newspapers of the country from coast to coast. . . The New York Times has devoted a total of almost two full columns to four of our books. Our reviews have also appeared in syndicated news services, the column of noted commentators and national magazines in specialized fields. As for booksellers, we regularly fill orders from wholesalers, chain book shops and independent dealers across the nation and in foreign countries. (See back cover of brochure for a partial list.)

* * * * *

Special—If we think your manuscript has unusual possibilities we will offer you a straight royalty or partial subsidy contract.

PAR. 5. By and through the use of the above quoted statements and representations, and others of similar import and meaning not specifically set out herein, respondents represent, and have represented, directly or by implication:

1. That in most instances under their plan of publication the contracting author will recover all or substantially all of his or her entire investment.

2. That bookstores, department stores, wholesalers, libraries, colleges and universities throughout the United States regularly purchase books in large numbers from the respondents.

3. That they assure and provide contracting authors national advertising for their books.

4. That their advertising, publicity, and sales promotion campaigns assure the success of the sale and distribution of books published by them.

5. That they print and bind all the copies listed in the contract of the first edition of an author's book.

6. That books published by the respondents are reviewed by noted columnists, critics and other reviewing media which include magazines, newspapers, radio, TV and etc.

7. That they offer and enter into contracts or agreements with authors of manuscripts, determined to have unusual possibilities of success, whereby respondents agree to assume all or a portion of the publication, promotion and distribution costs and to compensate the author on the basis of the number of books sold.

PAR. 6. In truth and in fact:

1. In most instances, authors who have their books published by the respondents do not recover all or substantially all of their entire investment.

2. The books published by the respondents are not regularly purchased in large numbers of bookstores, department stores, wholesalers, libraries, colleges and universities throughout the United States.

3. Respondents do not nationally advertise any of their contracting authors' books. Such advertising, if any, consists of an insignificant one-inch column in the New York Times or New York Herald Tribune.

4. Respondents' advertising, publicity and sales promotion campaigns do not assure the success of the sales and distribution of the books published by them. Such sales success, if any, is generally accounted for by the efforts of the individual authors.

5. Respondents do not print or bind all the copies called for in the first edition as listed in the contract with the author.

6. Books published by respondents have not been reviewed by noted critics, columnists or other reviewing media including magazines, newspapers, radio, TV and etc. except in isolated instances.

7. Respondents seldom, and then only in virtually unique situations, offer and enter into contracts or agreements with authors of manuscripts whether determined by them to have unusual possibilities of success or for any other reason, whereby respondents agree to assume all or a portion of the publication, promotion and distribution costs and to compensate the author on the basis of the number of books sold.

Therefore, the statements and representations, as set forth in Paragraphs Four and Five hereof, were, and are, false, misleading and deceptive.

PAR. 7. 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 services and books of the same general kind and nature as that sold by respondents.

Decision and Order

70 F.T.C.

PAR. 8. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has the tendency and capacity 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' services and products by reason of said erroneous and mistaken belief.

PAR. 9. 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 Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Deceptive Practices proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

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

The Commission, having reason to believe that the respondents have violated the Federal Trade Commission Act, and having determined that complaint should issue stating its charges in that respect, hereby issues its complaint, accepts said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Pageant Press, Inc., is a corporation 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 101 Fifth Avenue, in the city of New York, State of New York.

Respondent Simon A. Halpern is an officer of said corporation and his address is the same as that of the 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

It is ordered, That respondents Pageant Press, Inc., a corporation, and its officers, and Simon A. Halpern, 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 solicitation of contracts for the publication of books or other printed matter for authors and prospective authors and in the promotion, sale, or distribution of books of authors who have engaged respondents' 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 under their plan of publication the contracting authors will recover all or substantially all of their entire investment in the publication of their books: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for the respondents to establish that any represented number or proportion of authors have recovered the represented portion or amount of their investment.

2. Misrepresenting, in any manner, the amount of return on investment, profits or gains derived or which may be derived by persons who have engaged respondents' services.

3. That books or other printed matter published by respondents are purchased in large numbers or quantities in the regular course of business by bookstores, department stores, wholesalers, libraries, colleges and universities; or misrepresenting, in any manner, the kind or number of purchasers of said books or the number of such books purchased by such organizations or others.

4. That the contracting author's book will be nationally advertised; or misrepresenting in any manner, the kind, manner or extent of the advertising, publicizing or promoting accorded said books or other printed matter.

5. That their advertising, publicity, or sales promotion campaign assures success of the sale or distribution of books or other printed matter published by them.

Syllabus

70 F.T.C.

6. That they print or bind all or a portion of the copies listed in the contract of the first edition of an author's book: *Provided, however,* That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that said books are printed or bound as represented.

7. That books published by respondents are reviewed by critics or columnists, or in newspapers, magazines, radio, TV or other reviewing media: *Provided, however,* That it shall be a defense in any enforcement proceeding instituted hereunder to establish that the said books have been reviewed as represented.

8. That respondents offer and enter into contracts or agreements with authors of manuscripts, whether or not determined by them to have unusual possibilities of success or for any other reason, whereby respondents agree to assume all or a portion of the publication, promotion or distribution costs or to compensate the author on the basis of the number of books sold: *Provided, however,* That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that they make such offers and enter into contracts or agreements as represented and that a bona fide effort is made to make such offers and enter into such contracts with each of the authors responding to such advertising representations.

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.