
IN THE MATTER OF
CROWELL COLLIER AND MACMILLAN, INC., ET AL.
CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION
OF THE FEDERAL TRADE COMMISSION ACT

Docket C-2394. Complaint, May 1, 1973—Decision, May 1, 1973.

Consent order requiring a New York City publishing house and three of its wholly-owned subsidiaries, among other things to cease making various misrepresentations in selling its products; failing to make certain disclosures in connection with the advertising of its programs or products; and, in recruitment of door-to-door salesmen, misrepresenting offers of employment and remuneration.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the

*See page 488 herein.

Federal Trade Commission, having reason to believe that Crowell Collier and Macmillan, Inc., a corporation, and Crowell Collier Book Services, Inc.,* a corporation, and P. F. Collier, Inc., a corporation, and Merit Students Encyclopedia, Inc., a corporation, hereinafter sometimes 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 Crowell Collier and Macmillan, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 866 Third Avenue, New York, New York.

Through its various organizational divisions and wholly-owned subsidiary corporations, respondent Crowell Collier and Macmillan, Inc., publishes, sells and distributes throughout the world textbooks, encyclopedias, reference and educational materials, training courses and other literary works and services. It has established, acquired, and operated a number of wholly-owned corporate subsidiaries for the purpose of promoting, selling and distributing said products and services to the trade and to the purchasing public. Its volume of business has been, and is substantial.

PAR. 2. Respondent Crowell Collier Book Services, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 866 Third Avenue, New York, New York. It is one of the aforesaid wholly-owned subsidiary corporations of respondent Crowell Collier and Macmillan, Inc., and sells and distributes textbooks and other products and services to the trade and to the general public, and collects and induces payment of accounts, by various methods, as hereinafter set forth. Its volume of business has been, and is substantial.

PAR. 3. Respondent P. F. Collier, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 866 Third Avenue, New York, New York. It is one of the aforesaid wholly-owned subsidiary corporations of respondent Crowell Collier and Macmillan, Inc.,

*Crowell Collier Book Services, Inc. changed its name to Professional & Technical Programs, Inc. on November 1, 1972.

and sells and distributes encyclopedias and yearbooks, and other products and services to the general public, through various methods including door-to-door solicitations and it collects and induces payment of accounts by various methods, as hereinafter set forth. Its volume of business has been, and is substantial.

PAR. 4. Respondent Merit Students Encyclopedia, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 866 Third Avenue, New York, New York. It is one of the aforesaid wholly-owned subsidiary corporations of respondent Crowell Collier and Macmillan, Inc. Respondent Merit Students Encyclopedia, Inc., sells and distributes encyclopedias, yearbooks and other products and services to the general public, through various methods including door-to-door solicitation, as hereinafter set forth. Its volume of business has been, and is, substantial.

PAR. 5. Respondent Crowell Collier and Macmillan, Inc., dominates, controls, furnishes the means, instrumentalities, services and facilities for, and condones and approves the acts and practices of its wholly-owned subsidiaries, respondents Crowell Collier Book Services, Inc., P. F. Collier, Inc., and Merit Students Encyclopedia, Inc., including the acts and practices hereinafter set forth. Moreover, respondent Crowell Collier and Macmillan, Inc., directly or indirectly profits and benefits by and through the acts and practices hereinafter set forth.

PAR. 6. In the course and conduct of their business, as aforesaid, respondents now cause, and for some time last past have caused, said products to be shipped and distributed from their places of business or from their sources of supply to purchasers and prospective purchasers thereof located in various States of the United States other than the state of origination, distribution or storage of said products. Respondents disseminate, transmit and receive, or cause to be disseminated, transmitted and received sales promotional materials, invoices, checks, collection notices and various other commercial papers or documents in the course of advertising, selling, distributing, and collecting payment for said products among and between the several States of the United States. Respondents maintain, and at all times mentioned herein have maintained, a substantial course of trade in such books and

other products or services in commerce, as "commerce" is defined in the Federal Trade Commission Act.

COUNT I

Alleging violation of Section 5 of the Federal Trade Commission Act, the allegations of Paragraphs One, Two, Five and Six hereof are incorporated by reference in Count I with respect to respondents Crowell Collier and Macmillan, Inc., and its wholly-owned subsidiary, Crowell Collier Book Services, Inc., as if fully set forth verbatim:

PAR. 7. In the course and conduct of their business, respondents sell and distribute various volumes and sets of books, including "Harvard Classics," a set consisting of some twenty-two volumes, by direct mail to members of the public. Under a continuity program utilized by respondents in selling and distributing said products, one or several volumes are furnished free or at a reduced price as premiums and one or several additional volumes may be shipped and billed for singly over intervals. The remaining volumes of the set are thereafter sent in a bulk shipment and bills and collection notices therefore rendered to those members of the public whom respondents elect to treat as subscribers to said continuity program.

Respondents disseminated numerous advertisements consisting of initial premium offers and subsequent form letters and brochures, through various publications of general circulation and by direct mail, for the purpose and with the effect of inducing responses to said initial premium offers and the subsequent acceptance of and payment for the additional volumes shipped at intervals or in bulk. Certain of said advertisements contain statements purporting to describe respondents' method of distribution or to disclose the rights or obligations assumed thereunder by, or which may be thereafter asserted against persons who respond to such offers.

PAR. 8. Among and including, but not all inclusive, of the statements in respondents' aforesaid advertisements are the following:

(Advertisements Concerning Initial Offer)

*** Take these 3 beautiful volumes for \$1 each (no obligation to accept further volumes) to introduce America's greatest cultural library to your home
THE HARVARD CLASSICS *** After receiving your 3 introductory volumes,

you may wish to go on and acquire the remaining volumes of the 22-volume Harvard Classics. But you are not obligated to do so. You may take as few or as many additional volumes as you may wish — or none at all *** you may cancel any time ***.

*** Take this De Luxe Volume *** FREE (no obligation to accept further volumes) as your introduction to the reading riches in THE HARVARD CLASSICS *** Through the economies of direct-by-mail distribution, Crowell Collier and Macmillan, one of the world's great publishers, offers you this opportunity to collect this magnificent set *** send card for FREE volume now *** no obligation to buy anything! *** You may take as few or as many additional volumes as you wish — or none at all. You may cancel any time ***.

A return coupon form included in the above-quoted advertisement states:

*** Please send me — as a Free Gift — Volume One *** As a Charter Subscriber, I will be entitled to receive each month additional volumes of this magnificent set for 7 days FREE examination. If not delighted with each volume, I may return it at YOUR expense and owe nothing *** I may cancel AT ANY TIME after taking as many or as few volumes as I wish — or none at all ***.

Name _____

Address _____

*** After you and your family have had an opportunity to sample the rich contents of your FREE VOLUME, you may, if you wish, receive additional volumes *** for free examination. And — as a Subscriber — for any volumes that you decide to keep — you may pay only \$3.98 each *** (WE PAY ALL SHIPPING AND POSTAGE CHARGES) *** if not completely delighted with any volume after FREE examination in your home, you may return it at OUR expense and owe nothing ***.

*** If you decide that you do not want any more volumes simply tell us. You will never receive a bill *** you will never receive another volume *** Perhaps you say to yourself: "I know all about buying books by mail. They will send books that I have not ordered and then send me bills for these unordered books." This cannot happen because this is not a Book Club. There are no monthly cards to return. Once you tell us to CANCEL, we CANCEL. You never receive another book ***.

(Subsequent Advertisements)

*** Here, with our compliments, is your first volume *** Under the terms of the Reservation Certificate you sent us, you are privileged to acquire an additional volume each month *** of the HARVARD CLASSICS for free examination *** Right now there is nothing for you to decide ***.

*** We are happy to be able to report that you may have on approval, the remaining 19 volumes of the HARVARD CLASSICS, Volumes IV through

XXII, in one exciting shipment! * * * Yes, next month's shipment will bring you an incomparable family library * * * And remember * * * although you receive all the remaining volumes in one shipment, you may continue to pay for them at the convenient rate of only *one book a month* * * * The enclosed form shows your name and address as it appears on our records. Please check it carefully and if it is incorrect in any way, please let us know by return mail so that we may correct our records before the books are shipped. We will wait a full 30 days before shipping the remaining volumes * *

PAR. 9. Through the use of said statements or others of similar import and meaning but not specifically set forth herein, respondents have represented, and now represent, directly or by implication:

(a) That participants in their continuity program are accorded the option of receiving a single volume at a time, and thereby are afforded the opportunity to receive and review on approval each volume separately, and to reject or accept same, until they have received and inspected each volume of the set.

(b) That participants in respondents' continuity program will receive no further volumes after they notify respondents to cancel their participation in said program.

(c) That persons who respond to respondents' initial premium offers or who participate in their continuity program do so without risk or obligation.

PAR. 10. In truth and in fact:

(a) Participants in respondents' continuity program are not accorded the option of receiving a single volume at a time, nor are they afforded the opportunity to receive and review on approval each volume separately, and to reject or accept same, until they have received and inspected each volume of the set. To the contrary, all but the first several volumes are sent to participants in a single bulk shipment, a material fact not set out in respondents' initial premium offers and not clearly or conspicuously disclosed in respondents' subsequent advertisements. Furthermore, respondents, in some instances, have refused to continue shipping a single volume at a time when so requested by participants.

(b) Participants in respondents' continuity program, in many instances, continued to receive volumes after notifying respondents to cancel their participation in the program.

(c) Persons who respond to respondents' initial premium offers or who participate in respondents' continuity program do not do so without risk or obligation. To the contrary, respondents impose or attempt to impose upon said persons the following duties and obligations: must notify respondents

to prevent the shipment of additional books; must return to respondents all unwanted books; must pay for all books not returned to respondents. Said persons also incur the risk that due to delays in mail delivery, computer error or other failure of respondents, participants may receive unordered merchandise or incorrect billings in the manner set forth in Paragraph Eleven hereinafter.

Therefore, respondents' statements, representations, acts and practices, and their failure to disclose material facts, as set forth in Paragraphs Seven through Ten hereof, were and are unfair, and false, misleading and deceptive.

PAR. 11. Respondents' material alteration of the conditions and terms of their continuity program from the shipment of single volumes over intervals, as initially represented, to the shipment of many volumes in a single bulk shipment, places an unfair and undue burden on persons who respond to respondents' initial premium offers or who, whether willingly or unwillingly, become participants in respondents' continuity program, by imposing or attempting to impose on said persons, undisclosed affirmative duties or obligations in order to prevent shipments of unordered or unwanted books. Furthermore, in many instances, respondents have sent bulk shipments to participants after said participants have notified respondents within a reasonable time that the altered method of distribution was unacceptable to them. As a result of the unauthorized shipment of unordered books, said participants have expended time, energy and sums of money in returning said books to respondents or in paying for them.

In addition, participants have been subjected to repeated mailings of bills, dunning letters and the like for such unwanted, unordered merchandise which, in many instances, had been previously returned to respondents. As a consequence, respondents' aforesaid method of distribution attempts to or has the effect of causing the purchase of respondents' books in a manner and quantity not contemplated by persons who responded to said initial premium offers or who, whether willingly or unwillingly, participated in respondents' said continuity program.

Therefore, respondents' acts and practices as aforesaid, were and are, unfair and false, misleading and deceptive.

COUNT II

Alleging violation of Section 5 of the Federal Trade Commission Act, the allegations of Paragraphs One, Three, Five and Six hereof are incorporated by reference in Count II with respect to respondents Crowell Collier and Macmillan, Inc., and its wholly-owned subsidiary, P. F. Collier, Inc., as if fully set forth verbatim.

PAR. 12. In the course and conduct of their business, respondents sell sets of encyclopedias in combination with other products or services including a ten-year subscription for the addition of annual yearbooks as supplements to said encyclopedia. Respondents have induced many members of the public to contract for the purchase of said combination of products and services by means of deferred payments. Said contracts commonly provide for remittance of monthly installments to cover the purchase price of the combination within a three-year period, and state a price for each volume of the annual yearbooks. Customers are thereafter billed for the annual volumes shipped to them until the encyclopedia is supplemented by the ten yearbooks required to complete the set, as provided for by the purchase contract.

PAR. 13. In the further course and conduct of their business, and in connection with their obligation to continue sending the yearbooks required to supplement and complete the encyclopedia sold as aforesaid, respondents have sent yearbooks to said purchasers and have billed a substantial number of said purchasers at a price higher than as provided for such yearbooks in the purchase contracts, and have thereby misrepresented the amount of money which was due respondents for such yearbooks.

PAR. 14. By and through their use of the foregoing methods, including the misrepresentation of the amount of money owed to respondents for said yearbooks, as aforesaid, respondents have attempted to induce, and have induced, a substantial number of said purchasers, who were unaware that the billing price constituted an increase, or were confused or uncertain as to whether respondents are obligated to send the remaining yearbooks at the lower price provided for by the purchase contract, to pay the increased bill price for such yearbooks.

Therefore, respondents' statements, representations, acts and practices, as set forth in Paragraphs Twelve through Fourteen hereof, were and are unfair, false, misleading and deceptive.

COUNT III

Alleging violation of Section 5 of the Federal Trade Commission Act, the allegations of Paragraphs One, Three Four, Five and Six hereof are incorporated by reference in Count III with respect to respondent Crowell Collier and Macmillan, Inc., and its wholly-owned subsidiaries, P. F. Collier, Inc., and Merit Students Encyclopedia, Inc., as if fully set forth verbatim.

PAR. 15. In the course and conduct of their business, and for the purpose of recruiting persons to solicit and induce sales of encyclopedias and other products and services by means of door-to-door solicitation of prospective purchasers, respondents cause advertisements to be published in various publications of general circulation, which advertisements contain statements purporting to describe the nature and requirements of the advertised positions and the manner and amount of compensation therefor.

PAR. 16. Typical and illustrative of such advertisements, but not all inclusive thereof, are the following:

Advertisement published in the April 12, 1970, issue of the "Newark News:"

ADMIN. ASST. WANTED! ! !

Several men to work hard to replace several who wouldn't — must be able to work 5½ days per week and report to downtown Newark Office by 2 P.M. weekdays and work ½ day on weekend. Must be 18 or over. \$420 per month to start * * *

* * * * *

Advertisement published in the May 11, 1970, issue of the "Newark News;"

COLLEGE STUDENTS - GET A JUMP ON THE SUMMER! ! \$130 PER WK.

Join forces with the most successful summer operation in New Jersey. Multi-Million dollar International Corp. offering promotional minded students SCHOLARSHIPS, a profitable and cool summer previewing new brand identification concepts * * * * *

* * * * *

Advertisement published in "The Philadelphia Inquirer:"

ADMINISTRATIVE ASSISTANT TRAINEES - \$140+ PER WK

International Publishing Concern has several openings for aggressive man over 18. This position is in the field of

MARKETING - PUBLIC RELATIONS

Those individuals who are selected will be paid full salary during our 2 months formal training program. Automatic advancement to \$190 per wk. Must be avail. for immed. employment * * *.

* * * * *

Advertisement published in "The Washington Post" during the spring of 1970:

MEN WOMEN
STUDENTS
SUMMER JOBS

Full time work this summer - between May and September.

Earn Sal. \$186 Per. Wk. * * * Those students who qualify, will assist manager in related fields of marketing and merchandising this summer * * *.

* * * * * *

Advertisement published in the October 20, 1970, issue of "The Philadelphia Inquirer:"

Boys - Men 18 & over
MANAGEMENT TRAINEES
\$3.75 Per Hour
Career Opportunity
\$125 - \$175 per Wk. * * *

PAR. 17. Through the use of the advertisements set forth in Paragraph Sixteen hereof, and others of similar import and meaning but not expressly set out herein, whether separately or in conjunction with the oral statements and representations of their agents, representatives, or employees during preliminary interviews with persons who respond to said advertisements, respondents have represented, and are now representing, directly or by implication that:

1. Respondents are attempting to recruit employees for positions in such fields as marketing, administration, brand identification, public relations or other non-selling fields.

2. Respondents are making bona fide offers to pay salaries of \$130 per week, \$620 per month or other stated amounts as compensation for the advertised positions referred to in subparagraph 1 of Paragraph Seventeen hereof.

PAR. 18. In truth and in fact:

1. Respondents are not attempting to recruit employees for positions in the fields of marketing, administration, brand identification, public relations, or other non-selling fields. To the contrary, respondents are, in the main, attempting to recruit persons to engage in the door-to-door solicitation and sale of encyclopedias or other products or services on a commission basis; which material facts respondents fail to disclose in their aforesaid advertising and preliminary interviews.

2. Respondents are not making bona fide offers to pay salaries of \$130 per week, \$620 per month or other stated

amounts as compensation for the positions referred to in subparagraph 1 of Paragraph Seventeen hereof. To the contrary, such offers are made for the purpose of inducing prospective applicants to visit one of respondents' offices and to apply for such advertised positions. Thereafter, respondents' agents, representatives or employees, while purporting to afford to many of said applicants an opportunity for salaried employment, disparage a salary of \$130 per week, \$620 per month or other stated amounts, refuse or fail to discuss opportunities for salaried employment, and by these and other means, discourage said applicants from electing to be compensated by salary rather than by commission. As a result of such disparagement, refusal, failure or discouragement, few, if any, of the said applicants elect to be or are compensated by a salary and substantial numbers of them are recruited as door-to-door solicitors and salesmen who are compensated by commissions on sales.

Therefore, respondents' statements, representations, acts and practices, and their failure to disclose material facts, as set forth in Paragraphs Fifteen through Eighteen were and are unfair, and false, misleading and deceptive.

COUNT IV

Alleging violation of Section 5 of the Federal Trade Commission Act, the allegations of Paragraphs One through Eighteen hereof are incorporated by reference in Count IV with respect to respondents Crowell Collier and Macmillan, Inc., and its wholly-owned subsidiaries Crowell Collier Book Services, Inc., P. F. Collier, Inc., and Merit Students Encyclopedia, Inc., as if fully set forth verbatim.

PAR. 19. In the course and conduct of their business, and at all times mentioned herein respondents have been, and now are, in substantial competition, in commerce, with corporations, firms and individuals in the sale of books or other products and services of the same general kind and nature as those sold by respondents.

PAR. 20. The use by respondents of the unfair, and false, misleading and deceptive statements, representations, acts and practices, and their failure to disclose material facts in connection with their sale and distribution of books or other products, as aforesaid, 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 complete, and into the purchase, retention of, and payment for substantial quantities of said products and into assumption of debts and obligations which they might not otherwise have done by reason of said erroneous and mistaken belief.

The use by respondents of the unfair, and false, misleading and deceptive statements, representations, acts and practices, and their failure to disclose material facts, in connection with the recruitment of solicitors and salesmen to solicit and sell books or other products and services for respondents, as aforesaid, has had and now has the capacity and tendency to mislead prospective employees, solicitors or salesmen into the erroneous and mistaken belief that said statements and representations were and are true and complete and to induce them to respond to such advertisements and to solicit and sell such books and other products and services for respondents.

PAR. 21. 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' salesmen, solicitors and 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 hereto 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 the 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 alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the agreement and having provisionally accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondents, Crowell Collier and Macmillan, Inc., Professionals & Technical Programs, Inc. (formerly Crowell Collier Book Services, Inc.), P. F. Collier, Inc., and Merit Students Encyclopedia, Inc., are corporations organized, existing and doing business under and by virtue of the laws of the State of Delaware; each of the said respondents has its office and principal place of business located at 866 Third Avenue, in the city of New York, State of New York.

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

I

It is ordered, That respondents Crowell Collier and Macmillan, Inc., a corporation, Professional & Technical Programs, Inc., a corporation (formerly Crowell Collier Book Services, Inc.), and their successors or assigns, and respondents' officers, employees, agents, or other representatives, directly or through any corporation, subsidiary, division or other device, in connection with the advertising, offering for sale, sale or distribution of books or other products or services by means of any program or method of sale or of distribution which provides or purports to provide for delivery of books or other products or services serially at intervals on an approval basis to purchasers or prospective purchasers other than libraries, schools, institutions, or business or professional establishments, subject to the purchaser's right to return such materials after examination (hereinafter "program"), and any billing and collection procedures in respect of such program, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or indirectly, that any person

who responds to any advertisement or offer under, or who participates in, any such program:

(a) Has, or will be accorded the option to receive each book or other product or service separately and individually at prescribed intervals, and to accept or reject same, unless each such person is in fact accorded such option.

(b) Will not receive any further book or other product or service in connection with such program after he notifies respondents of his cancellation of any such program, unless such are the facts, or misrepresenting, by any means, the consequences resulting from any person's cancellation of his participation in any such program.

(c) Will not incur any risk or obligation by joining or participating in any such program; or misrepresenting, in any manner, any term, condition, right, duty, or obligation which may be imposed on said person.

2. Disseminating, or causing to be disseminated, by means of the United States mails or by any other means in commerce, as "commerce" is defined in the Federal Trade Commission Act, any advertisement in connection with any such program which fails to disclose in a clear and conspicuous manner:

(a) A description of the conditions and terms of any such program and the duties and obligations of any subscriber thereto.

(b) A description of each book or product or service, the billing charge to be made therefor, the anticipated total number of books or other products or services included in any such program, the number of books or other products or services included in each shipment, and the number of and the intervals between each such shipment.

(c) A description of the procedures to be followed by the subscriber, including any time limitations, (1) for refusing to accept delivery of any book or product or service, (2) for rejecting any book or product or service after examination, (3) for returning any book or product or service, and (4) for the application of allowances or credits against billing charges for any unwanted book or product or service that has been refused, rejected, or returned; and

(d) That in order for any communication, including any rejections or cancellations, to be processed by respondents prior to the next shipment of any book or other product or service, such communication must be received by respondents no later than a date stated on the invoice or, if there is no invoice, on another document accompanying the current shipment.

3. Failing to disclose, clearly and conspicuously, on any return coupon, order form or any other document to be used by the prospective purchasers to signify election to participate in any such program, the following information:

(a) The anticipated total number of books or other products or services in any such program;

(b) The number of books or other products or services included in each shipment of such items; and

(c) The number of and the intervals between each such shipment.

4. Failing to disclose, clearly and conspicuously, in immediate conjunction with any shipment to any subscriber in connection with any such program, the date on which respondents must receive a notice of rejection of a particular book or product or service or cancellation of the remaining books or other products or services in the program from the subscriber in order to cancel the next shipment, which date shall be at least 21 days after the shipping date of the current shipment.

5. Sending any book or other product or service in connection with any such program, except at the express written election of the recipient, for which the recipient may incur a monetary obligation, until at least 28 days have elapsed since the prior shipment was mailed; *Provided*, That the terms of such election have been stated clearly, conspicuously, and without misrepresentation, in writing.

6. Failing to credit, for the full invoiced amount thereof, the return of any book or other product or service sent to a subscriber to any such program and to guarantee to the postal service or the said subscriber postage adequate to return such book or other product or service to the respondents, when:

(a) The book or other product or service is sent to the said subscriber after the respondents have

received a notice of rejection or cancellation prior to the date disclosed in conjunction with the immediately preceding shipment as required by Paragraph 4, *supra*; or

(b) The notice of rejection or cancellation is received by the respondents after the date disclosed pursuant to Paragraph 4, *supra*, but has been mailed by the said subscriber and postmarked at least three days prior to the date disclosed as aforesaid.

7. (a) Sending any book or other product or service to any subscriber in such program, or mailing any bill or invoice therefor, if the respondents have received notification of rejection for said book or product or service from said subscriber prior to or by the date which respondents have disclosed pursuant to Paragraph 4, *supra*.

(b) Sending any book or other product or service to any subscriber in such program, or mailing any bill or invoice therefor, if respondents have received notification of cancellation from said subscriber prior to or by the date which respondents have disclosed pursuant to Paragraph 4, *supra*.

8. Failing to do the following, after receipt of a claim for adjustment in connection with any bill or invoice or any defense to any payment raised by any subscriber to such program:

(a) Acknowledge the receipt of the claim or defense within 14 days of receipt by respondent and suspend all collection procedures with respect to such bill or invoice or such payment until 20 days after complying with the procedure set forth in (b) below.

(b) Make the requested adjustment and acknowledge the validity of the claim or defense raised within 60 days, or within said period, inform the subscriber in writing of respondents' version of the facts alleged in the claim or defense.

II

It is further ordered, That respondents Crowell Collier and Macmillan, Inc., a corporation, P. F. Collier, Inc., a corporation, and Merit Students Encyclopedia, Inc., a corporation, and their successors or assigns, and their officers, employees,

agents, or other representatives, directly or through any corporation, subsidiary, division, or other device, in connection with the offering for sale, sale, or distribution, in commerce (as "commerce" is defined in the Federal Trade Commission Act) of any yearbook or other product or service which is furnished to purchasers under a contract or agreement to purchase at a stated price, do forthwith cease and desist from sending, or causing others to send, any bill or collection or dunning letter or other demand for payment which calls for payment of any amount which is in excess of that which is or which is expected to become due and owing under such contract or agreement.

III

It is further ordered, That respondents Crowell Collier and Macmillan, Inc., a corporation, P. F. Collier, Inc., a corporation, and Merit Students Encyclopedia, Inc., a corporation, and their successors or assigns, and their officers, employees, agents, or other representatives, directly or through any corporation, subsidiary, division or other device, in commerce (as "commerce" is defined in the Federal Trade Commission Act), do forthwith cease and desist from:

1. Recruiting, or attempting to recruit, persons to engage wholly or partly in soliciting orders for or selling encyclopedias or home reference books, or services related to such products, to purchasers or prospective purchasers other than libraries, schools, institutions, or business or professional establishments, by means of any advertisement or other statement:

- (a) Which represents, directly or indirectly, that employment is offered or may be available in non-selling fields, such as marketing, administration, brand identification, public relations, or any other non-selling position; or which otherwise misrepresents the nature or duties of any position which respondents are seeking to fill; or

- (b) Which represents, directly or indirectly, that remuneration for any such position is made on the basis of a salary, or other than by commission, where the remuneration is based, in whole or in part, upon sales commissions; or which otherwise misrepresents the basis for remuneration.

2. Recruiting or attempting to recruit persons to engage wholly or partly in soliciting orders for or selling encyclopedias or home reference books or services related

to such products, to purchasers or prospective purchasers other than libraries, schools, institutions, or business or professional establishments, by means of any advertisement which fails to set forth, clearly and conspicuously:

(a) The basis of remuneration, where such is based in whole or in part upon sales commissions, if remuneration is mentioned directly or indirectly in the ad; and

(b) That respondents are recruiting persons to solicit or sell, the method or manner by which such soliciting or selling will be accomplished, and the products or services being sold, if the position to be filled is described directly or indirectly in the said ad.

Provided, however, That if the disclosures set forth in (a) or (b) above are not made because the ad does not directly or indirectly mention remuneration, or because the ad does not directly or indirectly describe the position to be filled, then the disclosures set forth in (a) and (b) above shall be made clearly and conspicuously either before a prospective applicant comes to respondents' offices by sending that person a written notice containing such disclosures in answer to his inquiry, or at the initial face-to-face interview by furnishing said person a written notice containing such disclosures and by making said disclosures orally at said interview.

IV

For the purposes of the following provisions of this order, the term "respondents" shall include each of the respondents named heretofore in this order.

1. *It is further ordered, That:*

(a) Respondents herein deliver by registered mail or by hand a copy of this order to each of their present and future agents, representatives, employees, solicitors, and every other person engaged by or for any respondent in:

(i) the promotion, sale, or distribution of any book or other product or service under any program as defined in Part I of this order;

(ii) recruiting or training solicitors or salesmen to engage wholly or partly in soliciting orders for or selling encyclopedias or home reference books or services related to such products, to purchasers or prospective purchasers, other than libraries, schools,

institutions, or business or professional establishments;

(iii) the collection of delinquent or other accounts with respect to any yearbook or other product or service offered in connection with any encyclopedia or any other home reference material which is furnished to purchasers, other than libraries, schools, institutions, or business or professional establishments, under a contract or agreement to purchase at a stated price.

(b) Respondents obtain from each person covered by subparagraph (a) above a signed statement setting forth his intention to conform his business practices to the requirements of this order; retain said statement during the period said person is so engaged and for a period of one (1) year thereafter; and make said statement available to the Commission's staff for inspection and copying upon request.

(c) Respondents inform each person covered by subparagraph (a) above that respondents will not engage, or will terminate the engagement or services of any said person, unless each said person agrees to and does file a notice with the respondents that he will be bound by the provisions contained in this order;

(d) If any person covered by subparagraph (a) above does not agree to file such a notice with the respondents and be bound by the provisions of this order, the respondents shall not engage or utilize the services of such person in any of the activities or functions referred to in said subparagraph (a) above;

(e) Respondents advise each person covered by subparagraph (a) above that the respondents are obligated by this order to discontinue dealing with those persons who continue on their own the deceptive or unfair acts or practices prohibited by this order;

(f) Respondents institute a program of continuing surveillance adequate to reveal whether the business practices of each of the persons covered by subparagraph (a) above conform with the provisions and requirements of this order;

(g) Respondents discontinue their relationship with any person covered by subparagraph (a) above in the event it should be revealed by the aforesaid program of

surveillance that any such person has, after the date of this order, engaged on more than one occasion, in any act or practice prohibited by this order; and

(h) Respondents submit to the Commission a detailed report every six (6) months for a period of three (3) years from the effective date of this order demonstrating the effectiveness of the steps or actions taken by respondents with regard to the aforesaid surveillance program.

2. *It is further ordered*, That respondents shall notify the Commission at least thirty (30) days prior to any proposed change in any of the corporate respondents, such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the respective corporations which may affect compliance obligations arising out of this order.

V

It is further ordered, That respondents herein shall, within sixty (60) days after the 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.