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54, CX 55, CX 57, CX 58, CX 59, CX 60, CX 61 and CX 154. Commission exhibit 41 is a pamphlet stating on its cover "Wonderful things happen to a Cinderella Girl! Cinderella, the finishing school for models and career girls who aim at loveliness to win success." Part of the CX 41 copy states:

miracles after sundown—*Drab* little typist becomes *lovely* airline stewardess! *Overweight* order clerk now a fashion counselor! "No-date" steno becomes belle of the office! High school graduate wins success in television! Middle-age widow *looks* ten years younger—gets exciting new job! *Shy* librarian gets three raises and a beau! Factory worker becomes studio receptionist! (Italic supplied.)

CX 155 is an advertisement in the Educational Directory of the *Washington Post* of September 10, 1967, reading:

Air Career Training is now available at Cinderella Career School, 1219 G Street, Prepare for a Stewardess or Reservationist position. Call 628-1950 for a career analysis.

72. The allegedly false, misleading and deceptive statements, in the Cinderella airline advertisement, in all but one exhibit, are in the context of advertisements stressing Cinderella's finishing and modeling programs. The advertisements emphasize the personal improvement aspect of the courses, and not the fact that Cinderella's courses *ipso facto* qualify its students as airline stewardesses. Only two Cinderella advertisements use the word "stewardess." In CX 41 the words "airline stewardess" are used in a descriptive context to stress physical and personality transformations, *i.e.*, from the "drab" to the "lovely," from the "overweight" to the "fashion counselor." Commission exhibit 41 relates to finishing and modeling courses. It makes no specific effort to interest the reader in a stewardess or air career program.

CX 155 does not represent that the Cinderella course *qualifies* a student to be employed directly as an airline stewardess. The emphasis in the advertisement (CX 155) is upon preparation—self-improvement.

73. No consumer witness testified as to his or her understanding of the "airline" advertisements. However, the complaint counsel's "educational" witnesses, upon being shown CX 11 and asked *what they thought the statements meant to a high school graduate*, replied:

A. Well, it would mean probably romance, it would mean attraction to move into something which would turn her into a very *charming personality*, that would appeal to her fancy, and appeal to her romantic inclinations, I would assume.

Q. Reading further, "Training for exciting careers in executive secre-

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tarial, professional modeling, fashion and retailing, airlines." What would that mean to these girls.

A. Well, it would mean that they would have strong possibilities of being accepted into these four statements [six fields] and have a *career in these fields*, that would be my feeling. (See Busick testimony Tr. 686.) (Italic supplied.)

William Henry Brown testified:

A. Well, I would say here that the student would assume again that if she completed this particular course that she could expect to receive a high paying job that required quite a bit of training and it would be on a par of a profession, what she would do would amount to a professional type of work. (Tr. 460.)

Julia Fickling testified:

A. That once they had finished this course or this training that they would be eligible to get *jobs in these areas, with airlines* or as executive secretaries or as fashion models. (Tr. 441) (Italic supplied).

Lester Jack Wilson testified:

On the airlines, my knowledge is that the airlines take people without this. Airline people have told me that they prefer they not have this type training, so, therefore, I don't see really what the airline training has to do to train a person to be an airline stewardess and if they have to take the airline training anyway after this. (Tr. 332.)

These statements are, in fact, hearsay, and their probative value, if any, is minimal.

74. Addah Jane Hurst, a witness for respondents, a teacher at Washington and Lee High School, Arlington, Virginia, graduated from Nebraska State College in 1940, with an A.B. degree in English and Social Studies, and a B.S. degree in Education. Mrs. Hurst taught at the Fairfield, Nebraska, Senior High School, McCook High School, Fremont High School and thereafter became the Superintendent of Schools in Miller, Nebraska. She studied for her masters degree in speech at the University of Denver, but discontinued after her marriage. Mrs. Hurst began substitute teaching at Washington and Lee and Yorktown Senior High Schools in 1962, and presently teaches on a daily basis at Washington and Lee (Tr. 1256-58, 1263-65). In addition to her teaching duties, Mrs. Hurst counsels students on an informal basis (Tr. 1266), assisting them in selecting their choice of college and vocation (Tr. 1267-68). In 1967 Mrs. Hurst substituted for the senior class sponsor at Washington and Lee and assisted in counseling the graduating class (Tr. 1268). Between 1962 and 1967 Mrs. Hurst discussed career and finishing schools with approximately 50 girls (Tr. 1276-77). Upon being shown CX 53, an

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advertisement similar to CX 11, and asked what impression a student would receive after reading "airline preparatory," she testified: "the appeal would be to give them those qualities of grooming, and so forth, that would prepare them better for whatever field they might choose" (Tr. 1284). Mr. Hurst testified that "it certainly doesn't mean that they are going to go out and become a stewardess" (Tr. 1282).

75. Inasmuch as complaint counsel have failed to prove the allegations in Paragraphs Five and Six, subparagraphs 4, by reliable, probative and substantial evidence, such charges hereby are dismissed.

The Alleged Buyer Deception

76. The complaint alleges respondents have represented directly or by implication contrary to the fact that: "*Respondents* offer a course of instruction that *qualifies* students for jobs as 'buyers' for retail stores." (Italic supplied.)

Some of the Cinderella school's allegedly deceptive advertising contains, among others, the following statements:

Comprehensive training in the many facets of fashion careers. Includes retailing, buying, sales promotion, advertising, display and practical field trips. FASHION IS A YOUNG PEOPLES FIELD. In no other area can a woman assume executive status at such an early age. Fashion is a stable field, the third largest in the U.S. High School Diploma or equivalent is required. SEND FOR BROCHURE. NO OBLIGATION. (CX 16B through CX 21, inclusive, CX 29, CX 155.)

* * * * *

TRAINING FOR EXCITING CAREERS IN

Executive Secretarial Professional Modeling
Fashion & Retailing Airlines
(CX 11, CX 12, CX 13, CX 14.)

* * * * *

CAREERS!

The Cinderella Career and Finishing School offers * * * careers in EXECUTIVE SECRETARIAL, PROFESSIONAL MODELING, FASHION MERCHANDISING, RETAIL BUYING. (CX 6, CX 22, CX 26.)

* * * * *

WE'VE GOT THE CINDERELLA SECRET

Come in and find out what it is. Our world famous Cinderella Finishing Training can make you poised, lovely, confident! Career Training for:

Executive Secretarial
Retail Fashion Merchandising

Professional Modeling
Airlines Prep
(CX 7, CX 8, CX 9.)

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Complaint counsel rely heavily upon the following statements:

Let's take a look at some of the things we offer:

FASHION BUYER: The position of a buyer is both responsible and rewarding. For buyers of womens' apparel, this consists of a whirlwind tour of showrooms to view the new seasons' offering in New York, Chicago, and San Francisco. Some buyers are selected to make trips to foreign markets such as Paris, Rome or London. Earnings of buyers range from \$5,000 to over \$20,000 depending upon the size and type of department. (CX 43—flyer.)

* * * * *

FASHION CAREERS

All our lives are touched by fashion, for fashion is everywhere. There are fashions not only in clothing but in cars, furniture, interiors, and foods. Fashion is a fast moving world that needs people in administrative capacities who are alert, and welcome the excitement of change.

The Fashion Career Course at Cinderella's is a varied program touching upon many facets of fashion careers, because we feel many young people are not exactly sure of what they wish to do. Some may have a latent talent for organization—some have an undiscovered knack for fashion "know-how"—some, perhaps, a flare for writing.

The curriculum and our facility (all university graduates with retail experience) is selected to bring out these hidden talents and help you find your niche in the remunerative field of fashion—where advancement is quite rapid.

Our students observe and analyze the activities of the "F" Street stores. They prepare assignments from window displays, sales promotion campaigns, advertising, and business activities. Thus they gain from the actual experience of others already in the field. In addition to preparing reports, they conduct meetings and learn the importance of getting along with people. Fashion is a young people's field. In no other area can a woman assume executive status at such an early age. And, of course, along with executive status comes financial reward. Fashion is a stable field; it is the third largest industry in the United States, following only steel and food.

Opportunity in retailing, just one segment of fashion, is unlimited. With the exploding population and resultant opening of Branch Stores across the country, new jobs are constantly being created. One half of retailing's top executives are under 35 years of age. Forty percent of retailing's executives are women. The average buyer earns between \$10,000 and \$20,000, some earn more. (CX 44—flyer.)

77. As previously found as to all the other alleged deceptions, the representations as to buyers are made only in the advertisements of Cinderella Career College and Finishing School operated by Stephen Corporation. Therefore, the alleged "buyer" deception hereby is dismissed at this time as to all respondents except Stephen Corporation.

78. The testimony of complaint counsel's education witnesses

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as to the meaning of the buyer representations to female high school seniors is not the best evidence of such meaning. But, for what it is worth, part of such testimony is quoted. Upon being shown CX 11, Lester Wilson testified:

A. To the student this implies that when she completes the school she can go into a top executive secretarial job. I don't believe many students could do this from any school, whether it be Cinderella or any business school or what have you. This implies "the top is there if you take our training," *I suppose*. Professional modeling, it implies the top of the top jobs is what the students—how they react to this. (Tr. 332) (*Italic supplied*).

With respect to CX 18 Mr. Wilson testified:

A. It emphasizes the fashion field and I presume, well, I don't presume, *I know from what young people tell me* they think they can be buyers at Woody's, Garfinkel's or one of these larger stores, this type thing. (Tr. 334) (*Italic supplied*).

Upon being asked whether a female high school senior, upon reading CX 43, would think that she could come out of the school as a fashion buyer, Mr. Wilson testified: "Well, that is what it says" (Tr. 335).

79. Mr. Wilson counsels about 90 high school seniors. Very few of these students discuss with him such schools as Patricia Stevens or the Cinderella Career College and Finishing School (Tr. 385) because most of the students he counsels are planning on going on to higher education. A "goodly number" go to work for the United States Government, and "just when you take what is left there aren't but so many to talk to" (Tr. 386). Mr. Wilson discussed career schools such as Cinderella with only four girls between July 1966 and July 1967 (Tr. 409), and about the same number in prior years (Tr. 386-87). Two of the girls spoke to him in the lunchroom at Washington and Lee High School for ten minutes (Tr. 390). They asked him whether he thought they could "win a beauty contest" and whether they could "get a scholarship" (Tr. 412). The other two girls that he spoke to in 1967 wanted to know, "was it [Cinderella] really a reputable organization, and what would they expect to gain from it" (Tr. 410). Mr. Wilson was unable to testify that any of these few inquiries were prompted by the girls' reading the Cinderella advertisements. Mr. Wilson was vague as to whether the girls were in fact discussing the Cinderella school or some other school (Tr. 387-391, 411, 412-13). Mr. Wilson's familiarity with the Cinderella curriculum was obtained by examining the Commission exhibits just prior to his testimony (Tr. 401). Nevertheless, Mr. Wilson readily volun-

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teered his opinions as to the quality and function of the Cinderella curricula. Mr. Wilson's testimony concerning the Cinderella curricula has no probative value insofar as the complaint charges of deception are concerned (Tr. 330-32).

Mr. Wilson's knowledge about the preparation for and participation in the field of professional modeling was insubstantial (Tr. 395-400).

His testimony concerning salaries of secretaries (Tr. 358-59) and buyers (Tr. 369-72), in the light of the expert testimony to the contrary, is neither reliable, substantial, nor probative.

80. Complaint counsel's witness, Julia Fickling, upon being shown CX 11, testified that students would think that they would be eligible to "get jobs in those areas" (Tr. 460). After reading CX 18 Mrs. Fickling testified:

Q. From that advertisement, Mrs. Fickling, what type of jobs would these girls think that they would be qualified for after having completed the course outlined, mentioned in that advertising?

A. Well, I would say that they would believe that they *would get a job* as sales clerk, that they could probably *become* a buying manager, that they would be *qualified* as advertising writers for display—not, not writers, it says display—I take it back. I repeat what I said at first because there is a comma there, advertising, I would think that they would feel that they could be qualified either as advertising, what do you call people who draw the pictures?

HEARING EXAMINER GROSS: Illustrators.

THE WITNESS: Illustrators. And that they could be fashion models.

By Mr. Downs.

Q. What does the—

A. Or executives in these areas. (Tr. 443) (*italic supplied*).

Mrs. Fickling testified that CX 43 would mean to these girls was "that they would be buying clothes for sale in stores" (Tr. 443). This, of course, is the rankest kind of hearsay evidence, and not probative. It is yet not clear to the hearing examiner why complaint counsel did not place upon the witness stand witnesses who had read the Cinderella advertisements and interpreted them in the manner asserted in the complaint. The hearing examiner must conclude that complaint counsel did not have any such witnesses—and that the failure to produce them is attributable to the fact that the advertisements were and are not in fact deceptive in the manner asserted in the complaint.

81. James G. Busick testified that students reading CX 11 would think they had a strong possibility of having "*a career in these fields*" (Tr. 686) (*italic supplied*). After examining CX 18,

Mr. Busick testified that students upon reading the advertisement would think:

A. * * * That they have reached the pinnacle of success and all they have to do is enroll in this school and they are guaranteed to be a good executive and to continue on with a wonderful career * * *. (Tr. 687-88.)

With respect to CX 43 Mr. Busick testified:

A. Well, that would indicate *to me* or to these girls, I feel, that all you have to do is to finish this course up and you would be able to mingle in New York, Chicago and San Francisco and you would have a strong chance, and you would feel like you were almost assured of making good money and traveling all over the world, including the United States.

Q. Traveling in what capacity?

A. As a buyer or as any—well, this is buyer yes. Modeling would be next. (Tr. 688-89) (*italic supplied*).

82. Mr. Busick first heard of Cinderella Career College and Finishing School in February 1967, when the Burns family of Cambridge, Maryland, got in touch with Mr. Busick as a result of a solicitation in their home by a Cinderella salesman (see testimony of Mrs. Shirley Burns Tr. 700 *et seq.*; Shelley Burns Tr. 731 *et seq.*; and Susan Bennett Tr. 736 *et seq.*).

83. The Shelley Burns—Susan Bennett evidence (Tr. 700 *et seq.*) may be summarized: Mrs. Burns having received a piece of Cinderella advertising at her home in Cambridge through the mails, mailed the cards to Cinderella stating that Shelley, her daughter, and Susan, her foster daughter, both then high school seniors, were interested in Cinderella's airline training and secretarial courses respectively. Thereafter, a Cinderella salesman, pursuant to an appointment previously arranged, called at the Burns' home in Cambridge and made his "sales presentation" to Mrs. Burns, Shelley and Susan. The same evening as the salesman made his presentation, Mrs. Burns signed CX 91, CX 92, CX 93A-B and CX 94A-B. These are the enrollment contracts and promissory notes relating to the Burns-Bennett incident. The contracts dated February 2, 1967, embody a \$1,790 tuition fee for a fashion merchandising course for Shelley Burns. Mrs. Burns obligated herself to pay \$1,430 for a secretarial course for Susan Bennett. She gave the salesman a check for a \$50 partial down payment. Mrs. Burns' husband was present for the first part of the salesman's sales presentation, but Mr. Burns had to leave and was not present at the time his wife incurred the \$1,430 obligation on behalf of Susan. When Mr. Burns returned later and ascertained that the contracts had been signed and the obligation incurred, "he was a little peeved because I had signed them

without his okay on them. And he said I shouldn't have done it and we should have talked it over, and he got into the part about the children * * * living by themselves * * *" (Tr. 713-14). Early the next morning Mr. Burns telephoned and awakened the Cinderella salesman at his motel and told the salesman of his objection to Mrs. Burns' actions. Mr. Burns was interested solely in getting out of the obligation his wife had incurred the previous evening. He met with the Cinderella salesman at 1:00 p.m. the same day. Mrs. Burns was unable to recall the salesman's name and the writing upon the contract is a bit illegible. Later Mr. Burns took up the matter with Barbara Solid at the Cinderella school. The net result was that the Burns' \$50 was refunded and their obligations totalling \$3,220 were cancelled by the Cinderella school (Tr. 718-19). However, Mrs. Burns later received some "payment books" and sent them on to the Dorchester County Board of Education. The Burns family paid nothing to the Cinderella school nor to anyone else as a result of the episode. Mrs. Burns could not remember who sent her the payment books. She just "assumed" that because they were payment books that a finance company was involved (Tr. 721). Mrs. Burns never had the nature nor the amount of her financial obligation misrepresented (Tr. 722-23). The Burns family never "lost one penny from this transaction" (Tr. 724). The Burns family used pressures by the Dorchester County School Board and the "District Attorney" to obtain the refund of the \$50 paid to the Cinderella salesman by check the evening of February 2, 1967. The Dorchester County School Board, presumably through James G. Busick, contacted the Maryland State licensing authorities and the State licensing authorities notified the Cinderella school that its license to do business in Maryland would be withheld "until such a time as they refunded our [the Burns'] money [the \$50] * * *" (Tr. 727).

At the time, Mrs. Burns was working for the Maryland National Bank earning \$4,000 per annum. Mr. Burns' income was \$7,500 per annum (Tr. 727).

Mrs. Burns' testimony (Tr. 728-29) is illuminating:

HEARING EXAMINER GROSS: I would like to ask this witness a question and with the usual caveat.

Mrs. Burns, you are pretty made [mad] at Cinderella, aren't you?

THE WITNESS: Well, the most thing I am made [mad] about is the fact that I thought they were a very nice school and then after I wrote them a very nice letter and at least asked for an answer they didn't even bother to answer me back. I have a copy of my letter and you may read it.

HEARING EXAMINER GROSS: Is that why you are made [mad] at them because they didn't answer your letter?

THE WITNESS: No, but I feel like if they are a school of integrity like they say they are, and they find people that aren't quite satisfied with what they have to offer—

HEARING EXAMINER GROSS: You have any evidence they are not a school of integrity?

THE WITNESS: Oh, no, no, sir.

Except for the fact they didn't even both [bother] to answer and usually when you have a school of integrity the least they can do is answer a letter that you send to them.

HEARING EXAMINER GROSS: Well, I am sure—

THE WITNESS: In regards to your children that you are sending up here.

HEARING EXAMINER GROSS: I am sure you know now that the whole world is a little busier than they used to be and people don't answer letters the instant they are opened now, you know that now. Sometimes department stores won't even cash your checks that you pay your bills with for two or three weeks.

THE WITNESS: That is true, I realize that.

HEARING EXAMINER GROSS: You work for a bank so you are a business lady.

THE WITNESS: Yes, sir.

HEARING EXAMINER GROSS: And you knew what you were doing when you signed those notes, didn't you?

THE WITNESS: I knew I signed notes, but I didn't realize how deeply I was getting into.

84. *William Henry Brown*, after reading CX 11 testified that the students he counsels would, after reading it, "expect to receive a high paying job" which would amount to "professional type work" (Tr. 459-60); that his students would think they "would be qualified to enter the field of fashion as a model, as a buyer, or some other form of executive." After reading CX 18 and CX 43, Mr. Brown testified that the students he counsels would think that they would be "qualified to apply for a job as a fashion buyer" (Tr. 461-62). William Brown never discussed the Cinderella school with any of his students, nor did any of his students ever show him a Cinderella advertisement (Tr. 464). Here again, the examiner must note that the best evidence of the reaction of Mr. Brown's students to the Cinderella advertisements would have been the testimony of the students themselves.

85. *Addah Jane Hurst*, whose business experience is related in finding 74 *supra*, had, during the period she was a school counselor, counseled numerous high school girls with respect to their choice of colleges and vocations (Tr. 1267-68). She had counseled at least fifty girls interested in career and finishing schools (Tr. 1276-77). Upon being shown the Cinderella advertisements, Mrs. Hurst testified that her students would receive the impression that the Cinderella school offers "preparatory"

courses for training in particular fields such as modeling and fashion merchandising (Tr. 1270-72, 1274-76, 1278-79) :

This is CX 19. On the basis of reading this ad, they would conclude that they were receiving training in the *many facets of fashion as a career*.

Now, let's see, CX 43 is broader. Here they would assume that they were being given a preparatory type of course, or maybe a training ground is a better expression, in the *field of fashion buying, modeling*, and again this finishing program which involves make-up, figure, personality, voice, wardrobe, hair styling, poise, and so forth. That is CX 43.

Now, CX 44 is devoted to the fashion career. I hate to be repetitive, but it is evident that this covers the same territory in which the girl would again conclude that she would be getting a preparatory—I wish I could think of another word, but a *preparatory course in fashion*. However, this field is somewhat broadened, it seems to me, here in that it includes the fact that it touches on the concomitant careers which would include, say, interior design. So that it is different from the preceding one in that respect. (Tr. 1275-76) (*italic supplied*).

Mrs. Hurst testified unqualifiedly that the Cinderella advertising which she was called upon to examine, in the light of public understanding, was not deceptive (Tr. 1316).

86. *Suzette Kettle*, director of the Bauder Fashion Career College & Finishing School in Atlanta, Georgia, formed the corporation in 1965 after giving up control of the Patricia Stevens Career College & Finishing School in Atlanta, which she had managed from 1954 to 1957; and owned, and operated, from 1957 to 1965 (Tr. 1196-1198). Prior to 1954 the witness wrote curricula for Patricia Stevens of Chicago; was the school's national director of education, and modeled for Elizabeth Arden and Stanley Korshak in Chicago, Illinois (Tr. 1196-1198). The Bauder Fashion Career College & Finishing School's fashion merchandising course costs \$1,755. Its curriculum content is similar to Cinderella's course (Tr. 1201-1204). The witness, who had dealt with many students of high school graduation age (Tr. 1223), testified that such girls, upon reading CX 19:

A. Well, I would think she could only look at and consider the courses that are available—in other words, *areas of training*.

Q. Can you state what a high school girl would get as an impression from reading that advertisement, what would be available to her at that school from that advertisement?

A. I would say just training in a particular area that she might be interested in.

Q. And what particular areas would she think about by reading that advertisement?

A. *Training in retailing or buying or sales promotion, or advertising, or display.*

Q. Can you tell me whether or not a girl of that age bracket from reading this advertising, would believe that upon taking this training she could then get a job directly as a buyer?

A. No. (Tr. 1224) (*italic supplied*).

* * * * *

Q. Now, I would like to show you Commission's Exhibit No. CX-44, which is the document that you looked at before and read from. Is there anything in that document which, upon reading by a teenager, a teen-age girl, would give her the impression that she could obtain a position as a buyer immediately upon completing the course of instruction?

A. No—I think just the statement in the third paragraph, where it says that the staff itself will help you to find your niche. In other words, a niche to me is a starting place. And a buyer is an ultimate position.

Q. And finally, I now show you Commission Exhibit No. 43, which is one that you have not seen. I would like you to take a few minutes just to read that over. Now, is there anything in that exhibit which in your judgment would give the impression to a teen-age girl, a high school girl, that by taking the course of instruction offered by the Cinderella School she would, upon completion of those courses of instruction be able to obtain a job as a buyer?

A. No. Again I believe it just outlines the programs that they do have to offer. (Tr. 1224-1225) (*italic supplied*).

87. The Cinderella school does not promise, state or represent that any of its students will be qualified, upon graduation from its course in fashion merchandising, to assume a particular position immediately thereafter. There is *no* consumer testimony as to the meaning of the challenged advertisements relating to this alleged deception. There is *no* consumer testimony that a person to whom the advertisement is directed receives the impression, from reading the advertisements, that such person will, immediately upon graduation from the Cinderella course in fashion merchandising, "qualify" for the position of "buyer." The Cinderella advertisements do not so represent.

88. If the factual statements contained in CX 6, CX 7, CX 8, CX 9, CX 11, CX 12, CX 13, CX 14, CX 16-CX 21, incl.; CX 22, CX 26, CX 29, CX 43, CX 44, CX 155, the Cinderella ads, are false, complaint counsel has not placed any probative, substantial evidence in this record which proves them to be false, or demonstrates the manner in which they would deceive the persons to whom they are directed (TR. 976-982, 987-988, 1206-1212, 1376-1378; RX 67—for identification).

89. Yolanda Costelloe testified: CX 43 is an accurate description of a buyer, but that buyers now earn from ten to twenty-five thousand dollars per year (Tr. 976); that CX 16B, 17B, CX 18 thru CX 21, are true and not misleading (Tr. 978-982); that CX 44B correctly represents and describes the fashion merchan-

dising curriculum; and that CX 44A is true and not misleading (Tr. 987). The witness' testimony in this respect is not contradicted by other evidence in the record and, it must be kept in mind constantly, that the affirmative burden of going forward, and of persuasion, are, in this proceeding, upon complaint counsel (see p. 932 *supra*).

90. *Suzette Kettle*, with a broad experience in the field of fashion merchandising, testified there are no false representations in the Cinderella advertisements (Tr. 1206, 1211-1212). The witness confirmed, however, that the salary figures mentioned in the advertisements may lag behind the salaries now being paid, because of the tremendous expansion and development in the fashion industry (Tr. 1206-1211). The witness opined that the salary figures were probably obtained from an outdated government publication *Careers for Women in Retailing* (RX 67) published in 1963. She stated that with respect to salary and percentage figures in the fashion industry it is outdated (Tr. 1206-1207).

RX 67 pages 15-16 states:

The position of buyer is both responsible and rewarding. * * * For buyers of womens' apparel, this consists of a whirlwind tour of showrooms to view the new season's offerings. Some buyers are selected to make trips to foreign markets. * * * Earnings of buyers range from under \$4,000 to over \$20,000 depending upon the size and type of department.

Other statements in Cinderella's advertising are adapted from statements contained in RX 67.

91. *Peter Gough*, work experience coordinator for Montgomery County Maryland public schools since 1961 (Tr. 1364-1367) received a Bachelor's degree from Hofstra College, Long Island, New York, in Marketing Management and a Masters degree in Distributive Education from Temple University, Philadelphia, Pennsylvania. He has sixty additional college credits in the field of retail education, from New York University, George Washington University, Maryland University and Muhlenberg College. The witness worked for Gimbel's department store in New York City; for Joe Lowe Corporation, a wholesale company; and he owned and operated a retail business in Philadelphia, Pennsylvania. In addition to teaching the distributive education course, Mr. Gough coordinates classroom instruction with practical work experience for students who are in the Montgomery County's cooperative work experience programs (Tr. 1374). Mr. Gough testified that the factual statements and representations contained in CX 44 are true (Tr. 1376-1377). With the reservation:

A. * * * there is one thing down here that I would like to clarify.

Q. Qualify?

A. I would say that the average buyer's salary—the average buyer earns between, I would say, better than \$10,000. I think that is a low figure for a buyer. I have worked with buyers. Well, they were good buyers when \$60,000 in bonuses at the end of the year was not the biggest bonus that was given out in a retail department store.

The other thing that I would like to clarify here is that one-half of retailing top executives are under thirty-five years or age. I would say that is a high figure. I would say that it is much lower. I would say the average, I guess that probably covers this, but I think you would find many that would be below thirty-five years of age. (Tr. 1377-1378.)

Miss Costelloe testified that one of Cinderella's co-operative students (attending school and working at the same time) would be in a position to accept a job as buyer because she had already had experience working in a department store as part of her training (Tr. 984).

Counsel have stipulated (see stipulation dated June 29, 1967) and it is found that "Competent and authorized personnel of various large department stores would, if called as witnesses, testify that students of Cinderella Career College and Finishing School, merely because they had completed a course of instruction at, or had been enrolled as a student in, Cinderella Career College and Finishing school, would not qualify for a position as a buyer in the aforesaid department stores." (SF, June 29, 1967.)

92. The hearing examiner finds, on the whole record, complaint counsel has failed to prove by substantial, reliable and probative evidence the allegations in subparagraphs "5" of Paragraphs Five and Six of the complaint. Such complaint charges hereby are dismissed as to all respondents.

The Alleged Job Placement Deception

93. The complaint alleges that respondents have represented directly or by implication, contrary to the fact, that:

5. *Respondents* find jobs for their students in almost all cases through their job placement service. (Italic supplied.)

94. CX 5 through 14, inclusive, CX 22, CX 26, CX 27, CX 28, CX 55, CX 57, CX 60, CX 61, and CX 64—contain, among other statements, "JOB PLACEMENT SERVICES"; "FREE JOB PLACEMENT SERVICE" (See ads CX 53 and CX 45); "Employment placement service!; Assistance in finding part-time employment while attending school. Jobs are obtainable by most qualified graduates through our Job Placement Service." (CX 35, CX 38); "Assistance in finding part-time employment while attending school. Jobs are obtainable by most qualified graduates through our Employ-

ment Placement Service." (CX 42); "Your contract with Cinderell Career College doesn't end at graduation. Graduates are always welcome for assistance in change of employment, or for consultation regardless of progress. Because recognition and advancement are rapid in retailing, new job opportunities and promotions present themselves constantly." (CX 44); "JOBS ARE OBTAINABLE BY MOST QUALIFIED GRADUATES THROUGH OUR EMPLOYMENT PLACEMENT SERVICE." (CX 72); "While all graduates of this School will be permitted to register with the Cinderella Career Finishing School Placement Service, *it must be understood that employment cannot be guaranteed.*" (CX 79) (italic supplied).

95. Such misrepresentations, if any, as may be made with reference to "job placement," are made solely by Cinderella Career College and Finishing School operated by Stephen Corporation. Subparagraph 6 of Paragraphs Five and Six of the complaint hereby are dismissed as to all respondents except Stephen Corporation.

96. Cinderella's advertisements do represent that the school has a job or employment placement service; that it *assists* students to find part-time jobs while attending school; and that jobs are obtainable by most *qualified graduates* through the job placement service. The advertisements do not represent, nor have complaint counsel adduced any testimony that the Cinderella's advertisements convey the impression that, "Respondents find jobs for their students in *almost all* cases through their job placement service." (Italic supplied.)

97. The burden of going forward and of persuasion as to the charge that "Respondents *do not* find jobs for their students in almost all cases through their job placement service" was and is upon complaint counsel. Proof must be made by reliable, probative and substantial evidence (Commission Rule 3.51(b)(2)). The burden imposed upon complaint counsel by Commission Rule 3.43 has not been met.

98. The Cinderella school placed in jobs four out of the five students graduating in 1967 from the fashion merchandising course (Tr. 919-24). The fifth graduate, Sharon Burnett, declined a position secured for her by Cinderella (Tr. 973-74).

99. Of Cinderella's 13 fashion merchandising cooperative students, ten obtained employment through the school, and three chose to remain in the jobs in which they already were (Tr. 959). Three 1966 graduates from Cinderella's fashion merchandising course obtained jobs through Cinderella (CX 107).

100. Two graduates of Cinderella's secretarial program in 1967,

Nancy Bradford and Elizabeth Crawford, were placed in jobs (Tr. 996-98). Miss Bradford with CSI, an engineering firm, and Miss Crawford with the Federal Reserve Board.

101. The only testimony with respect to the placement of models came from Melzac who stated:

We have a continuing need for placing models. People call us all the time.

HEARING EXAMINER GROSS: You mean by that, people call you and ask if you have any students they can use?

THE WITNESS: Yes. Last week for example, I understand the advertising club asked for six people for their annual luncheon where they were giving out their scholarship awards and things like that. (Tr. 89.)

102. Complaint counsel's witnesses (Tr. 634, 635-636, 639, 651, 833-834), and respondents' witnesses, testified that Cinderella obtained modeling assignments, and other jobs, for them, both while they were attending Cinderella classes and after completion of their courses at Cinderella.

103. The charges in subparagraph 6 of Paragraphs Five and Six of the complaint hereby are dismissed as to respondent Stephen Corporation for the reasons, among others, that the challenged advertisements do not make the representations as claimed in the complaint and the connotations which the Cinderella advertisements do make relating to job placement have not been proven by reliable, probative and substantial evidence to be either false, misleading or deceptive within the purview of the Federal Trade Commission Act.

The Alleged Executive Position Deception

104. The complaint alleges that respondents have represented directly or by implication, contrary to the fact, that: * * *

7. Graduates of various of respondents' courses of instruction are thereby qualified to assume executive positions in the fields for which they have been trained by respondents.

Such representation, if it is made at all, is made only in the advertisements disseminated by Cinderella Career College and Finishing School operated by Stephen Corporation. It is therefore found that the charges in subparagraph 7 of Paragraphs Five and Six of the complaint should be dismissed as to all respondents except Stephen Corporation. Such charges hereby are dismissed as to all respondents except Stephen Corporation.

105. Complaint counsel have not placed in this record any evidence of what is meant by "executive positions" as used in the complaint. An executive position in the IBM (data processing)

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field cannot be equated with an executive position in the field of professional modeling, stenography, fashion merchandising, or the airline field. A female high school senior, intelligent enough to graduate from high school, and well counseled while there, could not suppose that merely by graduating from the Cinderella school she could, *eo instanti*, become the president of IBM or of United Airlines, or the Macys department store, or of Gimbels or Saks Fifth Avenue. On the other hand, it is entirely plausible for a reader of the Cinderella ads to believe that upon graduation from the secretarial course she could become an executive secretary (Tr. 332), and that graduates of the fashion merchandising course would be qualified to assume "executive" positions in that field. The burden of proving that graduates of these courses *are not thereby qualified* to assume "executive positions" is upon complaint counsel. Such burden has not been met.

There is no evidence in this record from which the hearing examiner could describe just what is an executive secretary, nor is there any evidence that graduates from Cinderella's executive secretary course are not thereby qualified to be executive secretaries. There is no evidence in this record that graduates of Cinderella's fashion merchandising course are not qualified to assume executive positions. There is uncontradicted evidence that graduates of the Cinderella's fashion merchandising course have obtained "executive" positions in their field (Tr. 989-90). The five graduates of Cinderella's fashion merchandising course in 1967 were offered "executive" positions with various department stores in the Washington metropolitan area: *Diane Hewitt* graduated in March 1967 (Tr. 921) and began as a Trainee Bridal Consultant with The Hecht Company in Washington, D.C. (Tr. 922-23). According to uncontradicted testimony, this is an executive or junior executive position (Tr. 994, 998). *Sandra Bee*, who graduated in March 1967, began work in the executive position of Junior Staff Training, Personnel, at The Hecht Company in Washington, D.C. (Tr. 921-22, 962, 968-69, 988, 994). *Marsha Hambrick*, *Bonnie Bell* and *Sharon Burnett* graduated in June, 1967 (Tr. 919, 921). Each girl turned down an offer for the executive position of Assistant Buyer for the Sportswear Department, at the Phillips-born department store (Tr. 973-75, 989-90). *Jackie Bernstein*, who graduated in June 1966, obtained an executive position as an assistant buyer in Seattle, Washington (CX 107). *Carol Dorenbacher*, a student in Cinderella's fashion merchandising cooperative program at the time Miss Costelloe testified, held the executive position of supervisor for the sportswear department,

Montgomery Ward department store, Marlow Heights, Maryland (Tr. 984-86).

106. Complaint counsel have failed to prove by reliable, probative and substantial evidence the complaint charge that Stephen Corporation has represented, contrary to the fact, that graduates of Stephen's Cinderella Career College and Finishing School are thereby qualified for executive positions in some of the fields in which Cinderella offers a curriculum. This complaint charge should be and it hereby is dismissed as to respondent Stephen Corporation. The charge has heretofore been dismissed as to the other three respondents.

The Alleged Official Headquarters Deception

107. The complaint alleges that respondents have represented, directly or by implication, contrary to the fact, that: * * *

8. Cinderella Career and Finishing School is the official Washington, D.C. headquarters for the Miss Universe Beauty Pageant.

The only respondent making such representation is Stephen Corporation, and the charge is therefore dismissed as to all respondents except Stephen Corporation.

108. The Cinderella advertising (CX 5, CX 6, CX 7, CX 8, CX 9, CX 10, CX 11, CX 12, CX 13, CX 14, CX 22, CX 28, CX 43, CX 48, CX 55, CX 57) does represent that the Cinderella Career College and Finishing School is the official Washington, D.C., headquarters for the "Miss Universe Beauty Pageant." Miss Universe, Inc., conducts an annual beauty contest in the middle of July in Miami Beach, Florida (Tr. 482). Each year a contestant from among the 70 to 80 represented countries is selected to reign as Miss Universe (Tr. 479). The United States entry in the Miss Universe contest is chosen from among the contestants in the Miss U.S.A. Pageant which is usually held in the middle of May in Miami Beach, Florida (Tr. 479, 481-482). Miss Universe, Inc., with its world headquarters in New York (Tr. 479), franchises the rights to run State contests for the purpose of obtaining contestants in the Miss U.S.A. Pageant (Tr. 478-479). Sidney Sussman, a witness called by complaint counsel, president of Miss District of Columbia, Inc., a beauty pageant promotion organization (Tr. 476-477), owns the Miss Universe franchise for Maryland, the District of Columbia and Virginia (Tr. 478-479). Sussman is responsible for having three state contestants to compete in the Miss U.S.A. Pageant (Tr. 489-481). Sussman subfranchises various organizations in the States of Maryland and Vir-

ginia to conduct contests in their cities, counties and municipalities for the purpose of obtaining a contestant in these state contests (Tr. 479-480). Sussman does not subfranchise the Miss Universe contest in the District of Columbia. He runs the contest himself (Tr. 482).

109. Stephen Corporation's Cinderella Career College and Finishing School is the authorized center of operations for Sussman's District of Columbia contest. The Cinderella staff is used in setting up the contest. The Cinderella premises is the place where most of the "physical things" take place, such as meetings, preliminary rounds, showing of documentary movies of past contests and training sessions (Tr. 510-511). Since 1964 the Cinderella Career College and Finishing School has been the official Washington, D.C., headquarters for the Miss Universe Pageant (Tr. 499, 510-512). This is the absolute, unambiguous and uncontradicted testimony of the one person best able to attest to the fact. Not a scintilla of rebutting evidence is in the record. It is not necessary to make findings of fact on all the evidence which complaint counsel adduced as allegedly relevant to this issue.

110. Inasmuch as Sussman, complaint counsel's own witness, and owner of the Miss Universe franchise for the District of Columbia, testified unequivocally that Cinderella Career College and Finishing School is the official Washington headquarters for the Miss Universe Beauty Pageant, the allegations to the contrary in the complaint hereby are dismissed as to all respondents. The complaint counsel's charges as to the Miss Universe Beauty Pageant simply are not true. At pages 510-511 Sussman testified:

The word "headquarters" is a complicated word. Technically any place, any sponsor who is involved with me could be a headquarters. But in my own specific terminology my official headquarters is where I do physical things, and the only place that I do physical things, and I will get into what physical things in a minute is at Cinderella. Physical things are, I have meetings there. I show documentary movies there. I use their, some of their, staff in a secretarial capacity. I have training there. We sometimes have preliminary rounds there. In other words, that is where the action is. That is why I, and I alone, have designated it as my official Washington headquarters. There isn't anybody else in the whole world who can designate my franchise as headquarters except me because I own it. Now I can say that every one of McDonalds 35 locations is a headquarters, which is true. You can, when they were a sponsor, you could go to any one of those places and pick up an entry blank. That is a kind of headquarters. You could have gone to anyone of Vincent et Vincent's 73 locations and also picked up an entry blank. That is a kind of headquarters. And you could have gone to any of the other places that are in that printed entry blank that you have there that have given prizes, and also picked up an entry blank. But picking up an entry blank and having a lot of physical operation

are two different things. And, therefore, because Cinderella's operation is a big operation, and they advertise heavily, and this is essential to finding good contestants, these winners don't come out of the blue, I designated Cinderella my headquarters for those reasons, and it seems to me that I own the property, I can designate who I want to be my headquarters. They have been it since 1964 and as far as I know they will be until they don't want to be it anymore. So long as they keep renewing their contract with me.

After listening to Mr. Sussman's testimony the hearing examiner was at a complete loss to understand how complaint counsel could possibly have made the charges in the complaint that Cinderella *deceptively* represented that it is the official Washington, D.C., headquarters for the Miss Universe Beauty Pageant.

The Alleged "College" Deception

111. The complaint alleges that respondents have "represented" directly or by implication, contrary to the fact, that: "Cinderella Career College and Finishing School is a college." Inasmuch as this "representation" is made only by Stephen Corporation, this charge in the complaint is dismissed as to all respondents except Stephen Corporation.

112. Complaint counsel's position is that the public understands the word "college" to mean a post-high school institution of higher education which either confers degrees or offers course work which would be transferrable to other institutions conferring degrees, and that a prospective student reading the name "Cinderella Career College and Finishing School" in the school's advertisements would be misled into believing that she could receive a degree from the school or could take course work which would be transferrable to a degree granting institution.

113. There are schools in the Washington, D.C., area which utilize the word college in their names and which "are not accredited by any recognized accrediting organization and/or not licensed by the District of Columbia to confer degrees or admit persons to degrees or issue to persons a certificate pertaining to degrees." (Stipulation R-1, dated June 21, 1967.) These include: Patricia Stevens Career College and Finishing School (RX 22A-6, RX 22B-2, RX 22C-7, RX 22N-8); Juliet Gibson Career College & Finishing School (RX 22N-6); Warflynn Beauty College, Inc. (RX 22C-1, RX 22C-7, RX 22N-8, RX 22N-11); American Beauty College (RX 22C-2, RX 22N-1); Gonzaga College High School (RX 22C-5); Holy Name College (RX 22C-6); St. John's College (RX 22C-7, RX 22N-8); Blackwell College (RX 22C-8, RX 22N-2, RX 22N-9); Washington Hall Junior College (RX 22C-8, 22N-10,

22N-11); World College (RX 22M, RX 22N-11); and Cortez W. Peters Business College (RX 22N-3, RX 22N-7). The American Airlines training school for stewardesses in Ft. Worth, Texas, is known as the American Airlines Stewardess College (Tr. 1468). The word "college" is not uncommonly used in contexts other than those which connote degree-granting institutions (see, for example, a recent article in the November 5, 1967, Potomac section of the *Sunday Washington Post*, describing "McDonald's Hamburger College").

114. Counsel have stipulated that students completing courses of instruction at the Cinderella Career and Finishing School operated by Stephen Corporation are not awarded any academic degrees and that none of the corporate respondents have the power or authority to confer degrees or admit persons to degrees. (See stipulation dated June 21, 1967, par. 6.)

115. Stephen's school's advertisements carry its name in the following forms: "Cinderella Career and Finishing School" (CX 5 thru 15, inclusive, CX 16A, CX 22, CX 25, CX 26, CX 27, CX 28, CX 30, CX 31, CX 32, CX 35, CX 36, CX 37, CX 38, CX 42, CX 46, CX 55, CX 57, CX 60, CX 61, CX 65, CX 67, CX 68, CX 72, CX 154); "Cinderella Career College & Finishing Schools, Inc." (CX 43, CX 58); "Cinderella Finishing School and Career College" (CX 41); "Cinderella Finishing School and Career College, Inc." (CX 44); "Cinderella" (CX 54, CX 56, CX 59); "Cinderella Career College and Finishing School" (CX 45, CX 53, CX 62, CX 64, CX 66, CX 69, CX 73); and "Cinderella Career College" (CX 16B, CX 17 thru 21 inclusive, CX 23, CX 24, CX 29, CX 34, CX 155).

116. There is no evidence in this record that the school represents directly or by implication (other than by using the word "college" in its name) that it confers degrees or offers course work which would be transferrable to institutions of higher learning which confer degrees. The school's advertisements endeavor to attract students to its courses in finishing and modeling, IBM, air career, fashion merchandising, and secretarial.

117. Such courses are not emphasized in the curricula of conventional institutions of higher learning. A high school senior knows this fact and if she did not know such fact, she would, or should, be so informed by the school counsellors and superintendents and accrediting officials, to wit: James G. Busick, Lester Jack Wilson, Carroll Speck, Julia Fickling, William H. Brown, Dr. Frank G. Dickey, Addah Jane Hurst, Peter W. Gough. It would be and is a sad commentary upon our public education system if a high school senior is allowed to graduate without knowing the dif-

ference between a "trade school," and an institution of higher learning. There is no evidence in this record that any "buyer" interested in Cinderella's "product" could possibly confuse such "product" with that of the University of Chicago, Vanderbilt University, Leland Stanford University, Harvard, Yale, Princeton, Columbia, Vassar, Wellesly, Radcliffe, Sarah Lawrence, etc., etc.

Moreover, as previously found (*supra* p. 941), competitors of Cinderella in this geographical area use the word "college" in their trade names. The record does not show any effort by the Federal Trade Commission to have these other trade schools excise the word "college" from their trade names. Should the Department of Defense change the name of its "War College"? And what about barbers' colleges, etc., etc.?

118. Webster's Third New International Dictionary of the English Language, Unabridged, G. & C. Merriam Company (1961) defines "college," among other definitions, as "An institution for special instruction, sometimes professional or military, often vocational or technical (teachers —) (business —) (war —) (a correspondence —) (a — of embalming)."

If the Education Establishment has permitted the semantics of its business to become fuzzy and unclear, whose fault is it—that of the Stephen Corporation? or of the Education Establishment itself?

119. The witnesses best qualified to prove that Stephen's use of the word "college" in its trade name was and is false, misleading and deceptive are prospective students for Cinderella who are interested in college as an institution of higher learning.

Robin North (Tr. 739) of Cambridge, Maryland, 18 years old, graduated from high school in Cambridge in 1967, was working for Airpax Electronics Company of Cambridge at the time of her testimony, and testified (Tr. 746) :

Q. Did it ever occur to you that you might get a college degree from that school?

A. I never thought about it.

Charissa Craig (Tr. 867) of Washington, D.C., a student at Howard University, had done modeling at the Hecht Company, at the age of 14, prior to enrolling at Cinderella (Tr. 870). She had been on the Hecht Company's Teen Board—a group designed for teenage models (Tr. 870). She testified (Tr. 888) :

Q. Now at the time that you enrolled at the Cinderella school here, did you consider this as being a college where you would be getting college credits for a degree?

A. No.

Opal Boyd, 19 years old, of Washington, D.C., a student at Howard University (Tr. 854), a senior in high school at the time she enrolled in the Cinderella school, finished high school (Tr. 859). She was accompanied by her mother at the time she signed up for the Cinderella course (Tr. 856) and testified (Tr. 859-60):

Q. When you enrolled in Cinderella—when you went down there with your mother that day, were you expecting by going to this school you would get any kind of a college degree?

A. No.

Mrs. Vera White (Tr. 644 *et seq.*) of Washington, D.C., is the mother of four daughters who attended the Cinderella school—Janis 16, Sherry 17, Ramona 13 and Valerie 6. This is the same family that was interviewed for the WTOP television program which was broadcast September 26, 1967, (Tr. 1753) while hearings were going on in this proceeding. (See the testimony of Nancy Wynstra (Tr. 1748 *et seq.*). Vera White, the mother, appears to have been the only member of the family whose taped interview was broadcast, but taped interviews were also made with Janis and Sherry.) (Tr. 1751-52.)

At Tr. 664 Vera White testified:

Q. Incidentally, did you expect any of your girls going to this school to get college degrees from this school?

A. Well, Janis was the only one who was going professional and I was in hopes she would have a professional career.

Q. Career. But I am talking now about a college degree.

A. No. I don't expect a college degree.

The meaning of the word "college" to high school seniors should be based upon the testimony of such seniors and not upon the supposititious, hearsay testimony of the high school counsellors, the school superintendent, the executive director of the accrediting association, or the Maryland state accrediting officials. Complaint counsel do not allege that these latter persons, knowledgeable in the field of education, could possibly be deceived by Stephen's use of the word "college" in its trade names. Any deception to be actionable under the Federal Trade Commission Act must be of those persons who use the product being advertised—in this instance—prospective Cinderella students. And it is the weakest sort of hearsay for complaint counsel to proffer the testimony of the counsellors and accrediting officials to tell what *they think* is in the prospective students' or students' parents' minds when the students themselves or their parents are available as witnesses. The hearing examiner finds the testimony of the school counsellors, the accrediting officials and the superintendent of

schools concerning the meaning of the word "college," within the context of the issues of this proceeding, to be neither probative nor substantial.

120. The complaint charge that Stephen's use of the word "college" in its trade name, "Cinderella Career College and Finishing School," is misleading and deceptive, hereby is dismissed as to respondent Stephen Corporation, and as to each and all of the other respondents.

The Alleged Beauty Contest Deception

121. In substance, Paragraph Seven, subparagraph 1, of the complaint alleges that when a prospective student first visits "respondents' school," she is *frequently* led to believe by their employees that she is "qualified" to compete in, and there is a "strong possibility" of winning, such contests as "the Miss District of Columbia pageant which leads to the title of Miss Universe, and the Miss Junior D.C. pageant or in other contests not specifically set out herein if only she would sign up for courses given by respondents which will bring out the best in the applicant." These statements are alleged to be false, misleading and deceptive and are used "for the sole purpose of obtaining the potential student's signature to various documents committing said potential student to pay for expensive courses of study."

122. Complaint counsel has failed to prove that the Cinderella school at 1219 G Street, NW., Washington, D.C., is owned or operated by anyone other than Stephen Corporation. As the owner of the stock of Stephen Corporation, respondent Melzac participates in ways not relevant to this particular charge in the complaint, in Stephen Corporation's management and operation.

123. Complaint counsel's witnesses testifying concerning beauty contest misrepresentations were: Mrs. Shirley Burns, Mrs. Burns' foster daughter, Susan Bennett, and her daughter, Shelley Burns. They were interviewed on February 2, 1967, by a Cinderella representative in their home in Cambridge, Maryland (CX 91, CX 92). Mrs. Burns testified:

Yes, they mentioned they hold a contest every year and it is called the Cinderella Contest, and that the girls from the school enter the contest if they wish to, that is *it wasn't altogether a school contest*, and they can enter into this contest and win a trip, I believe it was to Paris or something of that sort. (Tr. 708) (*italic supplied*).

Susan Bennett, 18 years old, testified:

A. Yes, he told us about the Cinderella beauty contest, and he said something about it being the kind of Miss Universe Pageant or something

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of that sort.

Q. Did he say anything about it in relationship to the contest?

A. He said I should probably enter the Miss Cinderella contest because *it was open to all people whether you were a member of the school or not*, but if you were a member of the school you had an extra good chance of winning. (Tr. 738) (italic supplied).

The Cinderella representative did not represent that the girls had to be students to enter the contest. He pointed out that the contest was open to anyone. He did not represent or imply that there was a "strong possibility," of attaining such titles, but only that a Cinderella student had a better chance of winning. The evidence in this regard proves that a Cinderella student with "finishing" and/or modeling training does have a better chance of competing successfully in a beauty contest, than does a contestant who has had no such training.

124. *Charissa Craig*, 18 years old at the time she and her mother were interviewed at the Cinderella school, testified:

Well, they told me about the different fashion shows that they had for Miss America and they showed me one of the girls who was a contestant in a fashion show and I would have a good chance of getting that far, as far as the pageant was concerned. (Tr. 882.)

125. *Penny Alexander* enrolled in the Cinderella school on November 9, 1966 (Tr. 797; CX 97). On November 11, 1966, Miss Alexander was told about and completed an entry form for the Miss America Beauty Pageant, because "it sounded nice" (Tr. 795, 812). There was no testimony from this witness that the possibility of winning the Miss America contest was offered as an inducement to enroll for courses at the school.

126. *Carol Ness* testified that she is familiar with the various beauty contests in which the Cinderella school participates, and there are no rules requiring enrollment in the Cinderella school as a "qualification" for entering any of them (Tr. 1330, 1335).

127. The charges in Paragraph Seven of the complaint with reference to the beauty contests hereby are dismissed as to all respondents because complaint counsel has failed to prove such charges by reliable, probative and substantial evidence.

The Alleged Better Job and Constant Pressure Tactics Deception

128. Paragraph Seven, subparagraphs 1 and 2 of Paragraph Seven of the complaint allege that when a "potential student first visits respondents' school," in addition to making the "beauty contest" representations:

1. * * * respondents will frequently add that completion of respondents'

courses will enable the applicant in *most cases* to obtain a *better job* through respondents' many contacts in the business world.

The aforesaid statements and representations and others similar thereto are false, misleading and deceptive and are used by respondents, their agents, representatives and employees for the sole purpose of obtaining the potential student's signature to various documents committing said potential student to pay for expensive courses of study.

2. In the course of making the above representations and others similar thereto respondents' agents, representatives, and employees acting alone or in pairs subject the *potential student* to *constant pressure* to get the student started right away on various of respondents' courses of study and present various documents, including a negotiable enrollment agreement, for said potential student's signature *without revealing* the negotiable and non-cancellable nature thereof or allowing sufficient opportunity to permit the reading or careful consideration thereof and in *many instances* respondents are *thereby* successful in securing the student's commitment to such courses. (Italic supplied.)

129. Complaint counsel called two Cinderella school employees, and one former employee, in support of these allegations: *Barbara Solid*, Cinderella's sales manager, *Kathy Naylor*, a sales counselor, and *Judith A. Campbell*, a former counselor, testified concerning sales interviews with prospective students, and the school's sales procedures. They testified that a prospective student, with whom an interview has been arranged in advance, completes an application given to her by the receptionist when she first arrives at the school (Tr. 266, 312). The prospective student is then escorted into a counselor's glass enclosed office, located on the first floor (Tr. 267, 270) and, following a general discussion, is taken on a tour of the school (Tr. 233, 313). Thereafter, the prospective student is given a beauty analysis by the counselor. This consists of good grooming pointers (Tr. 233, 275, 319). The prospective student is then told about the courses of instruction available (Tr. 233, 213). Interviews for prospective students interested in taking a "finishing course" take approximately 45 minutes. "Career course" interviews take approximately one and one-half hours (Tr. 233-34).

130. *Kathy Naylor*, has been a counselor at Cinderella since October 1966 (Tr. 279-80). Most of Cinderella's sales personnel are new employees and are in the process of being trained by Miss Solid (Tr. 236-37, 267).

131. *Miss Campbell* began working at Cinderella in October 1966 but left the school's employ around the middle of December 1966 (Tr. 308-09). While at the school, Miss Campbell received training instruction in the morning from Miss Solid, and in the afternoon tried to sell courses (Tr. 310-11). Miss Campbell re-

quired assistance in filling out student contracts (Tr. 324), and was, therefore, usually assisted by Miss Solid (Tr. 324). Miss Solid, in the presence of Miss Campbell, explained and reviewed the details of the contract with each prospective student before the contract was signed by the prospective student (Tr. 324). Miss Campbell was trained to overcome prospective students' objections "by just telling them what benefits they would get out of the courses" (Tr. 314-15). Miss Campbell was

* * * instructed to let the girls speak about themselves, and to be a good listener because people do like to talk about themselves, and it was rather helpful if we said that they were attractive or they did have possibilities. But that was usually if they were interested in modeling. I don't really say it unless they did because somebody knows what they look like. (Tr. 315.)

Miss Campbell never told a prospective student that the school could make a model out of her if she didn't think the girl had the necessary qualifications (Tr. 317).

132. *Miss Naylor* never promised a prospective student that the school would find her a job. She did tell the prospective student that the school has a job placement service and pointed out that the prospect's job opportunities depend upon the prospect's ability (Tr. 293-96). Miss Campbell never guaranteed a prospective student that the school would get her a job (Tr. 324). She told prospective students interested in modeling that the school had a modeling agency with which such prospective students could register. If such prospective students were interested in other career courses, they were told that the school would "help" them to find jobs (Tr. 316-17, 324-25). Miss Campbell, employed by the Washington Wig Company at the time of her testimony, had previously worked for a modeling agency in Nassau and had been a free-lance model in Canada (Tr. 311).

133. Miss Solid identified CX 79 as a specimen of the registration and enrollment contract used by the school (Tr. 243). This contract is in words and figures as follows:

Career Starting-----
 Date-----
 Mr.-----
 Mrs.-----
 Miss-----

NO. 1872

CINDERELLA CAREER AND FINISHING SCHOOL

1221 G Street N.W., Washington, D.C. 20005
 Telephone 628-1950

REGISTRATION AND ENROLLMENT CONTRACT

Social Security No. _____ Date _____

Student's Name _____ Birth Date _____

Address _____ City _____ State _____ Phone _____

hereby enrolls for the _____ Course

with classes beginning on _____ from _____ to _____, and

is to report for her orientation class on _____

(Month) (Day) (Year)

A.M.

at _____ P.M.

The student hereby agrees to pay the combined registration-tuition fee of \$_____ for such course, none of which is refundable.

The student and the School also agree that:

1. The student's rights under this contract may not be assigned by her to any other person without the written consent of Cinderella Career and Finishing School.
2. While all graduates of the School will be permitted to register with the Cinderella Career and Finishing School Placement Service, it must be understood that employment cannot be guaranteed.
3. This contract shall not be binding upon Cinderella Career and Finishing School, until accepted by it at its office in Washington, D.C., and the printed provisions of the contract may be varied only with the written permission of an officer of Cinderella Career and Finishing School.

Payment of such fee shall be made \$_____ down, the balance being payable

Down Payment \$_____ on _____ Balance \$_____

Service Charge _____

Total _____

_____ of Payments at \$_____

_____ of Payments at \$_____

Date of 1st Payment _____

NON-CANCELLABLE

(Signature)

CINDERELLA
Career and Finishing School

By _____

(Registrar)

Verified by _____

Source _____

RX 26A-B are completed copies of the student tuition note and are imprinted with the following words: "NEGOTIABLE PROMISSORY NOTE" and "NEGOTIABLE PROMMISSORY DOWN PAYMENT NOTE," respectively.

134. Miss Solid testified that after a Cinderella sales person has concluded an interview, Miss Solid verifies the contract which the student has signed (Tr. 243-44, 249, 271). Miss Solid testified:

BY MR. DOWNS:

Q. Do you explain to the students when they are being enrolled that you are assisting a sales person to enroll them, do you explain her obligations under this contract the contract that she is being offered?

A. In kind of assisting the sales person, I come in for *verification* to welcome the student to the school and go over the terms of the enrollment, and answer any questions.

Q. Do you explain to her the significance of the non-cancellable portion of the contract?

A. In detail.

Q. And the non-refundable funds?

A. I read it to her. (Tr. 243-44) (*italic supplied*).

* * * * *

Q. When you verify these contracts, you also verify the terms as made out on the contract, do you not?

A. I do, I verify everything on the contract. (Tr. 249.)

Miss Solid testified further:

A. A verification is when I go in and I welcome a student to the school and may I pursue this, your Honor?

HEARING EXAMINER GROSS: Yes, certainly.

A. And I go over the terms of the contract.

HEARING EXAMINER GROSS: Referring to CX 79.

A. Shall I go on?

HEARING EXAMINER GROSS: Yes.

A. I go over the terms of the contract, and I read it to the applicant, and I say, do you understand. In other words, this is non-cancellable. Once you decide to complete it, in order to be sure in anything in life, you have to complete something, so understand this is non-cancellable and non-refundable. (Tr. 271.)

135. Fifteen consumer witnesses, excluding Dianna Batts, testified as to their sales interviews with Cinderella's employees. Several of these witnesses were dissatisfied customers. They constitute a negligible number out of a total of between 1,000 and 1,200 enrollees (Tr. 1663).

136. The following consumer witnesses testified on behalf of complaint counsel:

Mrs. Shirley Burns, Shelley Burns and Susan Bennett were interviewed in their home in Cambridge, Maryland, on February 2, 1967, by a Cinderella representative. Mr. Burns was present for a portion of the interview, but left before his wife signed the tuition and enrollment contracts (Tr. 713-14). The *Burns* episode is described in part elsewhere in this initial decision (*supra*). The testimony of the witnesses does not justify any finding to support any of the charges in the complaint. The Burns' contract was cancelled by Cinderella and their \$50 down payment was refunded. Mr. Burns was disturbed and angry because his wife had taken on such a matter without first obtaining his approval:

[h]e was a little peeved because I had signed them without his O.K. on them. And he said that I shouldn't have done it and we should have talked it over, and he got into the part about the children coming up there and living by themselves and this, that, and the other, so I told him that the gentlemen had said that he would probably be around town. (Tr. 713-14.)

Mrs. Burns testified further:

HEARING EXAMINER GROSS: Is that why you are mad at them, because they didn't answer your letter?

THE WITNESS: No, but I feel like if they are a school of integrity like they say they are, and they find people that aren't quite satisfied with what they have to offer—

HEARING EXAMINER GROSS: You have any evidence they are not a school of integrity?

THE WITNESS: Oh, no, no sir. Except for the fact they didn't even bother to answer and usually when you have a school of integrity the least they can do is answer a letter that you send them. (Tr. 728-29.)

137. *Miss Opal Boyd* and her mother signed a Cinderella enrollment contract for 50 hours of finishing courses at a cost of \$370 (Tr. 856; CX 101). Shortly after the contract was signed, Miss Boyd graduated from high school. She attended an orientation class at Cinderella during the first part of the summer and thereafter went on a trip (Tr. 862). After returning from her trip, the witness completed the course at Cinderella (Tr. 858). Thereafter, Miss Boyd enrolled at Howard University as a full-time student (Tr. 862). Miss Boyd was available for informal modeling assignments only on weekends and nights (Tr. 863) and had not obtained any jobs through Cinderella up to the time of her appearance on the witness stand (Tr. 858).

138. *Robin North*, an 18 year old high school graduate who worked for the Airpax Electronic Company in Cambridge, Maryland, at the time of her testimony, was interviewed in her home in Cambridge along with both her parents in January or February

1967 (Tr. 739, 740-42). Neither Robin nor her parents signed an enrollment contract with, nor did they pay any money to, Cinderella (Tr. 744). Her testimony is not substantial, probative evidence of any of the charges in the complaint.

139. *Andrew M. Egnot* is employed as an electrician by the Bureau of Engraving and Printing in Washington, D.C. (Tr. 775, 780). In the Summer of 1966 his daughter, Michelle, 15 years old, was interested in taking modeling courses (Tr. 776). The witness signed a registration contract enrolling his daughter for the minimum 25-hour finishing course for \$195 (Tr. 777; CX 96). Michelle completed the course, lost interest in modeling and did not re-enroll for additional instruction (Tr. 778-79).

140. *Gloria Lancaster* was interested in professional modeling (Tr. 765) and with her aunt, Anne W. Donelson, signed a Cinderella registration contract enrolling Gloria for 325 hours of modeling courses at a cost of \$1,690 (CX 95). Gloria began attending classes in October 1965 and approximately one month later obtained full-time employment with the Lawyers Title Insurance Corporation in Washington, D.C., where she was employed by them at the time she testified (Tr. 748, 762-63). The witness attended classes until the Summer of 1966, at which time she withdrew from Cinderella (Tr. 750-A, 751, 768, 770-71). She was allowed to pay for the courses which she had taken and to cancel the contract which her aunt had signed (Tr. 760-61, 768-69). Gloria testified that she recalled taking approximately 200 hours out of 325 (Tr. 757), but after being informed that the Cinderella records indicated that she had taken only 85 hours, she stated "it may have been" (Tr. 760). Gloria never exercised any initiative to have the school obtain a job for her (Tr. 756).

141. *Charissa Craig* was interested in becoming a professional model. At a fashion show at the D.C. Armory Charissa had her attention directed to the Cinderella school and to the high compensation paid top professional models (\$60 per hour). Charissa, then 18, and her mother were interviewed at the school on April 23, 1966. Mrs. Craig signed a registration contract enrolling Charissa in a 214 hour \$990 modeling course. Mrs. Craig made a \$5 deposit (Tr. 869, 873-74). That evening Mrs. Craig telephoned the school and informed them that her daughter had decided not to take the course (Tr. 874). Charissa never attended class and Mrs. Craig never paid more than the \$5 deposit (Tr. 883). The Craig's relation with Cinderella terminated with the telephone call that evening.

142. *Mrs. Vera White*, and her daughter Janis, 16 years old at

the time (Tr. 646), were interviewed at the school on May 7, 1966 (Tr. 663-64). Janis was interested in professional modeling. The Cinderella counselor discussed the field of modeling and the courses which Cinderella offered (Tr. 645-47). Barbara Solid came into the interviewing office and "they told me about the contract." Financial arrangements were discussed (Tr. 647, 655-57). The witness testified:

* * * and I told her I would like to have it on a pay as you go basis, and she said "well, we don't do this. It would be too much small monies to be handled. We don't do it that way." She said she would work out something for me and after *she gave me the prices and the hours*, that they had to have, she told me it would be easier for me to have it as a family plan. (Tr. 647) (*italic supplied*).

Mrs. White enrolled her daughters, Sherry, age 16, Ramona, age 12, and Valerie, age 5, for 25 hours of finishing courses each, and Janis for 214 hours of modeling courses (Tr. 646; CX 88, 89, 90). As part of the family plan Mrs. White was given 20 hours of "finishing" instruction without additional charge (Tr. 648). Mrs. White signed three registration and enrollment contracts, one negotiable promissory down payment note, and one negotiable promissory note (CX 88, 89, 90; RX 28A-B). The enrollment contracts and tuition notes reflect that they were verified by "Bobbe" Solid. The cost of Janis' modeling course was \$990, the combined tuition costs for the finishing courses for Sherry and Ramona was \$292.50, and the tuition cost for Valerie's "tots" course was \$36. Mrs. White was told (with respect to job placement) that after September 1966 Janis "would be making her own money, she would be out modeling" (Tr. 650-51). Sherry, Ramona and Valerie completed their courses (Tr. 656, 662, 677). Mrs. White never attended class. Janis completed only 48 hours out of 214 and dropped out in September 1966, attending only three or four classes during that month (Tr. 657, 670-71). Prior to September Cinderella sent Janis out on a student assignment, modeling hats for Masons in the District of Columbia (Tr. 651). Mrs. White wrote Cinderella that her husband was being transferred to Florida, and that she desired to settle her account and pay for the courses which her daughters had taken (Tr. 645, 678). She represented that Janis was dropping out of school because she was discouraged and wasn't getting any jobs (Tr. 677). Cinderella permitted Mrs. White to cancel her contracts and settle her account for the cost of the courses actually taken by her daughters (Tr. 652, 679).

143. *Sandra Roth* was interested in professional modeling. She

and her husband were interviewed jointly at the Cinderella school on March 12, 1966, by Miss Tillson (Tr. 623-24). Mrs. Roth had some previous photographic modeling experience, so they discussed the Cinderella's special 75-hour modeling "brush-up" course. Mrs. Roth graduated on October 11, 1966 (CX 86). Cinderella obtained training jobs for Mrs. Roth while she was attending the school (Tr. 613) and afterwards: one assignment working for Fashion Tress, Inc., modeling wigs at the Washington Hilton Hotel, for which the witness received a wig valued at between \$150 and \$200 (Tr. 614, 635-36); an assignment with the Fairchild Hiller Corp. (Tr. 615, 634); teaching one of the Cinderella classes on Saturdays at \$3.50 per hour (Tr. 639); and another job with Fairchild Hiller (Tr. 618-19). These assignments led to another job obtained directly from the personnel director at Fairchild Hiller with whom she had previously worked (Tr. 617-18). She became discouraged because she was not getting as many modeling assignments as she would have liked. Approximately two and one-half months after graduation Mrs. Roth began working full-time at the front desk of the Sheraton Park Hotel in Washington, D.C. (Tr. 637-38, 641). She indicated to the school that although she was available for modeling assignments, she had to have a couple of days notice (Tr. 637-638, 641). Mrs. Roth was called by Cinderella on one occasion for an assignment, but was unavailable (Tr. 636). Mrs. Roth later became pregnant and was unavailable for modeling assignments (Tr. 610, 637).

144. *Peggy M. Caldwell* was interested in Cinderella's modeling and merchandising courses (Tr. 520) and signed a contract for 325 hours of modeling at a cost of \$1,690 to be paid in 15 monthly installments of \$102 each (CX 81). Since she was under age, she was told "her parents could sign later" (Tr. 521, 534). When Peggy spoke to her parents, her father thought the payments were too high. He called Cinderella and cancelled the contract (Tr. 523). A week later, some Cinderella employee, who did not know that the contract had been cancelled, called to find out why Miss Caldwell was not attending classes (Tr. 523). The cancellation of Miss Caldwell's contract had not been circulated to the proper channels and one month later she received a Final Notice that her payments were overdue (Tr. 523; CX 82). Her father called the Cinderella manager and engaged in a heated conversation. Miss Caldwell never paid any money to Cinderella. Her antagonism for the school was based chiefly on the fact that she had received the Final Notice form after the contract had been cancelled (Tr. 535). The Caldwells were not otherwise bothered

by the school.

145. *Berma Bowles*, a 22 year old elementary school teacher with a B.S. degree from Winston-Salem State College, who teaches fifth graders at Drew Elementary School in the District of Columbia, enrolled at Cinderella for 325 hours of professional modeling instruction at a cost of \$1,590 (CX 83). Mrs. Bowles decided to cancel her contract with Cinderella after her husband "gave her an argument" for signing them (Tr. 563-64). The school did not allow Mrs. Bowles to cancel her contract, but they reduced the monthly payments to \$25 (Tr. 542-43). Mrs. Bowles attended only three classes (Tr. 543) and paid Cinderella a total of \$22 on a note for \$1,590 (Tr. 482). There is no evidence in the record that she was or will be required to pay any more.

The witness had no children and, shortly before signing the contracts, she and her husband had a combined income of \$1,000 per month (Tr. 563). Mrs. Bowles contradicted her direct testimony by admitting on cross-examination that "I had the money to pay *if I wanted to take it* [the course]" (Tr. 564). The hearing examiner does not believe that Mrs. Bowles, a college graduate, and a teacher in the D.C., public school system, did not know the full import of all the documents she signed with the Cinderella school. Mr. Bowles was attending American University by using some Federal funds for the purpose. The hearing examiner finds that Mrs. Bowles had no good reason for being released from her contract; that she fully understood what she was signing and that she broke her contract with Cinderella for reasons which were not candidly stated on the witness stand.

146. *Penny Alexander*, 21 years old at the time, enrolled on November 9, 1966, for 75 hours of modeling instruction at a cost of \$540 (Tr. 797; CX 97); signed a negotiable promissory down payment note and a negotiable promissory note (RX 29, 30), and gave the Cinderella school a \$10 deposit.

Although Miss Alexander knew perfectly well at the time what she was doing and what she was contracting for (Tr. 808) she returned on November 10, 1966, to cancel her contracts. Cinderella permitted her to reduce the course of instruction from 75 hours to 50 hours. Miss Alexander signed another registration and enrollment contract for that amount (Tr. 810-11; CX 98). She attended only one class and was never required to pay more than her ten dollar deposit (Tr. 803-04).

147. *Ruth Kahkonen* had been employed by the National Institutes of Health for the past five years (Tr. 831), and she was so employed on August 21, 1965, at which time she discussed

Cinderella's finishing and modeling courses. The witness was 26 years old in August 1965 (Tr. 846; CX 100). Mrs. Kahkonen, enrolled for a minimum of 25 hours of finishing with "an option to extend" (CX 100) to modeling courses at a later date, if she so desired (Tr. 837). Mrs. Kahkonen did not read the contract carefully (Tr. 834), but admitted seeing "NON-CANCELLABLE" above the signature line (Tr. 848). The witness attended very few classes because she had many personal problems and obligations to contend with (Tr. 833, 836-37, 838-40). She stopped making her monthly payments of \$19.30 to SS sometime in September or October 1965, and began receiving late payment notices from them (Tr. 838). She wrote the manager of SS on January 3, 1966, and explained that she enjoyed attending classes but her personal problems were interfering with her ability to pay (Tr. 838-40). She then spoke with Mr. Strombos, the school's manager, who allowed her to reduce the monthly payments from \$19.30 to \$10 and reassured her, at that time, that there would be jobs available on weekends (Tr. 841, 844, 851-53). She attended classes a couple of times after this meeting, but failed to complete her course (Tr. 833, 843-44). Cinderella obtained one job assignment for Mrs. Kahkonen (Tr. 833-34). On another occasion she declined a job because she didn't have enough leave time (Tr. 846). The witness moved her residence in July 1966 and changed her telephone number. She failed to keep Cinderella informed as to where she could be reached in the event an assignment which she could handle came up. When recently called by Cinderella, Mrs. Kahkonen stated that she was not interested in modeling anymore (Tr. 842, 844-45).

148. As far as the evidence in this record discloses, SS has never sued anyone on any note which such person had given to the Cinderella school in payment of tuition.

149. There is no evidence, of any kind whatsoever, in this record that the Cinderella school's sale of its installment notes to SS has, at any time, resulted in any maker of any note being deprived of any legal defense which would have been available to such maker but for the sale of the note by the Cinderella school to SS.

150. There is no proof in this record of Cinderella school's concealment or nondisclosure of the negotiability of the installment notes it takes from its students.

151. SS had actively engaged, continuously, in the business of buying commercial paper for almost ten years before Stephen Corporation was licensed to do business by the licensing corpora-

tion, and before the Stephen Corporation entered into its agreement with SS under which SS agreed to buy Stephen's installment paper. SS was chartered on *December 13, 1955*. The franchising corporation licensed the Cinderella school on *June 1, 1965*. SS signed its agreement with Stephen to buy the Cinderella school's installment paper on *June 1, 1965* (CX 74, CX 75).

152. The proper explanation of CX 76A-B in evidence is as follows: The column captioned "credits" reflects monies paid by SS to the Stephen Corporation; the column captioned "balance" reflects the "on-going" obligation of the Stephen Corporation to the SS corporation; the column captioned "debits" reflects money received by SS on account of the tuition installment notes which Stephen had sold to SS. This reflects the credits against the indebtedness of Stephen to SS (CX 76A-B—ledger sheet of Cinderella school; Tr. 95-96).*

153. It was and it is not a violation of any law to which the attention of the hearing examiner has been invited for the Stephen Corporation to sell its installment paper, which it receives from its students, to SS. The negotiability of commercial paper is a basic tenet in our law and any adjudication affecting the negotiability of commercial paper must be premised upon very persuasive facts and law. Neither have been inserted in this record.

154. Based upon the evidence in this record, the hearing examiner finds that respondent Melzac does not formulate, direct or control the acts and practices of SS, Inc., but that such acts and practices are formulated, directed and controlled by its board of directors.

155. SS does not make loans to Cinderella school students. It purchases the commercial paper (installment notes) which the Cinderella school students give the Cinderella school in payment of their tuition.

156. None of the Cinderella advertisements which feature Dianna Batts and Carol Ness refers to either of these ladies as "graduates" of the Cinderella school, even though Carol Ness did refer to herself as a graduate.

157. There is no evidence in this record of any consumer witness ever having been deceived by any of the representations in the Cinderella school advertisements relating to its curricula involving fashion merchandising and buyers in department stores.

158. The word "college" as used in the advertisements of the Stephen Corporation for the Cinderella Career College

* Commission's Exhibit No. 76A-E omitted in printing.

and Finishing School is only used in conjunction with the words "Cinderella," "Career," "Finishing" and "School."

159. RX 61 is a specimen of the registration and enrollment contract signed by Margaret Mothershead on behalf of Diane Mothershead and RX 62 is a copy of the negotiable promissory note signed by Mrs. Mothershead. These exhibits are reproduced below. They demonstrate there is nothing unusual in the provisions of the forms which are signed by the Cinderella school students.*

160. If all the testimony of all witnesses were completely disregarded, the challenged advertisements of the Cinderella Career College and Finishing School which are in evidence do not contain representations that are false, misleading or deceptive to the persons to whom they are directed. All of the representations in the challenged advertisements are true, *i.e.*;

- (1) Dianna Batts and Carol Ness are "Cinderella" girls;
- (2) The Cinderella Career College and Finishing School is the the official Washington headquarters for the Miss Universe Pageant;
- (3) The courses taught at the Cinderella school do in fact qualify the students better for jobs in the field of airline transportation and in the field of fashion merchandising;
- (4) The Cinderella school does in fact place its students in jobs which are made available through the Cinderella school;
- (5) The Cinderella ads do not represent that funds to pay its tuition are available from a government agency or public non-profit organization;
- (6) The Cinderella ads do not represent that graduates of their various courses are *thereby* qualified to assume executive positions because, among other things, there is no evidence from which the hearing examiner can articulate the meaning of the word "executive" as used in the complaint;
- (7) Cinderella Career College and Finishing School is not qualified to confer academic degrees. It does not confer academic degrees. Its ads cannot be construed as representing to the persons to whom the ads are directed, that it does confer academic degrees;
- (8) Cinderella school does make educational loans to students in the sense that it has an arrangement with SS under which SS purchases the promissory notes from Cinderella school, and the funds resulting from such purchase are used to pay the tuition for the student to the Cinderella school.

*Commission's Exhibit Nos. 61 and 62 omitted in printing.

For a brochure entitled *The Elementary and Secondary Education Amendments of 1967*, Secretary John W. Gardner of the United States Department of Health, Education and Welfare, has written:

Ultimately, education serves all of our purposes—liberty, justice and all our other aims—but the one it serves most directly is equality of opportunity. We promise such equality, and education is the instrument by which we hope to make good the promise. It is the high road of individual opportunity, the great avenue that all may travel. That is why we must renew our efforts to remove the barriers to education that still exist for disadvantaged individuals—barriers of poverty, of prejudice and of ignorance. The fulfillment of the individual must not be dependent on his color, religion, economic status or place of residence.

One conjectures whether, when the Secretary was articulating these promises for “education,” he was mindful of Jonathan Kozol’s *Death At An Early Age, Equality of Educational Opportunity*⁹ (the “Coleman Report”) issued in 1966 by the U.S. Office of Education, and mindful of the fact that in *June 1951* Senator Lister Hill of Alabama, joined in by Senators Kefauver of Tennessee, Neely of West Virginia, Tobey of New Hampshire, Morse of Oregon, Douglas of Illinois, Benton of Connecticut, Sparkman of Alabama, Humphrey of Minnesota, Chavez of New Mexico, Hennings of Missouri, Gillette of Iowa, Lehman of New York, Murray of Montana, Langer of North Dakota, Moody of Michigan, Aiken of Vermont, and Fulbright of Arkansas, sponsored the “Oil For Education Amendment”¹⁰ in the Senate of the United States, legislation which would have created from our national off-shore oil deposits a multibillion dollar national education trust fund for the education of all of the children of the United States (See *Harper’s Magazine*, March 1952).

Where, at that time in 1951, were the other prominent public figures who are now riding the Education Bandwagon?

CONCLUSIONS

1. The Federal Trade Commission has jurisdiction over the parties to and the subject matter of this proceeding. Respondents, School Services, Inc., Stephen Corporation, and Cinderella Career and Finishing Schools, Inc., are engaged in “commerce” as that term is construed in relation to the Federal Trade Commission Act.

⁹ Prepared by James S. Coleman, Johns Hopkins University; Ernest Q. Campbell, Vanderbilt University; Carol J. Hobson, James McPartland, Alexander M. Mood, Frederic D. Weinfeld and Robert L. York, all of the U.S. Office of Education.

¹⁰ Amendment to Senate Joint Resolution 20.

2. The alleged violations of Section 5 of the Federal Trade Commission Act set forth in the complaint, had they been proven, could only be charged against respondent Stephen Corporation, a District of Columbia corporation, doing business as the Cinderella Career College and Finishing School.

3. Complaint counsel has failed to prove by a preponderance of reliable, probative and substantial evidence that the acts and practices alleged in the complaint to be deceptive, or any of such acts and practices, did and do constitute deceptive acts and practices which are proscribed by the Federal Trade Commission Act.

4. Such acts and practices are the acts and practices of the respondent Stephen Corporation, only.

5. This complaint should be dismissed as to all of the respondents. Now, therefore,

ORDER.

It is ordered, That the charges in the complaint filed herein and each and all said charges be and they hereby are dismissed as to respondents and to each and all of said respondents.

OPINION OF THE COMMISSION

BY MACINTYRE, *Commissioner*:

The complaint herein charges the respondents with violations of Section 5(a) (1) of the Federal Trade Commission Act, 15 U.S.C. Sec. 45(a) (1), in the operation of a finishing school. The complaint alleges that respondents disseminate false and misleading advertisements and engage in a variety of unfair or deceptive acts and practices in connection with the operation of their finishing school in order to enroll prospective students for one or more of the courses of instruction offered by respondents.

Specifically, the complaint includes allegations that respondents represent that they grant educational loans to students when in fact the student signs a negotiable installment contract; that respondents represent contrary to fact that their school or the courses it offers have been officially approved by a government or nonprofit organization; that respondents misrepresent that the school offers courses of instruction which will qualify students to become airline stewardesses or buyers for retail stores; that respondents misrepresent that in almost all cases they will find jobs for their students through their job placement service; and that respondents frequently represent, solely for the purpose of enrolling a prospective student in an expensive course of

study, that such a course will enable the student, in most cases, to obtain a better job through respondents, when such is not a fact.

Hearings were held before an examiner, who filed his initial decision on January 26, 1968, dismissing all the allegations of the complaint as to all respondents.

The matter is before the Commission upon complaint counsel's appeal from the examiner's initial decision and upon respondents' answer in opposition thereto. Oral argument was heard before the Commission on May 28, 1968.

This proceeding involves three corporate respondents and the individual respondent Vincent Melzac. Cinderella Career and Finishing Schools, Inc. (Cinderella), is a corporation which franchises, for a fee, a system of operating and developing finishing schools. Its franchisees operate under the trade style of Cinderella Career and Finishing School or Cinderella Career College and Finishing School.¹

The Stephen Corporation (Stephen or "the school") operates a finishing school under the trade style of "Cinderella Career and Finishing School" or "Cinderella Career College and Finishing School" in accordance with a franchise from Cinderella. The Stephen Corporation's controlling stockholder is the individual respondent Vincent Melzac.

School Services, Inc., is a corporation engaged in the purchase of student tuition notes from schools such as the one operated by the Stephen Corporation.²

The Cinderella Career and Finishing School operated by the Stephen Corporation offers such courses of instruction as "Executive Secretarial, Professional Modeling, Retail Fashion Merchandising, Self Improvement, Finishing," etc. The school is operated like any other commercial undertaking—it advertises in various media and uses sales representatives in its efforts to sell its services for profit. Its students are primarily young women around 18 years of age and older, but there is no age limit for the purpose of enrolling for a particular course of study. The length, and correspondingly the cost, of the courses varies.

¹ Cinderella supplies its franchisees with advertising material, some of which is in issue in this proceeding, curricula, manuals, instructional devices and related materials. Its sole stockholder is the individual respondent Vincent Melzac.

² These tuition notes result when students are unable to pay for a school's courses of instruction in cash and instead enter into an enrollment contract and sign a negotiable promissory note. The contract provides that payment is to be made in specified monthly installments over a predetermined period of time. Payments are made directly to School Services, Inc., the holder of the note. The individual respondent, Vincent Melzac, is the president of School Services, Inc., and owns all of the Class A voting stock and one-third of the Class B nonvoting stock.

A girl who has decided to enroll in the school signs a non-cancellable enrollment contract either subsequent to an interview with a counselor at respondents' place of business or after an interview with one of respondents' sales representatives.

Students who must or desire to work while attending the school are sometimes assisted by the school, through its various contacts—principally in the field of retailing—in finding a job should they desire such assistance.

The school's curriculum is divided into "career courses" and "finishing courses."

"Finishing" courses consist of instruction in how to improve a student's looks, speech, bearing, manner and poise—in short, how to improve a student's overall appearance. "Career" courses are designed to teach the student a specific skill such as secretarial, fashion merchandising, professional modeling, etc. All career courses contain a certain amount—and to a considerable extent are built upon the basic concepts—of finishing courses. However, only students completing a career course graduate and receive certificate of completion in the form of a diploma.

In addition, the school offers a cooperative fashion merchandising course which entails three days a week of classroom work and three days a week practical work in a department store, for which the student is paid by the department store.

Once a year the school operates a beauty contest to determine the Miss Cinderella of the year. It is not necessary, however, to be a student to enter this contest.

A review of the examiner's initial decision has persuaded the members of the Commission to examine first-hand and independently the challenged representations contained in respondents' advertisements rather than relying on the analysis thereof contained in the initial decision. The Commission's authority to predicate a finding of deception on its own examination and study is too well settled to require further comment. However, before considering the merits of this proceeding a number of evidentiary rulings, involving issues of law, made by the examiner in reaching his conclusion to dismiss the complaint for failure of proof should be clarified, particularly those rulings pertaining to witnesses testifying with respect to respondents' advertisements.

The witnesses called by complaint counsel to support the charges in the complaint consisted of employees of respondents, consumer witnesses in the form of former students or their parents, expert witnesses in the form of high school counsellors, and miscellaneous witnesses. From the initial decision it appears

that the examiner ignored some of this testimony and some of it was given little or no weight because the examiner either questioned the credibility of the witness or considered their testimony hearsay.

The high school counsellors and related witnesses from the field of education called by complaint counsel were introduced as expert witnesses and permitted to testify in that capacity. Aside from stating their own interpretation of respondents' advertisements, their opinion, based on their experience, of the impression respondents' advertisements would create in the minds of high school girls, was elicited. The examiner characterized this type of evidence as hearsay and did not give it any weight in reaching his decision. In this context, curiously enough, the examiner relied on the testimony of some of the expert witnesses called by respondents in making some of his findings (see, *e.g.*, finding 85). The examiner's treatment of the testimony of complaint counsel's expert witnesses is best demonstrated by his holding that "[t]his, of course, is the rankest type of hearsay evidence, and not probative." (I.D., p. 965) This is clearly erroneous. The testimony of these witnesses was introduced and admitted, over the objection of respondents' counsel, pursuant to the well established rule that persons who come into frequent contact, due to the nature of their occupation, with a particular group are qualified to testify as to that group's impression of specific advertisements.³

[P]ersons whose business carries them among the buyers of a product are certainly qualified sources of information as to the buyers' understanding of the words they hear and use.⁴

Clearly, no more qualified persons could have been called as witnesses to testify as to the impressions of those consumers to whom respondents' advertisements are primarily directed—high school girls⁵—than high school counsellors and related witnesses.

The examiner further states that

[i]t is not yet clear to the hearing examiner why complaint counsel did not place upon the witness stand witnesses who had read the Cinderella advertisements and interpreted them in the manner asserted in the com-

³ *Stanley Laboratories, Inc. v. Federal Trade Commission*, 138 F.2d 388 (9th Cir. 1943); *Charles of the Ritz Distributors Corp. v. Federal Trade Commission*, 143 F.2d 676 (2d Cir. 1944); *Korber Hats, Inc. v. Federal Trade Commission*, 311 F.2d 358 (1st Cir. 1962), *remanded on other grounds*.

⁴ *Benton Announcements, Inc. v. Federal Trade Commission*, 130 F.2d 254, 255 (2d Cir. 1942).

⁵ I. D., p. 933.

plaint. The hearing examiner must conclude that complaint counsel did not have any such witnesses—and that the failure to produce them is attributable to the fact that the advertisements were and are not in fact deceptive in the manner asserted in the complaint. (I.D., p. 965.)

In effect, the examiner is requiring proof of actual deception (see also I.D., p. 970), which is an incorrect statement of applicable precedent. The test is not actual deception but whether or not a particular advertisement has the capacity or tendency to deceive.⁶ Furthermore, the examiner erred in his holding that the absence of consumer testimony⁷ supports a conclusion that the challenged advertisements are not deceptive. It has long been held that consumer testimony is not necessary to support a finding of deception.⁸ As a matter of fact, even in the face of consumer testimony to the effect that they were not deceived, Commission findings that the representations in issue were deceptive have been repeatedly upheld.⁹

However, in view of our decision to independently analyze—and without assistance from consumer or other witnesses—the challenged advertisements and their impact upon that segment of the consuming public at which they are aimed, it becomes unnecessary to review the testimony of these expert and consumer witnesses.

I

The complaint charges that contrary to fact respondents represent that they make educational loans to students who register for the courses offered at Cinderella Career and Finishing Schools. This allegation is occasioned by a legend appearing in respondents' advertisements, which reads "Approved by School Services Inc., Washington, D.C., to extend education loans."

Respondents readily admit that they do not make either educational loans or any other types of loans in the traditional sense of that word and this fact is not in dispute. Respondents contend, however, that this statement conveys no more than that it is not necessary to pay cash for a course of instruction but that a procedure is available whereby a student can purchase a course

⁶ *Pep Boys—Manny, Moe & Jack, Inc. v. Federal Trade Commission*, 122 F.2d 158 (3d Cir. 1941); *Bockenstette v. Federal Trade Commission*, 134 F.2d 369 (10th Cir. 1943); *U.S. Retail Credit Assn., Inc. v. Federal Trade Commission*, 300 F.2d 212 (4th Cir. 1962).

⁷ In fact, complaint counsel introduced a number of consumer witnesses and their parents.

⁸ *Charles of the Ritz Distributors Corp. v. Federal Trade Commission*, 143 F.2d 676 (2d Cir. 1944); *Zenith Radio Corp. v. Federal Trade Commission*, 143 F.2d 29 (7th Cir. 1944); *E. F. Drew & Co. v. Federal Trade Commission*, 235 F.2d 735 (2d Cir. 1956), *cert. denied*, 352 U.S. 969 (1957).

⁹ *Exposition Press, Inc. v. Federal Trade Commission*, 295 F.2d 869 (2d Cir. 1961), *cert. denied*, 370 U.S. 917 (1962); *Bakers Franchise Corp. v. Federal Trade Commission*, 302 F.2d 258 (3d Cir. 1962).

and pay for it on an installment basis through respondents' arrangement with School Services, Inc.¹⁰

The examiner dismissed this charge of the complaint on the theory that a distinction between a budget plan and a loan is one without a difference. This is an oversimplified view of the issue involved. It is of no importance that the net effect is the same—to permit a student to pay for her tuition on an installment basis. The issue is: Does the statement have the capacity to deceive a prospective student? Or, more responsive to the specific facts—would a prospective student have answered the advertisement had she known the true facts?

The answer to that question can be found in the following exchange between the examiner and the individual respondent, Vincent Melzac:

HEARING EXAMINER GROSS: If you were buying an automobile you would have no hesitancy in calling it installment buying but when we are buying an education, we have to glorify it a little more than that?

THE WITNESS: I think that is about right. I think it is a fair exchange. (Tr. 67.)

This amply demonstrates that respondents' use of the term "education loans" was aimed at avoiding the admittedly less desirable terms of "budget plans" or "installment contracts." This is evidence of a consumer preference for educational loans rather than installment contracts, of which preference respondents sought to take advantage by misrepresenting the true nature of the service offered. "In each [case] the seller has used a misrepresentation to break down what he regards to be an annoying or irrational habit of the buying public—the preference for particular [products] * * *. Yet, a misrepresentation has been used to break the habit and, * * * a misrepresentation for such an end is not permitted."¹¹

Unquestionably, the consumer reacts with less alertness to the term "education loans" than he would to "installment contracts" or a similar term, and he is thus lulled into a false sense of security, particularly when we consider that educational loans are frequently underwritten by some governmental body and are thus removed from the arms-length, hard-sell type of commercial transaction. In this case, the "glorification" may induce a prospec-

¹⁰ Prior to the issuance of the complaint and as a result of a conference with a Federal Trade Commission attorney who questioned the "education loan" part of the statement, respondents agreed to alter it to read "Approved by School Services Inc., to extend budget plans." While most of the advertisements appearing subsequent to this conference contained the revised statement, a number of them, through allegedly "human error," still appeared containing the old legend.

¹¹ *Federal Trade Commission v. Colgate-Palmolive Co.*, 380 U.S. 374, 389 (1965).

tive student to answer an advertisement which she might not have answered had it stated "budget plans available" or words of similar import.

Although this deception may have been subsequently rectified (in case this in fact was done) by informing the prospective student that she was not receiving an educational loan but was signing an installment contract and a negotiable promissory note, this is not an adequate defense to the entry of a cease and desist order inasmuch as the initial response by a prospective student resulted from the representation in issue.¹²

The fact that the record does not contain any evidence that a purchaser of respondents' services was injured as a result of this misrepresentation is also immaterial. Capacity to deceive as well as potential injury to competitors, which the Commission is charged to halt in its incipiency, is sufficient.¹³ Also immaterial is the fact that the end result, *i.e.*, permitting a student to enroll who does not have the full purchase price in cash, is the same. "If the equivalence existed, the practice would still be wrong."¹⁴

In addition to the argument that the examiner's dismissal of this charge should be upheld, respondents contend that the issue is academic since they have discontinued the questioned representation prior to the issuance of the compliant. We disagree. It is well established that discontinuance of a questioned practice is no defense to the entry of a cease and desist order.¹⁵ In the instant proceeding it is clearly necessary to enjoin this practice so that it will not be resumed in the future through "human error" or otherwise.¹⁶

The complaint also alleges that the same representation—"Approved by School Services Inc., Washington, D.C., to extend education loans"—implies that School Services, Inc., is a government agency or public, nonprofit organization that has officially approved Cinderella Career and Finishing School or the courses offered by such school.

The examiner concluded that the questioned representation is not false, misleading and deceptive within the purview of Section 5 of the Federal Trade Commission Act. We are unable

¹² *Kalwajtys v. Federal Trade Commission*, 237 F. 2d 654 (7th Cir. 1956), *cert. denied*, 352 U.S. 1025 (1957); *Exposition Press, Inc. v. Federal Trade Commission*, 295 F. 2d 869 (2d Cir. 1961), *cert. denied*, 370 U.S. 917 (1962). *Cf. Federal Trade Commission v. Colgate-Palmolive Co.*, 380 U.S. 374 (1965).

¹³ *Federal Trade Commission v. Raladam Co.*, 316 U.S. 149 (1942).

¹⁴ *Federal Trade Commission v. Algoma Lumber Co.*, 291 U.S. 67, 76 (1934).

¹⁵ *Coro, Inc. v. Federal Trade Commission*, 338 F. 2d 149 (1st Cir. 1964), *cert. denied*, 380 U.S. 954 (1965); *Parke, Inc. v. Federal Trade Commission*, 136 F. 2d 428 (9th Cir. 1943).

¹⁶ See note 10, *supra*.

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to agree with this conclusion. The fact that a representation may be literally true does not, of course, preclude a finding that it may be misleading and deceptive.¹⁷ Whether or not a representation has the capacity to deceive depends upon the net impression it creates¹⁸ and not its literal truth:

* * * [A]dvertisements are not to be judged by their effect upon the scientific or legal mind which will dissect and analyze each phrase but rather by their effect upon the average member of the public who more likely will be influenced by the impression gleaned from a quick glance at the most legible words.¹⁹

Clearly, by the use of this representation respondents create an entirely different impression from that what is actually involved—an impression that some organization located in Washington, D.C., having something to do with schools, has approved Cinderella Career and Finishing School, thus creating an aura of official blessing. Based on a reasoned analysis, a careful reader could possibly surmise that School Services, Inc. has an arrangement with the school whereby it will purchase the school's student tuition notes. The general impression this representation creates, however, is quite different. By this representation respondents surround themselves with an air of noncommerciality and cast themselves in a light which has the capacity to deceive. This is particularly relevant when today's variety of governmentally sponsored educational programs is considered.

This allegation does not place in issue the corporate name of School Services, Inc., as such. Rather, the allegation concerns the use made of the corporate name of School Services, Inc., by Cinderella Career and Finishing School. In the context in which it appears in the various questioned advertisements it has the capacity to deceive.

We conclude that the examiner erred in dismissing this allegation of the complaint and that an appropriate order will be entered enjoining the representation.

The complaint also alleges that respondents misrepresent that they offer a course of instruction that qualifies students to be airline stewardesses. The two following advertisements are among those giving rise to this allegation. One appeared in the "Educational Directory" of *The Washington Post* on Sunday, September 10, 1967, under the heading "Air Career," and reads:

¹⁷ *Koch v. Federal Trade Commission*, 206 F. 2d 311 (6th Cir. 1953).

¹⁸ *Charles of the Ritz Distributors Corp. v. Federal Trade Commission*, 143 F. 2d 676 (2d Cir. 1944); *Aronberg v. Federal Trade Commission*, 132 F. 2d 165 (7th Cir. 1942).

¹⁹ *Ward Laboratories, Inc. v. Federal Trade Commission*, 276 F. 2d 952, 954 (2d Cir. 1960), cert. denied, 364 U.S. 827.

CINDERELLA CAREER COLLEGE

1219 C St. NW.
628-1950

Air Career Training is now available at Cinderella Career School, 1219 C Street. Prepare for a Stewardess or Reservationist position. Call 628-1950 for a career analysis. (CX 155.)

The second advertisement (CX 154) depicts a smiling young lady in what appears to be a stewardess uniform and states:

“free brochure on an airline career.” The instructions which follow invite the reader to clip, complete and mail a brief questionnaire listing the applicant’s name, address and age.

Respondents also distribute a pamphlet (CX 41) entitled “Wonderful things happen to a Cinderella Girl!” which, among others, contains the following paragraph:

Miracles After Sundown

Drab little typist becomes lovely airline stewardess! Overweight order clerk now a fashion counselor! “No-date” steno becomes belle of the office! High school graduate wins success in television! Middle-age widow looks ten years younger—gets exciting new job! Shy librarian gets three raises and a beau! Factory worker becomes studio receptionist!

In addition, many other advertisements provide a prospective student with a check list of subjects of interest to her, one of which is “Airline,” “Airlines Prep.” or “Airline Preparatory.”

The examiner, in dismissing this charge, held that “[t]he advertisements emphasize the personal improvement aspect of the courses, and not the fact that Cinderella’s course *ipso facto* qualifies its students as airline stewardesses” (I.D., p. 960). This conclusion fails to perceive that the issue is not what the advertisements emphasize but what they represent directly or by implication. The examiner also considered the expert testimony relating to this representation hearsay and of minimal probative value. The incorrectness of this ruling has been previously discussed and we will again rely on our own interpretation of this representation to determine whether it has the capacity to deceive.

The record contains a stipulation that the “airlines maintain their own schools in which they train applicants for employment as airline stewardesses and said companies require that such applicants attend the school operated by or under the control of such airline in order to qualify for a job as an airline stewardess; that none of the students of Cinderella Career College and Finishing Schools would, merely because they had com-

pleted a course of instruction in Cinderella Career College and Finishing Schools, qualify for a job as an airline stewardess."

Our own reading of these advertisements and statements convinces us that they have the capacity to lead prospective students into the mistaken belief that taking respondents' course of instruction will qualify them to become airline stewardesses.²⁰ In reaching this conclusion we are mindful of the fact that the group at which these advertisements are aimed consists of the young, the impressionable, those who desire to improve themselves. The advertisements promise "careers in airlines," a promise respondents admittedly cannot deliver.²¹

The complaint further alleges that respondents represent contrary to fact that they offer a course of instruction which qualifies students for jobs as "buyers" for retail stores.

This allegation is occasioned by the variety of advertisements and statements of respondents concerning their course of instruction in retail fashion merchandising, such as "Careers in * * * Retail Buying," "Let's take a look at some of the things we have to offer: Fashion buyer," "Fashion Careers," etc.

The examiner found that these statements and representations do not contain a promise that the course in fashion merchandising will qualify a student to assume the position of buyer immediately upon graduation. The expert testimony pertaining to this allegation the examiner considered hearsay and not probative. He accordingly dismissed this allegation of the complaint.

As noted before, this is an erroneous evidentiary ruling and for the reasons stated above the Commission will rely on its own reading and study of the advertisements to determine whether the questioned representation has the capacity to deceive.

The record contains a stipulation to the effect that completion of a course of instruction at the school would not qualify a student for a position as buyer in a retail establishment. Thus, the sole issue to be decided is whether or not respondents represent directly or by implication that they offer a course which qualifies the student to become a buyer. We conclude that such a representation is made.

²⁰ It is noteworthy that prior to the issuance of the complaint (February 13, 1967) respondents' so-called "Air Preparatory" course consisted of exclusively finishing subjects. (See testimony of individual respondent Vincent Melzac, Tr. 60.) It was not until June 1967, four months after the issuance of the complaint, the so-called "Air Career" program was established, which, in addition to various finishing subjects, included for the first time a number of subjects specifically related to the airline industry (Tr. 59).

²¹ It may well be, as respondents contend, that this course will enhance a student's chance to be accepted by one of the airlines for stewardess training. This does not, however, relate to the representation promising a career in airlines—which promise is poles apart from the claim that it may enhance the student's chance to be accepted for stewardess training.

The plain import of respondents' message is "take this course and qualify as a buyer." Respondents claim to offer "comprehensive training in buying," "careers in retail buying," "fashion buyer" and in vivid terms describe the glamorous activities of buyers and their remuneration. These are not subtle innuendos but direct representations which promise the prospective student that upon taking this course she will qualify as a buyer, which simply is not true. We fail to see how these representations can be interpreted any other way.

The complaint also alleges that respondents represent contrary to fact that they find jobs for their students in almost all cases through their job placement service.

This allegation is the result of the representation, and others similar thereto made by respondents, that a job placement service is available to the students and graduates of the school.

The examiner concluded that respondents do not represent that they find jobs for their students in almost all cases,²² and that many students were in fact placed in jobs with the school's assistance. He accordingly dismissed this complaint charge for failure of proof.

This conclusion, however, is directly contrary to the stipulated facts contained in the record and our own reading of the job placement representation convinces us that it has the capacity to deceive a prospective student into the mistaken belief that respondents will find jobs for their students in almost all cases. It is undisputed that respondents cannot find, or assist students in finding, a position in all the various fields in which they promise "careers." Obviously, respondents are unable to assist a student in finding a position as an airline stewardess or retail buyer since, without more, none of respondents' students or graduates qualify for these positions. The issue whether or not respondents' students qualify for positions as executive secretaries or professional models has not been raised in this context and no finding with respect thereto will be made. Suffice it to say that such positions as a general rule would entail considerably more experience and knowledge than respondents would be able to impart to their students during one of these courses. Nor was a sufficient effort made during the course of this proceeding to determine whether the jobs respondents did assist its graduates in finding were in the graduate's chosen field of endeavor.

²² It appears that the examiner partially based this finding upon the statement that "it must be understood that employment cannot be guaranteed" (CX 79). This statement, however, appears in the enrollment contract and is therefore unrelated to the question whether respondents' advertisements have the capacity to deceive.

The paucity of the record as to these points precludes us from finding that respondents have not found jobs for their students in almost all cases through their job placement service, with the exception of positions with airlines and retail buyers. Accordingly, an order will be entered prohibiting the unqualified use of the term "job placement service" and prohibiting respondents from unqualifiedly representing that they will find jobs for their students in almost all cases.

II

In addition, Paragraph Seven of the complaint includes a charge that respondents, during the course of an interview with a prospective student, frequently misrepresent that completion of one of respondents' courses of instruction will enable the applicant, in most cases, to obtain a better job through respondents' many contacts in the business world. The examiner summarily dismissed this complaint charge.

Allied to this alleged misrepresentation is respondents' practice of placing from time to time what appear to be help-wanted type advertisements in the local newspapers. One such advertisement reads: "Model-Type women wanted, exp. not necessary, training avail. Call 628-1950, Cinderella Career College. Ask for Miss North." (CX 34.) One of the consumer witnesses—Miss Penny Alexander, who responded to a similar advertisement stating "Model-Type Girl Wanted"—testified that she expected to be interviewed for a job but instead was enrolled in the school. The record demonstrates that the placing of this type of advertisement is a blatant ruse on the part of respondents to lure young women onto their premises under the guise of having available a position solely for the purpose of enrolling the applicant in the school. The record is clear that no specific job is available nor do respondents intend to fill a position when these advertisements are placed. Clearly, central to respondents' mode of operation is the promise of the availability of jobs and the holding out of nonexistent jobs to prospective students for the sole purpose of enrolling them in the school.

Fourteen other consumer witnesses testified as to the better job allegation. The testimony of five of these was specifically rejected by the examiner, who questioned the credibility of these witnesses. This ruling, as it involves the issue of credibility, will not be disturbed.

The testimony of the remaining nine consumer witnesses was reviewed in summary and incomplete fashion without comment

by the examiner. It can only be assumed that in deciding to dismiss this complaint charge the examiner did not give this testimony any weight, although from the record it does not appear that he questioned the veracity of these witnesses or disbelieved their testimony. He did not, however, articulate his reasons for failing to take this testimony into account, and his findings pertaining to this allegation are thus incomplete. Section 8(b) of the Administrative Procedure Act provides that

* * * All decisions (including initial, recommended, or tentative decisions) shall become part of the record and include a statement of (1) findings and conclusions, as well as the reasons or basis therefor, upon all the material issues of fact, law, or discretion presented on the record. * * *²³

The absence of a specific conclusion and the basis therefor with respect to this testimony necessitates a comprehensive review thereof.

Mrs. Sandra Roth, who had some previous experience as a photographic model, testified that she enrolled in the school upon the assurance that she would have no problem getting jobs as a model. In addition, she was told that she would get jobs during her schooling, resulting in possibly sufficient remuneration to help her make the monthly payments. During cross-examination Mrs. Roth testified that before her interview at Cinderella Career and Finishing School she had an interview at the John Robert Powers School:

Well, this is sort of different because John Robert Powers is strictly a finishing school. They don't give jobs, you know. They don't put you out as a model. They just give you finishing courses instead of a modeling course. (Tr. 623.)

While attending school Mrs. Roth obtained three jobs through the school. Two of these jobs paid \$31.50 after payroll deductions, for approximately eight hours each. The other job "paid" a wig for four days of modeling, from 10 a.m. to 7 p.m., or a total of 36 hours.

After her graduation Mrs. Roth regularly called the school for a period of three to four months concerning the availability of jobs, but without success, with the exception of teaching one Saturday class at Cinderella for \$3.50 an hour. She finally accepted a full-time position at the front desk of the Sheraton Park Hotel in Washington, D.C., and never did receive a position through Cinderella Career and Finishing School in her chosen field—professional modeling.

²³ 60 Stat. 237 (1946); 5 U.S.C. 551.

Mrs. Vera White, after being interviewed at the school with her oldest daughter, Janis, enrolled her four daughters in the school in May 1966, for a total contract price of \$1,387.05 (\$1,040 of which was for Janis). In response to the question whether anything was said during the interview about Janis getting jobs, Mrs. White testified:

The lady, Mrs., I don't know her name, the light-haired lady told, she said after September she [Janis] would be making her own money, she would be out modeling, and I figured she would be modeling at some of the stores, you know, local stores, I didn't think she would be on TV and all of that, and she said—I told her that the course is rather high. She said "oh, don't worry about that." She would be making her own money and this would help pay for her course, and I said good. This is the thing that caused me to go ahead with it, you know, because I figured she would be modeling and making her own money locally. (Tr. 650-51.)

Janis received one student group assignment—modeling hats on the street—for which she did not get paid.

Sometime during September Mrs. White was invited to come to the school, ostensibly for the purpose of receiving a progress report on Janis. While there, however, an effort was made to sell her additional courses of instruction for Janis at a time when Janis had not even completed one-fourth of her original course and had not even received one paying modeling assignment.

Shortly thereafter, being discouraged about not getting any jobs, Janis discontinued her course. On this point Mrs. White testified on cross-examination: "She [Janis] got discouraged because she wasn't getting paid for it and that was the reason she took it." (Tr. 677.) With respect to the testimony of the consumer witness Robin North the examiner held that it was not substantial, probative evidence, apparently because she did not sign an enrollment contract. This testimony is clearly substantial, probative evidence, however, insofar as it pertains to what transpired during the course of the interview and what was said in order to induce prospective students to enroll in the school.

With respect to the better job allegation Mrs. North testified:

*** So, and he [one of respondents' sales representatives] said that the average model would make from \$10 to \$15,000 a year, but he didn't come right out and say that I would be the average model, but he left the impression, he talked as if I would be a hit, I would make it. I didn't have any word, I just thought I would make it and get it and wouldn't have to worry.

By Mr. Freer:

Q. Did he mention any Cinderella graduate who made the big amounts?

A. He showed us a newspaper article with several models on the top, fashion models, and one was from the Cinderella School of modeling in Chicago and that was Wilhelmina and she was a top model.

HEARING EXAMINER GROSS: Is that right, Robin?

THE WITNESS: I guess. She made approximately \$85,000 a year. (Tr. 743.)

Miss Gloria Lancaster was accompanied on her interview at the Cinderella Career and Finishing School by her aunt, Mrs. A. Donelson. Miss Lancaster, who subsequently enrolled in a professional modeling course and attended eight months, gave the following testimony:

A. Yes. She told us that during the time we were in the school Capitol Fur Salon—I don't know whether it was a contract or what, but she mentioned us modeling furs in Capitol Fur Salon, but nothing ever came of it. (Tr. 752.)

Miss Lancaster never obtained any kind of a position through Cinderella Career and Finishing School. Miss Lancaster did not complete her course of instruction and withdrew from Cinderella Career and Finishing School.

Mrs. Anne Donelson, Miss Lancaster's aunt who accompanied her on her interview and who signed her contract with Cinderella Career and Finishing School, corroborated this testimony. Mrs. Donelson stated that during the interview they were told that modeling jobs would be assigned to these students.

During cross-examination and in response to the question as to her understanding whether students would get paid for any modeling assignments Mrs. Donelson testified:

A. Well, it was my understanding that they would be, although I can't recall now whether the subject of salary or payment came up in the course of the conversation. She did say, however, that they would be going out, as I said, on these particular assignments, and that they would be used as they got along in advanced training, and then, of course, they would place them for jobs when they had finished the course. So I assumed that naturally they would be salaried assignments." (Tr. 769-70.)

Mr. Andrew M. Egnot enrolled his daughter Michelle for the minimum 25-hour finishing course, which she completed. In answer to the question whether any mention was made during the interview of the school obtaining jobs for its students, he testified:

There was some mention, I think, of experience and then some part-time. But this was one thing that I did try to find out about, just how many jobs were available, and whether they were part-time or full-time. I was told that as you went along, depending upon, of course, your potential, and depending upon yourself, these jobs would come along. (Tr. 779.)

Mr. Egnot's questions as to the availability of jobs were never answered specifically; however, he was left with the definite impression that jobs would be forthcoming. His daughter never did obtain a position or an assignment through Cinderella Career and Finishing School.

Mrs. Ruth A. Kahkonen was interested in professional modeling and enrolled in the school. She testified that the promise of jobs during the interview influenced her to enter the contract—"The money sounded very good." Mrs. Kahkonen got two jobs while attending the school, neither one of which had anything to do with professional modeling. One of these jobs consisted of handing out litter bags at the stadium, for which she received \$13. Mrs. Kahkonen did not finish her course because she was not getting the jobs which had been promised to her and due to personal problems.

Miss Opal S. Boyd, who was interested in professional modeling, testified that during the interview she was told that a job would be obtained for her while she was attending the school and that after she had taken 50 hours of modeling she would be prepared for a part-time modeling job. Miss Boyd completed her course but never obtained a job while attending classes or thereafter through Cinderella Career and Finishing School.

Miss Charissa Craig testified that while attending a teen fashion show she was approached by a representative of the Cinderella Career and Finishing School to see if she would be interested in taking a course there because she would make \$60 an hour modeling. As a result, Miss Craig, accompanied by her mother, went to the school for an interview, during which it was again represented to her that she would start at \$60 an hour while she was still attending classes. Not entirely convinced that she should do so, Miss Craig's mother was persuaded to sign the enrollment contract upon the oral representation that it could be cancelled should she change her mind. The Craigs subsequently managed, though not without some difficulties, to have their contract cancelled and lost only a \$5 deposit.

The testimony of these witnesses is uncontested. Although a number of respondents' employees testified in a general way to the effect that they do not promise or guarantee jobs to prospective students, this in no way contradicts or vitiates the specific and concrete testimony of these consumer witnesses. In the light of this testimony we are at a complete loss to understand how the examiner reached the conclusion to summarily dismiss the better job allegation of the complaint. Only studious avoidance

of the plain import of this testimony could have brought about this result.

The direct and straightforward testimony of these consumer witnesses unequivocally demonstrates that respondents, for the purpose of inducing prospective students to enroll in the school, promised better jobs to these students—a promise which respondents are unwilling or unable to fulfill. A number of witnesses also testified that this particular representation was instrumental in persuading them to embark upon what they considered a very costly undertaking. To overcome this objection respondents, in a number of instances, went so far as to suggest that the jobs their students would obtain would result in sufficient pay to partly defray, if not pay in its entirety, the cost of the course. Of those witnesses who did attend the school not one obtained a job during that time through Cinderella Career and Finishing Schools which resulted in sufficient compensation to help defray even a minor part of the total cost of the course, much less pay for it in its entirety. Not even those witnesses who graduated from their prescribed courses of instruction were successful in obtaining employment through the Cinderella Career and Finishing Schools.²⁴ By these representations respondents seek to take unfair advantage of those who, for economic or other reasons, are unable to attend an institution of higher learning but nevertheless manifest a sincere desire to improve themselves, although for many—as amply demonstrated by the record—the cost of one of respondents' courses of instruction constituted a considerable economic sacrifice.

In this context it should be recalled that the dominant theme of respondents' advertising is a "career" in various fields of endeavors and the promise to provide young women with the requisite qualifications for material advancement. Similarly, a young woman attracted to the school is interested in self-improvement—not for its own sake, but in order to enhance her advancement possibilities. By the time the prospective student is interviewed at the school, she has been conditioned to believe that enrolling for a course of instruction will qualify her for a better position. As evidenced by the above-cited consumer testimony, any statements or comments pertaining thereto merely serve to reinforce this belief to the point at which it becomes a firm conviction.

²⁴ Whatever success respondents may have had in finding positions for their students in retailing and secretarial, they do not appear to have been very successful in professional modeling, the field in which these witnesses were interested.

We must conclude that these representations constitute an unfair or deceptive act and practice and an appropriate order will be entered.

III

The complaint also contains an allegation that respondents have misrepresented that Dianna Batts, "Miss U.S.A. 1965," and Carol Ness, "Miss Cinderella 1965," were graduates of Cinderella Career and Finishing Schools and owe their success to the courses taken there.

The advertising in question can be found in the appended Findings of Fact.

The examiner dismissed this charge because the statements concerning Miss Batts and Miss Ness are true and correct representations of fact.

The advertisement does not specifically state that Miss Batts and Miss Ness are graduates of the school. It states that they are "Cinderella girls" which, by virtue of having attended the school, they presumably are. We are unable to agree with complaint counsel that this implies they are graduates. While there can be little doubt that a good deal of their success is due to their natural aptitudes, it would serve no useful purpose to attempt to delineate which part of their success is due to their natural aptitudes and which part resulted from their association with the school.

Accordingly, this allegation of the complaint will be dismissed.

The complaint further charges that respondents misrepresent that graduates of various of respondents' courses of instruction are thereby qualified to assume executive positions in the fields for which they have been trained by respondents.

The examiner found that "it is entirely plausible for a reader of the Cinderella ads to believe that upon graduation from the secretarial course she could become an executive secretary (Tr. 332), and that graduates of the fashion merchandising course would be qualified to assume 'executive' positions in that field." (I.D., p. 975) However, the examiner dismissed this allegation, partially on the theory that the record does not contain sufficient evidence upon which to determine the meaning of the word "executive."²⁵ While ordinarily the Commission would be entitled to rely on its own expertise in arriving at a conclusion as to the

²⁵ It is interesting to note that the individual respondent, Vincent Melzac, testified that graduates of the school are not qualified to assume executive positions in the various fields taught by the school.

general meaning and import of a particular word, it does not appear that reversal of the examiner on this point in the instant matter is warranted. From the record it appears that at least in one field of endeavor with respect to which this representation is made—retailing—the status of executive is far more readily acquired than it would be in other fields of endeavor.²⁶ Accordingly, this allegation of the complaint will be dismissed.

Also alleged in the complaint is that respondents have misrepresented that the Cinderella Career and Finishing School is the official Washington, D.C., headquarters for the Miss Universe Beauty Pageant.

Based on the testimony of Mr. Sidney Sussman, the owner of the Miss Universe franchise for Maryland, Virginia and the District of Columbia, to the effect that he had designated the Cinderella school as the official headquarters for the Miss Universe Pageant, the examiner dismissed this charge.

It should be pointed out, however, that Mr. Sussman also testified that the Cinderella school was not the only official headquarters and that any establishment so designated by him would be entitled to call itself the official Miss Universe Pageant headquarters. In fact, Mr. Sussman has designated a number of establishments "official headquarters."

To the extent that "the official headquarters" connotes "the one and only" or "the exclusive" official headquarters, as distinguished from "an" official headquarters, the designation is incorrect. However, we do not believe that a finding of deception upon such a technicality is warranted in the instant proceeding. The representation is ancillary to the main issues involved and of doubtful materiality in the context in which it appears and accordingly will be dismissed.

The last allegation of Paragraph Six of the complaint charges that respondents have misrepresented that Cinderella Career College and Finishing School is a college. We agree with the examiner in dismissing this particular charge.

In our opinion, the fact that the word "Career" precedes the word "College" in the school's trade name sufficiently modifies the word "College" so as to render highly unlikely the possibility of anyone mistaking respondents' school for an institution of higher learning.

Paragraph Seven of the complaint, among others, charges that when a potential student first visits the school she is frequently

²⁶ For example, the record contains testimony that a trainee bridal consultant or an assistant buyer is an executive or junior executive position.

led to believe that contrary to fact she is qualified to compete in various beauty contests if only she would sign up for courses given by the school, which will bring out the best in her. This, the complaint alleges, constitutes an unfair or deceptive act and practice.

The examiner dismissed this charge for failure of proof.

The qualifications to enter the Miss D.C. Beauty Pageant are set out in the official entry blank, which requires that

[c]ontestant must be of good character and possess poise, personality, intelligence, charm and beauty of face and figure. (CX 36.)

It would indeed be the cruelest of hoaxes to lead a prospective student who is obviously unqualified to enter a beauty contest to believe she is so qualified solely for the purpose of inducing her to enroll in the school, which allegedly will bring out the best in her. Such action would be tantamount to fraud. However, the record does not contain any evidence to the effect that this representation was made to prospective students obviously unqualified to enter such beauty contests.

Paragraph Seven, subparagraph 2 of the complaint alleges that respondents, in the course of making the various representations and others similar thereto which are challenged in the complaint, subject the potential student to constant pressure to get the student started right away on various of respondents' courses of study and present various documents, including a negotiable enrollment agreement for said potential student's signature, without revealing the negotiable and noncancellable nature thereof or allowing sufficient opportunity to permit the reading or careful consideration thereof, and in many instances respondents are thereby successful in securing the student's commitment to such courses. This, according to the complaint, constitutes unfair or deceptive acts and practices.

The examiner summarily and without elaboration dismissed this complaint charge.

A careful review of the record indicates that the evidence and testimony contained therein is insufficient to support this charge. The enrollment contract with which a prospective student is presented states that the combined registration-tuition fee is not refundable. In addition, above the signature line, in larger than normal print, it states "Non-cancellable" and appended to the contract is a promissory note which also states in larger than normal print "Negotiable Promissory Note." We must presume that a prospective student is capable of reading this very short contract. It may well be that a prospective student does not

grasp the full import of the provisions contained therein; based on this record, however, we are not prepared to rule that respondents have a greater burden of explaining these provisions than is customary. The significant contract provisions appear to be adequately disclosed and in the absence of oral representations to the contrary do not warrant further consideration.²⁷ Nor does the record contain sufficient evidence with respect to the "constant pressure" allegation. While there is some testimony from which support for this allegation may be inferred, it is insufficient for the purposes of sustaining an order to cease and desist. Accordingly, this charge of the complaint will be dismissed.

IV

During the course of this proceeding the issue arose which of the various respondents, should violations of Section 5 be found, are responsible therefor. Before considering the merits of this proceeding the examiner dismissed the complaint against School Services, Inc., Cinderella Career and Finishing Schools, Inc., and the individual, Vincent Melzac. We are unable to agree with this conclusion.

At the head of this "ball of wax" stands Vincent Melzac as owner or controlling owner of the three corporate respondents. In 1958, at a time when School Services, Inc. was in need of money and full-time management, Vincent Melzac provided both. He became president and owns all of the Class A voting stock, as well as one-third of the Class B nonvoting stock. Since then Vincent Melzac has been the chief operating officer of School Services. The business of School Services consists of purchasing student tuition notes from various schools in accordance with the terms of a contract it has with such schools.

A wholly owned subsidiary of School Services is Patricia Stevens Career College and Finishing School of Chicago, Illinois, to the operation of which Vincent Melzac devotes part of his business efforts.

Cinderella Career and Finishing Schools, Inc., is owned by Vincent Melzac. It is a corporation which franchises, for a fee, a system of operating and developing finishing and career schools. It supplies its franchisees with advertising material, including some of the material in issue in this proceeding, curricula, manuals, instructional devices and related materials. Vincent Melzac is its sole and controlling stockholder, who

²⁷ One consumer witness testified that she only entered the contract upon the express oral representation that it could be cancelled should she change her mind. She did, however, upon changing her mind, manage, though not without some difficulties, to have the contract cancelled.

formulates, directs and controls its acts (answer of respondent Cinderella Career and Finishing Schools, Inc., p. 8).

The Stephen Corporation operates the Cinderella Career College and Finishing School pursuant to a franchise from Cinderella Career and Finishing Schools, Inc. Vincent Melzac is its controlling stockholder. He formulates, directs and controls its policies (answer of respondent Stephen Corporation, p. 8). Much of the questioned advertising material used and distributed by the Stephen Corporation is received from Cinderella (answer of respondent Cinderella Career and Finishing Schools, Inc., p. 8). It is against this background that the examiner concluded that any violation of Section 5 could only be charged against Stephen. Complaint counsel maintain that any violation of Section 5, if any is found, must be attributed to all respondents and particularly Vincent Melzac, "the dominant force of the entire spectrum of operation" (A.B., p. 5).

A review of the record persuades us that as to the corporate respondent School Services, Inc., the complaint should be dismissed. School Services is engaged in the purchase of student tuition notes and ancillary thereto supplies its clients with tuition and enrollment forms. The record does not demonstrate any connection, other than being part and parcel of the same general operation owned by Vincent Melzac, between the conduct of School Services and the practices challenged by the complaint. In the absence of any reliable evidence that School Services has engaged in any of the challenged practices, the complaint against it must be dismissed.

We cannot, however, agree with the examiner's conclusion to dismiss the complaint against Cinderella. The record is clear that the advertising material which is the subject of this proceeding either originates with, has been supplied by, or has been reviewed by Cinderella (finding 14). Furthermore, Vincent Melzac testified that Cinderella and Stephen share some of the costs incurred in promoting the school. These facts by themselves would be sufficient to hold Cinderella responsible for the deception created by these advertisements.²⁸ In addition, however, the

²⁸ As the court stated in *Regina Corp. v. Federal Trade Commission*, 322 F.2d 765, 768 (3d Cir. 1963):

"To the extent that petitioner contributed towards the cost of misleading advertisements, it was equally responsible with its retailers for the deceptive character of the representations that appear therein."

It is equally well settled that "[o]ne who places in the hands of another a means of consummating a fraud or competing unfairly in violation of the Federal Trade Commission Act is himself guilty of a violation of the Act [citations omitted]." *C. Howard Hunt Pen Co. v. Federal Trade Commission*, 197 F. 2d 273, 281 (3d Cir. 1952).

franchise agreement (CX 74-a) requires that Stephen submit all advertisements promoting the school to Cinderella (finding 14). We fail to see how Cinderella can avoid responsibility for a violation of Section 5 resulting from an advertisement deceptive on its face or one which is deceptive because Stephen did not perform as promised by the advertisement.²⁰ For this reason, as well as those already mentioned, Cinderella has been found to be responsible for the deception created by the questioned advertisement. Furthermore, it should be recalled that the individual, Vincent Melzac, is the sole owner of both Stephen and Cinderella and formulates the policies of both corporations.

There is no dispute as to the liability of the corporate respondent Stephen for any violations of Section 5.

Also erroneous must be considered the examiner's conclusion to dismiss the complaint against the individual, Vincent Melzac. Vincent Melzac is the sole owner of both Stephen and Cinderella. Although he is not an officer of either corporation, respondents have admitted that he formulates, directs and controls the acts and policies of both corporations (answer of respondent Cinderella, p. 8; answer of Stephen, p. 8). Based on the record, the examiner found that with respect to Cinderella Vincent Melzac assists in formulating the policies and overseeing its operation (finding 27). In the face of this finding and the answers of respondents Cinderella and Stephen, the examiner's conclusion, made without record support, that Vincent Melzac has not personally or individually engaged in any allegedly deceptive acts and practices (finding 51) is clearly erroneous. In addition, the record amply demonstrates that the successful operation of both corporations very much depends upon the personal background and experience of Vincent Melzac. This fact alone would justify including Vincent Melzac as one of the respondents. We also do not agree with counsel for respondents' contention that because Vincent Melzac does not concern himself with the day-to-day activities of the corporations the complaint against him should be dismissed. The determining criterion in this case is that Vincent Melzac formulates, directs and controls the acts and policies of the corporate respondents and not whether he participates in their day-to-day activities.

It should also be noted that prior to the issuance of the complaint, when an attorney of the Federal Trade Commission questioned a representation in the advertising material of the respondent

²⁰ Under the franchise agreement Stephen is required to obtain written consent for any departures from the prescribed curriculum.

ent Stephen, this attorney conferred with Vincent Melzac. It was Vincent Melzac who agreed to make the suggested change and it was he who issued the necessary instructions to effectuate the change. Accordingly, Vincent Melzac must be retained as an individual respondent.

V

Respondents, in their answering brief to the Commission, request that in case the Commission reverses the examiner's determination they be granted leave to submit a supplemental brief dealing with a number of issues. This request will be denied.

During the course of this proceeding respondents requested permission to file interlocutory appeals, wherein respondents asserted that the Commission had no basis to believe that respondents have violated the Federal Trade Commission Act. This issue, aside from having been fully considered and dealt with in the order (issued June 16) denying respondents' request for taking deposition and production of documents,³⁰ has been rendered moot by a finding of violations of the Federal Trade Commission Act. Also fully considered previously (orders of June 16, 1967 [71 F.T.C. 1703] and September 12, 1967 [72 F.T.C. 1003]) has been respondents contention that this proceeding is not in the public interest or, in the alternative, if there is any public interest it is obviously *de minimis*. Since that time respondents have not introduced nor alleged the existence of additional facts which would warrant granting respondents' present request for leave to file a supplemental brief.

Respondents' contention that the Commission is incapable of rendering a fair and impartial decision refers to, we assume, the also previously considered Commission practice of issuing press releases and the contacts by a Commission attorney with members of the press. In order to furnish support for this contention respondents requested and were granted the appearance of two Commission employees during the course of this proceeding. Respondents do not allege, nor does a review of the record indicate, that the testimony elicited from these witnesses supports respondents' contention.

Respondents further allege that new issues arose as a result of the appearance of a Commission attorney on a television program broadcast while the hearings were in progress and on

³⁰ This matter was again considered by the Commission in its order issued September 12, 1967, denying respondents' request to file an interlocutory appeal and ruling on respondents' application for the production of documents and the appearance of Commission employees.

which also appeared witnesses involved in this proceeding. Respondents do not state what these issues are. This precludes a determination of the merits of whatever allegations respondents may put forth. Respondents also failed to take advantage of their opportunity to fully brief and argue any and all issues which allegedly arose as a result of this television program at the time this case was heard before the Commission. Such vague contentions of the existence of unresolved issues do not warrant an extension of the appeals procedure or an exception to its well defined principles. Accordingly, respondents' request for leave to submit a supplemental brief will be denied.

Commissioner Elman believes that this proceeding should have been terminated at an early stage upon the filing of adequate assurances of voluntary compliance under Section 2.21 of the Rules of Practice, and that the public interest has not been well served by making a "federal case" of this matter.

FINDINGS OF FACT, CONCLUSIONS, AND FINAL ORDER

The Federal Trade Commission issued its complaint in this matter on February 13, 1967, charging respondents with false and misleading advertising and unfair or deceptive acts and practices in violation of Section 5(a) (1) of the Federal Trade Commission Act (15 U.S.C. Sec. 45(a) (1)). Hearings were held before an examiner, and testimony and other evidence in support of and in opposition to the allegations of the complaint were received into the record. In an initial decision filed January 26, 1968, the examiner dismissed the complaint as to all respondents, on the ground of failure of proof.

The Commission, having considered the appeal of counsel supporting the complaint and respondents' answer in opposition thereto and the entire record, and having determined that the initial decision is inappropriate and should be vacated and set aside, now makes this (as supplemented by the accompanying opinion) its findings as to the facts, conclusions drawn therefrom, and order, the same to be in lieu of those contained in the initial decision.

FINDINGS OF FACT

1. Corporate respondent School Services, Inc. (SS), incorporated on December 13, 1955, under the District of Columbia Business Corporation Act (stipulation June 21, 1967; CX 1; CX 3), has been engaged continuously since its incorporation in 1955 in

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the purchase and discount of installment notes and other commercial paper, including installment notes given in payment of tuition by students who enroll in various schools licensed by Cinderella Career and Finishing Schools, Inc., SS is engaged in "commerce" as that term is defined under the Federal Trade Commission Act.

2. Individual respondent Vincent Melzac owns and controls all of the Class A voting stock issued by corporate respondent School Services, Inc. Melzac and 31 other persons own the Class B non-voting stock of SS (Tr. 126).

3. Corporate respondent Stephen Corporation was incorporated on May 11, 1965, under the District of Columbia Business Corporation Act (stipulation June 21, 1967; CX 2; CX 4). It conducts the Cinderella Career College and Finishing School at 1219 G Street, NW., Washington, D.C., and seeks to enroll students from States outside the District of Columbia. Stephen is engaged in "commerce" as that term is defined under the Federal Trade Commission Act.

4. Corporate respondent Cinderella Career and Finishing Schools Inc., 1219 G Street, N.W., Washintgon, D.C. (the licensing corporation), incorporated on December 3, 1963, in the District of Columbia under the District of Columbia Business Corporation Act (stipulation June 21, 1967; CX 4-A), has, since the date of its incorporation, been engaged in "commerce" as that term is defined in the Federal Trade Commission Act. It has also done business at and used the address 1221 G Street, NW., Washington, D.C.

5. Students completing courses of instruction at the Cinderella Career College and Finishing School operated by Stephen Corporation are not awarded any academic degrees.

6. None of the corporate respondents has the power or authority to confer degrees or admit persons to degrees (stipulation June 21, 1967).

7. Respondent SS, a corporation organized under the laws of the District of Columbia, with its principal office located at 1100 Vermont Avenue, NW., Washington, D.C., contracts with schools (such as the Cinderella school) to purchase their student tuition notes (Tr. 68). SS conducts its own credit and financial probe of the companies before entering into a business relationship with such companies (Tr. 99, 103). If SS determines that a school, such as the Cinderella school, is financially sound, an agreement is entered into (Tr. 69, 99, 137), which provides that SS will purchase all of the company's installment paper which exceeds

\$100 per unit when not less than 10 percent of the total price of the course for which the note is taken has been received by the school (CX 75; tr. 97). When the first payment is received from a student, SS transmits 50 percent of the face value of the note to the school (tr. 97). As SS collects the monthly payments, it applies the proceeds toward the advances it has made to the school. When the final payment is received, SS remits the remaining 40 percent that has, up to that time, been retained by it in a contingent account (tr. 98). As the collections are made SS deducts a 10 percent service charge as its fee (tr. 98). Financial management consultation is the only other service available to a school from SS. This additional service is rendered for an additional fee (CX 75; tr. 165).

8. SS, incorporated on December 13, 1955, as a capital stock company, is not connected with any government agency or public nonprofit organization. SS's board of directors, which initially consisted of Frank K. Smith, president, Wendell B. Maroshek, vice president, Alan Y. Cole and Marion Bardes (who was elected in March 1956), met on the average of five to six times per year to establish the policies for and participate in the operations of the corporation (tr. 1144, 1147, 1168; CX 1-E). As SS expanded it needed more money and full-time management (tr. 139, 1166-67). Respondent Melzac provided both the additional capital and full-time management and became associated with SS in May or June of 1958 (tr. 224-25). At that time Melzac received all of the Class A voting stock of SS (tr. 139, 197), became chairman of the board of directors, and replaced Frank K. Smith as president (tr. 137-38). The other shareholders of SS received Class B non-voting stock. These other stockholders did not disassociate themselves from SS's activities after Melzac became the chief operating officer (tr. 137).

9. Other than the replacement of Frank K. Smith with Vincent Melzac as president and the addition of Stephen Hartwell and Emory Klineman (who became stockholders in SS after Melzac took over the presidency) to the board of directors, there has been no change in the continuity of management or composition of the board of directors of SS for the past six to eight years (tr. 137-38, 197, 1168). The policies of SS were always established by its board of directors. This practice did not change after Melzac became president (tr. 1147, 1168).

10. SS does not become involved in the procedures or operating practices of the schools whose installment paper it purchases (tr. 163-64, 1147, 1150, 1168, 1180, 1193-94, 1230-31). SS does

not involve itself with any of the schools' management or credit policies, internal curricula or their advertising. SS does not pay any of the cost of a school's advertising and never participates in any school's advertising campaign. SS never advertises on its own account (tr. 190). No members of the board of directors of SS, with the exception of Melzac, operate a school (tr. 197).

11. On June 1, 1965, SS entered into a contract with the Stephen Corporation (CX 75), which is identical to that which SS has with the other schools throughout the United States from which it purchases installment paper (tr. 69, 165-66). SS's total volume of business with the Stephen Corporation in 1967 is estimated between \$200,000 and \$300,000 (tr. 1693). SS's estimated volume for 1967 with all its schools is between three and three and one-half million dollars in notes receivable (tr. 141-42, 1695-96).

12. No contractual relationship exists between SS and respondent Cinderella Career and Finishing Schools, Inc., the licensing corporation (tr. 166).

13. There is no evidence in this record that SS disseminates advertising for or on behalf of respondent Stephen Corporation or respondent Cinderella Career and Finishing Schools, Inc. Barbara Solid, the sales manager for the Cinderella Career College and Finishing School of Washington, D.C., operated by the Stephen Corporation, is responsible for selecting and placing the Cinderella school's advertising (tr. 229, 262-64).

14. Respondent Cinderella Career and Finishing Schools, Inc., a corporation doing business under the laws of the District of Columbia, at 1100 Vermont Avenue, NW., Washington, D.C., franchises for a fee a system of operating and developing self-improvement, finishing, modeling and business career schools (tr. 157-58). It supplies its franchisees with advertising material, curricula, manuals, instructional devices and related materials necessary to operate such a school (tr. 43; CX 74). The franchising corporation may authorize a licensed school to use the name "Cinderella" in the name under which it does business. The franchising corporation may furnish consulting and other services to its franchisees (tr. 43; CX 74). Some of the allegedly deceptive advertisements in evidence in this proceeding were made available by the franchising corporation to the Cinderella school operated by the Stephen Corporation. In addition, the franchising agreement (CX 74-a) provides that the franchisee shall not substantially depart from the substance of the curricular material furnished by the franchisor and that the franchisee shall provide the franchisor with copies of all advertising used by the franchisee in connection

with the promotion of the school.

15. Vincent Melzac owns all of the stock of the franchising corporation but he is neither an officer nor a director of the franchising corporation. Melzac has assisted in formulating the policies of and overseeing the operations of the franchising corporation since its incorporation on December 3, 1963 (tr. 43; answer of respondent Cinderella, p. 8).

16. Respondent Stephen Corporation, doing business under the laws of the District of Columbia, at 1100 Vermont Avenue, NW., Washington, D.C., operates the Cinderella Career College and Finishing School at 1219 G Street, NW., Washington, D.C. The Cinderella school was franchised by the franchising corporation on June 1, 1965 (tr. 44; CX 74). This school had previously been owned and operated by Strom-Wash, Inc., but the franchising corporation terminated the Strom-Wash, Inc., franchise on March 22, 1965 (tr. 81-82, 85).

17. In the course and conduct of its school the Cinderella school operated by Stephen disseminated advertisements concerning the education which it offers. The advertisements appear and have appeared in newspapers of general interstate circulation. They and mailers and brochures have also been sent by direct mail to persons in the several states and in the District of Columbia. Specimens of such advertising, flyers and brochures as are being challenged in this proceeding are in evidence as CXs 5-48, inclusive, CX 53 and CX 73.

18. Respondent Melzac has owned all of the Stephen Corporation stock since it was incorporated in May 1965. He formulates, directs and controls its policies (answer of respondent Stephen Corporation, p. 8).

19. The following chart graphically depicts the relationship of the various respondents to each other. (Chart appears on p. 1026.)

20. The Cinderella school offers courses of instruction in finishing, fashion merchandising, secretarial, professional modeling, IBM and air career. Fashion merchandising, secretarial, professional modeling, IBM and air career are career courses designed to teach a student (in almost all cases a high school graduate) a particular skill or trade that is in great demand by industry, in a relatively short period of time, and to teach such student how to improve her looks, speech, bearing, manner, poise and appearance as part of her overall qualifications for a job. They are designed to meet the demands of the economy for skilled and attractive labor (tr. 53-54, 65, 71, 244).

21. "Finishing" is not a "career" course. Essentially, it en-

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Vincent Melzac

*Cinderella Career &
 Finishing Schools,
 Inc.*

School Services, Inc.

Stephen Corporation

Mr. Melzac owns all of the voting stock and is president.

Mr. Melzac owns all of the stock.

Mr. Melzac owns all of the stock.

Purchases installment paper from various schools, including Stephen's.

Mr. Melzac assists in and formulates the policies of and oversees the operations of Cinderella.

Mr. Melzac formulates, directs and controls its policies.

Cinderella franchises the operation of a number of schools throughout the country.

Operates, pursuant to a franchise from Cinderella Career & Finishing Schools, Inc., the Cinderella Career College and Finishing School.

Cinderella makes advertising and other material available to its franchisees.

Uses and distributes the questioned advertising material, much of it made available by Cinderella.

deavors to train the pupil in self-improvement (tr. 240). In the finishing courses the Cinderella school teaches visual poise, make-up, hair care and design, voice and drama, personality, social graces, ballroom dancing, wardrobe, figure coordination and fashion show (CX 79). Finishing courses are structured for students of all ages, regardless of their career interests, vocation, educational or social status (tr. 73). The "finishing" curriculum is such that a student, with proper counseling, may enroll for as many or as few hours of schooling as her personal desires or needs dictate (tr. 175-76). The "finishing" courses which are part of the "career" courses are designed to meet the specific demands of the industry involved, *i.e.*, persons interested in airline or merchandising careers need personal attractiveness as one of their qualifications.

22. Cinderella's course in fashion merchandising costs \$1,790. It is a full daytime program, taught Mondays through Fridays from 9:30 a.m. to 4:30 p.m. for nine months. There is, in addition, a cooperative fashion merchandising course which contemplates that the student will attend school for three days per week and work three days a week as a sales girl in a department store. This

course requires 18 months to complete. In addition, there is such a course which is taught in the evenings only—for two years. A Cinderella student may, for \$975, register for a six months' course which consists of seven subjects instead of the full curriculum (tr. 261, 272, 941). As of July 2, 1967, Cinderella had six full-time day students, thirteen cooperative students, and nine night students (tr. 944-45).

23. The Cinderella school offers a student a choice between a regular or an executive secretarial program (tr. 1001-02). The regular secretarial program costs \$990 and is taught five days per week, from 9:30 a.m. to 4:30 p.m. for six months (tr. 1018). The executive secretarial program costs \$1,490 and requires nine months' full-time schooling (tr. 1019).

24. Cinderella's professional modeling course offers teaching in the finishing curriculum outlined on the back side of CX 79 (tr. 112-13). A professional modeling student must be able to perfect what the finishing student learns on an elementary basis. In addition to concentrating on "makeup," "posture," "wardrobe" and "figure control," the professional modeling student may select advanced courses in specific areas, such as TV modeling, photographic modeling and advanced fashion modeling (tr. 274-75; CX 41; CX 79). A student interested in professional modeling may enroll for such courses ranging from 75 to 325 hours (tr. 258).

25. The "air-preparatory" curriculum consists of the finishing subjects heretofore enumerated, and is structured by the Cinderella school for students interested in careers in the airline industry (tr. 59-60, 178-79). In June 1967 the air preparatory program was enlarged into what is now the "air career" program (tr. 59). The curriculum of the air career program provides training in many facets of the airline industry. Among other things, it is designed to increase a student's chance to be selected for a position with the airline of her choice (tr. 1475, 1668-69). In addition to the "finishing training," students in the air career program are taught the theory of flight, airline terminology, basic theory, Federal Aviation Regulations, the functions of the Civil Aeronautics Board and stewardess and reservationist procedures (tr. 1474-75, 1698).

26. An applicant for enrollment in a career curriculum at the Cinderella school is usually required to be a high school graduate or have a high school equivalency certificate (tr. 71, 244). Students successfully completing "career courses" receive Cinderella's certificate or diploma at graduation (tr. 918).

27. The Cinderella school's courses are sold by field representa-

tives who solicit prospective students in their homes (tr. 49) and by Cinderella counsellors who visit high schools (tr. 231). Cinderella obtains its leads through the direct mailings and the newspaper advertising heretofore referred to. It also uses television and radio to a limited extent (tr. 50-51). Cinderella representatives lecture to high school students at their schools. Interested students are encouraged to mail cards in to the school, indicating their vocational and other interests.

28. Barbara Solid, the sales manager for Cinderella, is responsible for hiring, training and firing sales personnel; for advertising in newspapers and other media; and for obtaining students for the Cinderella school, screening them, seeing that they are properly counselled as to the curriculum best suited to their needs and for actually enrolling them (tr. 229, 255, 262-64). Nine women, one man, and one high school lecturer are on Cinderella's sales staff (tr. 231). The sales personnel have backgrounds in sales plus some experience in one of the career fields (tr. 230).

29. Obtaining jobs for Cinderella students and graduates is the joint responsibility of Eugene Byron, a Cinderella employee who runs the modeling agency, and the directors of the various career programs heretofore named (tr. 88, 921, 998).

30. The advertisements distributed by respondents are primarily directed to female high school seniors or those who have recently graduated from high school, roughly, girls about eighteen years old and older. Some of the Cinderella advertising does attract females younger than eighteen and older than recent high school graduates. These are persons chiefly interested in professional modeling as a career. Some of those attracted by the Cinderella advertisements are interested in its self-improvement courses.

31. Few of the females who respond to the Cinderella ads appear to have had any formalized, institutionalized education beyond the high school level, and the deceptiveness, if any, of the Cinderella advertisements must be judged, therefore, by the impression they create on female high school seniors and young post-high school females.

32. During the course and conduct of their business respondents disseminate advertisements which contain the statement "Approved by School Services, Inc., Washington, D.C., to extend educational loans." It is undisputed that respondents do not make educational loans in the traditional sense of that word (Tr. 69). Rather, as a result of the agreement between the Stephen Corporation and School Services, Inc., it is possible for a student to

pay for her tuition on an installment basis by entering into an installment contract (Tr. 67). The record is clear, however, that at no time do respondents make educational loans to students as represented by the above statement.

33. In December of 1965 and early 1966 Vincent Melzac met a number of times with Jean F. Greene, an investigator for the Federal Trade Commission, to discuss the advertising and business practices of respondents (Tr. 1656). Mrs. Greene suggested that the legend "Approved by School Services Inc., Washington, D.C., to extend educational loans" be changed to "Approved by School Services Inc., Washington, D.C., to extend budget plans" (Tr. 182). Vincent Melzac complied with this suggestion, although at the time he thought, and still thinks, that there is no distinguishable semantic connotation between the two phrases (Tr. 66, 182). Subsequent to the time that this change had been effectuated, however, a number of advertisements still appeared containing the old legend (tr. 1459).

34. The statement "Approved by School Services Inc., Washington, D.C., to extend education loans" or "Approved by School Services Inc., Washington, D.C., to extend budget plans," which appears in most of respondents' advertisements with the implied consent of School Services, Inc., also represents that School Services, Inc., is a government agency or nonprofit organization that has officially approved Cinderella Career and Finishing School or the courses offered by such school. The record is clear, however, that School Services, Inc., is not a government agency or public, nonprofit organization.

35. Also disseminated by respondents is the following advertisement:

WHAT IS THE CINDERELLA SECRET?

[Photograph of
Miss Batts]

[Photograph of
Miss Ness]

Dianna Batts
Miss U.S.A. of the
Miss World Contest
A Cinderella girl

Carol Ness
Miss Cinderella 1965,
Winner of all-expense
trip to Paris, France

YOU TOO CAN BE A CINDERELLA GIRL!

Our unique world-famous finishing training can transform your dreams into reality can make you charming, lovely, poised, confident, at ease wherever you go, whatever you do.

TRAINING FOR EXCITING CAREERS IN

Executive Secretarial
Fashion & Retailing

Professional Modeling
Airlines

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BE THAT SPECIAL GIRL The girl looked at and admired by all * * *
The girl who gets ahead in Business! Send for our FREE "Magic Door"
brochure. Mail by tomorrow and we'll include Free our fascinating booklet
"101 Ways To Be More Attractive."

Official Washington Headquarters for the Miss Universe Beauty Pageant
Job Placement Service Day and Evening Classes
New Classes Forming—Enroll Now!

Cinderella CAREER AND FINISHING SCHOOL
1221 G St., NW., Washington D.C.
Phone 628-1950

* * * * *
Please send me your Free brochures. I have checked my interest below.
[] Secretarial [] Pro. Modeling [] Fashion & Retail Buying
[] Airlines Preparatory [] Finishing [] Self Improvement
[] Miss Universe Entry Blank.

Name----- Age-----
Address-----
City----- State----- Phone-----

Approved by School Services, Inc., Washington, D.C. to extend education loans.

This advertisement does not state that Miss Batts and Miss Ness are graduates of the school. It merely states that they are "Cinderella girls," which, by virtue of having attended the school, they are. The record does not delineate precisely which part of their success is due to their natural aptitudes and which part resulted from their association with the school. The representations made with respect to Miss Batts and Miss Ness in the various advertising and promotional material of respondents are in fact true.

36. The following are illustrative examples of the various advertisements, disseminated by respondents, which offer careers in the airlines industry.

An advertisement in the "Educational Directory" of *The Washington Post* on Sunday, September 10, 1967, under the heading "Air Career," reads:

CINDERELLA CAREER COLLEGE
1219 C St. NW.
628-1950

Air Career Training is now available at Cinderella Career School, 1219 C Street. Prepare for a Stewardess or Reservationist position. Call 628-1950 for a career analysis. (CX 155.)

The second advertisement (CX 154) depicts a smiling young lady in what appears to be a stewardess uniform, and states:

free brochure on an airline career call 628-1950 or clip and mail today. Corp. 1967 Cinderella C. & F. School, Inc.

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* * * * *

Cinderella
Career and Finishing School
1219 C St. NW

Please send me the free brochure on Airline Preparatory Career training.

I am a high school graduate [] I will graduate High School year-----

Name-----

Address-----

City----- State-----

Zip----- Age-----

Phone-----

Approved by School Services Inc. To Extend Budget Plans

Respondents also distribute a pamphlet (CX 41) entitled "Wonderful things happen to a Cinderella Girl!" which, among others, contains the following paragraph :

Miracles After Sundown

Drab little typist becomes lovely airline stewardess! Overweight order clerk now a fashion counselor! "No-date" steno becomes belle of the office! High school graduate wins success in television! Middle-age widow looks ten years younger—gets exciting new job! Shy librarian gets three raises and a beau! Factory worker becomes studio receptionist!

In addition, many other advertisements provide a prospective student with a check list of subjects of interest to her, one of which is "Airline," "Airlines Prep." or "Airline Preparatory."

By these various statements respondents represent that their course of instruction in "Airline" will qualify a graduate thereof to assume the position of airline stewardess or other positions in the airlines industry.

It has been stipulated (stipulation June 29, 1967) that the "airlines maintain their own schools in which they train applicants for employment as airline stewardesses and said companies require that such applicants attend the school operated by or under the control of such airline in order to qualify for a job as an airline stewardess; that none of the students of Cinderella Career College and Finishing School would, merely because they had completed a course of instruction in, Cinderella Career College and Finishing School, qualify for a job as an airline stewardess."

37. Respondents further disseminate a variety of advertisements and pamphlets which offer a career in retail buying. For example, respondents offer :

Comprehensive training in the many facets of fashion careers. Includes retailing, buying, sales promotion, advertising, display and practical field trips. FASHION IS A YOUNG PEOPLES FIELD. In no other area can a

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woman assume executive status at such an early age. Fashion is a stable field, the third largest in the U.S. High School Diploma or equivalent is required. SEND FOR BROCHURE. NO OBLIGATION. (CX 16-b through CX 21; CX 155.)

TRAINING FOR EXCITING CAREERS IN

Executive Secretarial
Fashion & Retailing

Professional Modeling
Airlines.
CX 11; CX 12; CX 13; CX 14.)

CAREERS!

The Cinderella Career and Finishing School offers * * * careers in EXECUTIVE SECRETARIAL, PROFESSIONAL MODELING, FASHION MERCHANDISING, RETAIL BUYING. (CX 6; CX 22; CX 26.)

WE'VE GOT THE CINDERELLA SECRET

Come in and find out what it is. Our world famous Cinderella Finishing Training can make you poised, lovely, confident! Career Training for:

EXECUTIVE SECRETARIAL
RETAIL FASHION
MERCHANDISING

PROFESSIONAL MODELING
AIRLINES PREP

(CX 7; CX 8; CX 9.)

Let's take a look at some of the things we offer:

FASHION BUYER: The position of a buyer is both responsible and rewarding. For buyers of women's apparel, this consists of a whirlwind tour of showrooms to view the new seasons' offering in New York, Chicago, and San Francisco. Some buyers are selected to make trips to foreign markets such as Paris, Rome or London. Earnings of buyers range from \$5,000 to over \$20,000 depending upon the size and type of department. (CX 43.)

FASHION CAREERS

All our lives are touched by fashion, for fashion is everywhere. There are fashions not only in clothing but in cars, furniture, interiors, and foods. Fashion is a fast moving world that needs people in administrative capacities who are alert, and welcome the excitement of change.

The Fashion Career Course at Cinderella's is a varied program touching upon many facets of fashion careers, because we feel many young people are not exactly sure of what they wish to do. Some may have a latent talent for organization—some have an undiscovered knack for fashion "know-how"—some, perhaps, a flair for writing.

The curriculum and our faculty (all university graduates with retail experience) is selected to bring out these hidden talents and help you find your niche in the remunerative field of fashion—where advancement is quite rapid.

Our students observe and analyze the activities of the "F" Street stores. They prepare assignments from window displays, sales promotion campaigns, advertising and business activities. Thus they gain from the actual experience of others already in the field. In addition to preparing reports, they conduct meetings and learn the importance of getting along with people. Fashion is a young people's field. In no other area can a woman

assume executives status at such an early age. And, of course, along with executive status comes financial reward. Fashion is a stable field! It is the third largest industry in the United States, following only steel and food.

Opportunity in retailing, just one segment of fashion, is unlimited. With the exploding population and resultant opening of Branch Stores across the country, new jobs are constantly being created. One half of retailing's top executives are under 35 years of age. Forty percent of retailing executives are women. The average buyer earns between \$10,000 and \$20,000, some earn more. (CX 44.)

By these statements respondents represent that completion of its fashion merchandising course or fashion career course will qualify the student to assume the position of buyer at a retail establishment. It has been stipulated (stipulation June 29, 1967) that completion of a course of instruction at the Cinderella Career and Finishing School will not qualify a student for a position as buyer in a retail establishment.

38. Following are some illustrative examples of statements contained in respondents' advertisements and promotional material dealing with the availability of a job placement service for students and graduates of the school.

JOB PLACEMENT SERVICE (CX 47-a.)

FREE JOB PLACEMENT (CX 53.)

Employment placement service! Assistance in finding part-time employment while attending school. Jobs are obtainable by most qualified graduates through our Job Placement Service * * *. (CX 35; CX 38.)

* * * Assistance in finding part-time employment while attending school. Jobs are obtainable by most qualified graduates through our Employment Placement Service * * *. (CX 42.)

Your contract with Cinderella Career College doesn't end at graduation. Graduates are always welcome for assistance in change of employment, or for consultation regarding progress.

Because recognition and advancement are rapid in retailing, new job opportunities and promotions present themselves constantly. (CX 44.)

JOBS ARE OBTAINABLE BY MOST QUALIFIED GRADUATES THROUGH OUR EMPLOYMENT PLACEMENT SERVICE * * *. (CX 72.)

By these statements respondents represent that they find jobs for their students in almost all cases. The Cinderella school has placed in jobs four out of the five students graduating in 1967 from the fashion merchandising course (tr. 919-24). Of the thirteen fashion merchandising cooperative students, ten obtained employment through the school and three chose to remain in the jobs in which they already were (tr. 959). Three 1966 graduates from Cinderella's fashion merchandising course obtained jobs through Cinderella (CX 107). Two graduates of Cinderella's secretarial program in 1967 were placed in jobs (tr. 996-98). Respondents

are unable to assist students in finding positions as airline stewardesses or retail buyers since none of respondents' students or graduates qualify for these positions.

39. The complaint alleges that respondents have misrepresented that the graduates of various of respondents' courses of instruction are thereby qualified to assume executive positions in the fields for which they have been trained by respondents. There is no evidence in the record from which a definition of the word "executive" could be fashioned. However, it appears that in the field of fashion merchandising, wherein a majority of the placements have resulted, the status of "executive" is attained more readily than it might be in other fields of endeavor (tr. 994-98). The position of trainee bridal consultant with The Hecht Company in Washington, D.C., and the position of assistant buyer are characterized as junior executive or executive positions (tr. 973-75, 994).

40. Various of respondents' advertisements and promotional material represent that Cinderella Career and Finishing School is the official Washington, D.C., headquarters for the Miss Universe Beauty Pageant. Mr. Sidney Sussman, president of Miss District of Columbia, Inc., a beauty pageant promotion organization, owns the Miss Universe franchise for Maryland, the District of Columbia, and Virginia. Mr. Sussman testified:

[T]he word "headquarters" is a complicated word. Technically any place, any sponsor who is involved with me could be a headquarters. But in my own specific terminology my official headquarters is where I do physical things, and the only place that I do physical things, and I will get into what physical things in a minute is at Cinderella. Physical things are, I have meetings there. I show documentary movies there. I use their, some of their, staff in a secretarial capacity. I have training there. We sometimes have preliminary rounds there. In other words, that is where the action is. That is why I, and I alone, have designated it as my official Washington headquarters. There isn't anybody else in the whole world who can designate my franchise as headquarters except me because I own it. Now I can say that every one of McDonald's 35 locations is a headquarters, which is true. You can, when they were a sponsor, you could go to any of those places and pick up an entry blank. That is a kind of headquarters. You could have gone to any one of Vincent et Vincent's 73 locations and also picked up an entry blank. That is a kind of headquarters. And you could have gone to any of the other places that are in that printed entry blank that you have there that have given prizes, and also picked up an entry blank. But picking up an entry blank and having a lot of physical operation are two different things. And, therefore, because Cinderella's operation is a big operation, and they advertise heavily, and this is essential to finding good contestants, these winners don't come out of the blue, I designated Cinderella my headquarters for those reasons, and it seems to me

that I own the property, I can designate who I want to be my headquarters. They have been it since 1964 and as far as I know they will be until they don't want to be it any more. So long as they keep renewing their contract with me. (Tr. 510-11.)

To the extent that other locations are designated as official headquarters the Cinderella Career and Finishing School is not the one and only official headquarters for the Miss Universe pageant.

41. Respondents also operate under the trade style "Cinderella Career College and Finishing School," thereby representing that the school is a college. To the extent that the word "college" means a post-high school institution of higher education which either confers degrees or offers course work which would be transferable to other institutions in varying degrees, the Cinderella Career College and Finishing School is not a college (stipulation June 21, 1967). It has also been stipulated that students completing courses of instruction at the Cinderella Career and Finishing School operated by the Stephen Corporation are not awarded any academic degrees and that none of the corporate respondents have the power or authority to confer degrees or admit persons to degrees (stipulation June 21, 1967).

42. Respondents also operate a variety of beauty contests. These various contests are open to anyone and it is not necessary to be a student at the Cinderella school in order to enter (tr. 738). The qualifications to enter the Miss D.C. Beauty Pageant are set out in the official entry blank, which states that "Contestant must be of good character and possess poise, personality, intelligence, charm and beauty of face and figure" (CX 36). There is insufficient evidence in the record upon which to base a finding that when a prospective student first visits the school she is frequently led to believe that she is qualified to compete in, and has a strong possibility of winning, such contests if only she would sign up for the courses given by respondents which will bring out the best in her.

43. A prospective student with whom an interview has been arranged in advance completes an application given to her by the receptionist when she first arrives at the school (tr. 266). The prospective student is then escorted into a counsellor's office and following a general discussion is taken on a tour of the school (tr. 270). Thereafter the prospective student is given a beauty analysis by the counsellor (tr. 233). This consists of good grooming pointers. The prospective student is then told about the courses of instruction available (tr. 233). Interviews for prospective students interested in taking a "finishing course" take ap-

proximately 45 minutes. "Career course" interviews take approximately 1½ hours (tr. 233-34).

44. Mrs. Sandra Roth, who had some previous experience as a photographic model, testified (tr. 609-43) that she enrolled in the school upon the assurance that she would have no problem getting jobs as a model. In addition, she was told that she would get jobs during her schooling, resulting in possibly sufficient remuneration to help her make the monthly payments. During cross-examination Mrs. Roth testified that before her interview at Cinderella Career and Finishing School she had an interview at the John Robert Powers school:

Well, this is sort of different because John Robert Powers is strictly a finishing school. They don't give jobs, you know. They don't put you out as a model. They just give you finishing courses instead of a modeling course. (Tr. 623.)

While attending school Mrs. Roth obtained three jobs through the school. Two of these jobs paid \$31.50, after payroll deductions, for approximately 8 hours each. The other job "paid" a wig for 4 days of modeling, from 10 a.m. to 7 p.m., or a total of 36 hours.

After her graduation Mrs. Roth regularly called the school for a period of three to four months concerning the availability of jobs, but without success, with the exception of teaching one Saturday class at Cinderella for \$3.50 an hour. She finally accepted a full-time position at the front desk of the Sheraton Park Hotel in Washington, D.C., and never did receive a position through Cinderella Career and Finishing School in her chosen field—professional modeling.

Mrs. Roth was once called by the school for an interview at an hour's notice, which she could not accept. Having accepted the position with the Sheraton Park Hotel she also informed the school that she would need at least two days' notice for any assignments. Mrs. Roth subsequently became pregnant and informed the school that she would be unavailable for any assignment.

45. Mrs. Vera White (tr. 643-81) and her daughter Janis, 16 years old at the time, were interviewed at the school on May 7, 1966. Janis was interested in professional modeling. The Cinderella counsellor discussed the field of modeling and the courses which Cinderella offered. Mrs. Vera White enrolled her four daughters in the school for a total contract price of \$1,387.05, \$1,040 of which was for Janis (CX 88-A; CX 89; CX 90-A). In response to the question whether anything was said during the interview about Janis getting jobs Mrs. White testified:

The lady, Mrs., I don't know her name, the light-haired lady told, she said after September she [Janis] would be making her own money, she would be out modeling, and I figured she would be modeling at some of the stores, you know, local stores, I didn't think she would be on TV and all of that, and she said—I told her that the course is rather high. She said "oh, don't worry about that." She would be making her own money and this would help pay for her course, and I said good. This is the thing that caused me to go ahead with it, you know, because I figured she would be modeling and making her own money locally. (Tr. 650-51.)

Janis received one student group assignment—modeling hats on the street—for which she did not get paid.

Sometime during September Mrs. White was invited to come to the school, ostensibly for a progress report on Janis. While there, however, an effort was made to sell her additional courses of instruction for Janis at a time when Janis had not even completed one-fourth of her original course and had not even received one paying modeling assignment.

Shortly thereafter, being discouraged about not getting any jobs Janis discontinued her course. On this point Mrs. White testified on cross-examination:

She [Janis] got discouraged because she wasn't getting paid for it and that was the reason she took it. (Tr. 677.)

46. Mrs. Robin North testified (tr. 739-746) the following:

* * * So, and he [one of respondents' sales representatives] said that the average model would make from \$10 to \$15,000 a year, but he didn't come right out and say that I would be the average model, but he left the impression, he talked as if I would be a hit, I would make it. I didn't have any word, I just thought I would make it and get it and wouldn't have to worry.

By Mr. Freer:

Q. Did he mention any Cinderella graduate who made the big amounts?

A. He showed us a newspaper article with several models on the top, fashion models, and one was from the Cinderella School of modeling in Chicago and that was Wilhelmina and she was a top model.

HEARING EXAMINER GROSS: Is that right, Robin?

THE WITNESS: I guess. She made approximately \$85,000 a year. (Tr. 743.)

47. Miss Gloria Lancaster (tr. 748-63) was accompanied on her interview at the Cinderella Career and Finishing School by her aunt, Mrs. A. Donelson. Miss Lancaster, who subsequently enrolled in a professional modeling course and attended eight months gave the following testimony:

A. Yes. She told us that during the time we were in the school Capitol

Fur Salon—I don't know whether it was a contract or what, but she mentioned us modeling furs in Capitol Fur Salon, but nothing ever came of it. (Tr. 752.)

Miss Lancaster never obtained any kind of a position through Cinderella Career and Finishing School. Miss Lancaster did not complete her course of instruction and withdrew from Cinderella Career and Finishing School.

48. Mrs. Anne Donelson, Miss Lancaster's aunt who accompanied her on her interview and who signed her contract with Cinderella Career and Finishing School, corroborated this testimony (tr. 763-74). Mrs. Donelson stated that during the interview they were told that modeling jobs would be assigned to these students.

In response to the question as to her understanding whether students would get paid for any modeling assignments, Mrs. Donelson testified:

A. Well, it was my understanding that they would be, although I can't recall now whether the subject of salary or payment came up in the course of the conversation. She did say, however, that they would be going out, as I said, on these particular assignments, and that they would be used as they got along in advanced training, and then, of course, they would place them for jobs when they had finished the course. So I assumed that naturally they would be salaried assignments. (Tr. 769-70.)

49. Mr. Andrew M. Egnot (tr. 775-80) enrolled his daughter Michelle for the minimum 25-hour finishing course, which she completed. In answer to the question whether any mention was made during the interview of the school obtaining jobs for its students, he testified:

A. There was some mention, I think, of experience and then some part-time. But this was one thing that I did try to find out about, just how many jobs were available, and whether they were part-time or full-time. I was told that as you went along, depending upon, of course, your potential, and depending upon yourself, these jobs would come along. (Tr. 779.)

Mr. Egnot's questions as to the availability of jobs were never answered specifically; however, he was left with the definite impression that jobs would be forthcoming. His daughter never did obtain a position or an assignment through Cinderella Career and Finishing School.

50. Miss Penny Alexander (tr. 785-826) went to Cinderella Career and Finishing School in response to an advertisement stating "Model-type girl wanted," expecting to be interviewed for a job. She never got a job but instead was enrolled in the school.

She went to only one class and did not make any payments on her contract because she felt she had been tricked into entering the contract.

THE WITNESS: I had come down there looking for a job, and I got something else instead. (Tr. 816.)

51. Mrs. Ruth A. Kahkonen (tr. 830-853) was interested in professional modeling and enrolled in the school. She testified that the promise of jobs during the interview influenced her to enter the contract—"The money sounded very good" (tr. 833). Mrs. Kahkonen got two jobs while attending the school, neither one of which had anything to do with professional modeling. One of these jobs consisted of handing out litter bags at a stadium, for which she received \$13. Mrs. Kahkonen did not finish her course because she was not getting the jobs which had been promised to her and due to personal problems.

52. Miss Opal S. Boyd (tr. 854-63), who was interested in professional modeling, testified that during the interview she was told that a job would be obtained for her while she was attending the school and that after she had taken 50 hours of modeling she would be prepared for a part-time modeling job. Miss Boyd completed her course but never obtained a job while attending classes or thereafter through Cinderella Career and Finishing School.

53. Miss Charissa Craig testified (tr. 866-88) that while attending a teen fashion show she was approached by a representative of the Cinderella Career and Finishing School to see if she would be interested in taking a course there because she would make \$60 an hour modeling. As a result, Miss Craig, accompanied by her mother, went to the school for an interview, during which it was again represented to her that she would start at \$60 an hour while she was still attending classes. Not entirely convinced that she should do so, Miss Craig's mother was persuaded to sign the enrollment contract upon the oral representation that it could be cancelled should she change her mind. The Craigs did change their minds and subsequently managed (not without some difficulties) to have their contract cancelled and lost only a \$5 deposit.

By these statements respondents represent that completion of one of their courses will enable the applicant in most cases to obtain a better job through respondents' many contacts in the business world, which representation, according to the testimony contained in the record, is false.

54. The enrollment contract of the Cinderella Career and Fin-

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ishing School states that the combined registration-tuition fee for any of its courses is not refundable. Above the signature line the contract states in larger than normal print "Non-cancellable." The record in this particular proceeding is insufficient for a finding whether prospective students were or were not given sufficient opportunity to read and understand the various contractual provisions.

According to the testimony in the record, prospective students were at times exposed to a succession of up to four of respondents' representatives during the course of an interview. One witness testified (tr. 873) that the interview lasted three hours and culminated only upon the signing of the enrollment contract. Respondents' sales offices are equipped with listening devices which permit the monitoring of the interview in another office. Frequently the sales interview with a prospective student is in fact monitored by a person in another office.

The evidence and testimony contained in the record, however, is insufficient for a finding that respondents during the course of an interview subject the potential student to constant pressure to get the applicant started right away on one of respondents' courses of study and present various documents, including a negotiable promissory note, for said potential student's signature without revealing the negotiable and noncancellable nature thereof or allowing sufficient opportunity to permit the reading or careful consideration thereof.

CONCLUSIONS

1. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents herein.
2. This proceeding is in the public interest.
3. Through the use of the aforementioned advertisements and the statements and representations therein contained respondents have represented, directly or by implication, contrary to fact, that Cinderella Career and Finishing Schools grants educational loans, that Cinderella Career and Finishing Schools or the courses it offers have been officially approved by a government or non-profit organization, that respondents offer a course of instruction that will qualify students to be airline stewardesses or for positions as buyers for retail stores, and that respondents find jobs for their students in almost all cases through their job placement service.
4. In addition, respondents have frequently falsely represented, through their agents, representatives and employees, for the

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purpose of inducing prospective students to enroll for one or more of the courses of instruction offered by the school, that the student, in most cases, either while attending the school or upon graduation, will obtain a better job through Cinderella Career and Finishing Schools.

5. The dissemination of the aforementioned false and misleading advertisements and the use of other representations constitute unfair and deceptive acts and practices in commerce, as "commerce" is defined in the Federal Trade Commission Act, and violates Section 5 of said Act.

6. In the light of finding 34 the Commission concludes that the practice of respondent School Services, Inc., in permitting its name to be used in the manner indicated is highly questionable. However, it is further concluded that an order prohibiting the practice may not be necessary and therefore, in order to provide respondent School Services, Inc. an opportunity to voluntarily correct this practice, a cease and desist order will not be entered directed to this respondent at this time.

ORDER

It is ordered, That respondents Cinderella Career and Finishing Schools, Inc., a corporation, and Stephen Corporation, a corporation trading as Cinderella Career College and Finishing School, or under any other name, and their officers, and Vincent Melzac, individually and as an officer or controlling stockholder of the aforesaid corporations, and said respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale, or distribution of courses of instruction or any other service or product in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, that they or any of them extend loans to students when in fact only credit is extended to an enrollee through an installment contract.
2. Representing, through the use of the name School Services, Inc., Washington, D.C., or any other name or names similar thereto, or otherwise, that any of respondents are in any way connected with a governmental or nonprofit organization, or that any of respondents' schools or any course offered by any such schools have been approved by any government agency or nonprofit organization.
3. Representing, directly or by implication, that respond-

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ents or any of them offer courses of instruction which qualify students to be airline stewardesses, and misrepresenting, directly or by implication, that respondents or any of them offer courses of instruction which qualify students to be buyers for retail stores.

4. Representing, directly or by implication, that respondents or any of them find jobs for almost all of their students or graduates, or otherwise misrepresenting the availability of jobs through any job placement service, or through respondents' contacts in the business world.

5. Using any false inducements or representations to obtain enrollees for any of respondents' courses or to obtain the signature of any such enrollee on documents which obligate any such enrollee to expend or pay any money.

6. Entering into any agreement or arrangement with any franchisee or establishing any franchise unless such franchisee is furnished with a copy of the order herein and instructed in writing that a condition of his franchise is the refraining from engaging in any of the acts prohibited by the within order.

It is further ordered, That the complaint against School Services, Inc., a corporation, be, and it hereby is, dismissed.

It is further ordered, That the allegations contained in Paragraph Five, subparagraphs 3, 7, 8, and 9, and Paragraph Seven, subparagraph 2 of the complaint be, and they hereby are, dismissed.

It is further ordered, That respondents' request to file a supplemental brief be, and it hereby is, denied.

It is further ordered, That respondents Cinderella Career and Finishing Schools, Inc., a corporation, and Stephen Corporation, a corporation trading as Cinderella Career College and Finishing School, and Vincent Melzac, individually and as controlling stockholder of respondents Cinderella Career and Finishing Schools, Inc., and Stephen Corporation, 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 the order to cease and desist set forth herein.

Commissioner Elman believes that this proceeding should have been terminated at an early stage upon the filing of adequate assurances of voluntary compliance under Section 2.21 of the Rules of Practice, and that the public interest has not been well served by making a "federal case" of this matter.

IN THE MATTER OF

RIDGEWOOD QUILTING CO., INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION
OF THE FEDERAL TRADE COMMISSION, THE WOOL PRODUCTS
LABELING AND THE TEXTILE FIBER PRODUCTS IDENTIFICATION ACTS

Docket C-1436. Complaint, Oct. 14, 1968—Decision, Oct. 14, 1968

Consent order requiring a Brooklyn, N.Y., manufacturer of quilted fabrics to cease misbranding his wool and textile fiber products, and failing to keep required records.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, the Wool Products Labeling Act of 1939 and the Textile Fiber Products Identification Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Ridgewood Quilting Co., Inc., a corporation, and Louis Srolovits, Sandor Szrolovits and Leslie Izaak, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulgated under the Wool Products Labeling Act of 1939 and the Textile Fiber Products Identification 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 Ridgewood Quilting Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondents Louis Srolovits, Sandor Szrolovits and Leslie Izaak are officers of said corporate respondent. They formulate, direct and control the acts, practices and policies of said corporate respondent.

Respondents are engaged in the manufacture and sale of wool and textile fiber products, including quilted fabrics, with their office and principal place of business located at 255 McKibbin Street, Brooklyn, New York.

PAR. 2. Respondents, now and for some time last past, have manufactured for introduction into commerce, introduced into commerce, sold, transported, distributed, delivered for shipment, shipped, and offered for sale in commerce, as "commerce" is defined in the Wool Products Labeling Act of 1939, wool products as "wool product" is defined therein.

PAR. 3. Certain of said wool products were misbranded by the respondents within the intent and meaning of Section 4(a) (1) of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, in that they were falsely and deceptively stamped, tagged, labeled, or otherwise identified with respect to the character and amount of the constituent fibers contained therein.

Among such misbranded wool products, but not limited thereto, were quilted fabrics stamped, tagged, labeled, or otherwise identified by respondents as 90 percent Acrylic, 10 percent Other Fibers, whereas in truth and in fact, said products contained woolen fibers together with substantially different fibers and amounts of fibers than represented.

PAR. 4. Certain said wool products were further misbranded by respondents in that they were not stamped, tagged, labeled, or otherwise identified as required under the provisions of Section 4(a) (2) of the Wool Products Labeling Act of 1939 and in the manner and form as prescribed by the Rules and Regulations promulgated under said Act.

Among such misbranded wool products, but not limited thereto, was a wool product with a label on or affixed thereto which failed to disclose the percentage of the total fiber weight of the said wool product, exclusive of ornamentation not exceeding 5 per centum of the total fiber weight, of (1) wool; (2) reprocessed wool; (3) reused wool; (4) each fiber other than wool, when said percentage by weight of such fiber was 5 per centum or more; and (5) the aggregate of all other fibers.

PAR. 5. The acts and practices of the respondents as set forth above were, and are, in violation of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, and constituted, and now constitute, unfair methods of competition and unfair and deceptive acts and practices, in commerce within the meaning of the Federal Trade Commission Act.

PAR. 6. Respondents are now and for some time last past have been engaged in the introduction, delivery for introduction, manufacture for introduction, sale, advertising, and offering for sale in commerce, and the importation into the United States, of textile fiber products; and have sold, offered for sale, advertised, delivered, transported and caused to be transported, textile fiber products which had been advertised or offered for sale in commerce; and have sold, offered for sale, advertised, delivered, transported and caused to be transported, after shipment in commerce, textile fiber products, either in their original state or con-

tained in other textile fiber products; as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act.

PAR. 7. Certain textile fiber products were misbranded by respondents within the intent and meaning of Section 4(a) of the Textile Fiber Products Identification Act and the Rules and Regulations promulgated thereunder in that they were falsely and deceptively stamped, tagged, labeled, invoiced, advertised, or otherwise identified as to the name or amounts of the constituent fibers contained therein.

Among such misbranded textile fiber products, but not limited thereto, were quilted fabrics with labels stating 50 percent Acrylic, 50 percent Other Fibers, whereas, in truth and in fact, such products contained substantially different amounts of fibers other than as represented.

PAR. 8. Certain of the textile fiber products were misbranded by respondents in that they were not stamped, tagged, labeled or otherwise identified to show each element of information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act, and in the manner and form prescribed by the Rules and Regulations promulgated under said Act.

Among such misbranded textile fiber products but not limited thereto, were quilted fabrics with labels which failed:

- (1) To disclose the true percentage of the fibers present by weight; and
- (2) To disclose the true generic names of the fibers present.

PAR. 9. Respondents have failed to maintain proper records showing the fiber content of the textile fiber products manufactured by them, in violation of Section 6 of the Textile Fiber Products Identification Act and Rule 39 of the Regulations promulgated thereunder.

PAR. 10. The acts and practices of respondents, as set forth in Paragraphs Seven, Eight and Nine above were, and are, in violation of the Textile Fiber Products Identification Act and the Rules and Regulations promulgated thereunder, and constituted, and now constitute, unfair methods of competition and unfair and deceptive acts and practices in commerce, under 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

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thereafter with a copy of a draft of complaint which the Bureau of Textiles and Furs 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, the Wool Products Labeling Act of 1939 and the Textile Fiber Products Identification 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 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 thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Ridgewood Quilting Co., 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 255 McKibbin Street, Brooklyn, New York.

Respondents Louis Srolovits, Sandor Szrolovits and Leslie Izaak 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.

ORDER

It is ordered, That respondents Ridgewood Quilting Co., Inc., a corporation, and its officers, and Louis Srolovits, Sandor Szrolovits and Leslie Izaak, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, or manufacture for introduction, into commerce, or the offering for sale, sale, transportation, distribution, delivery for shipment or shipment, in commerce, of wool prod-

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ucts, as "commerce" and "wool product" are defined in the Wool Products Labeling Act of 1939, do forthwith cease and desist from misbranding such products by:

1. Falsely and deceptively stamping, tagging, labeling, or otherwise identifying such products as to the character or amount of the constituent fibers contained therein.

2. Failing to securely affix to, or place on, each such product a stamp, tag, label, or other means of identification showing in a clear and conspicuous manner each element of information required to be disclosed by Section 4(a) (2) of the Wool Products Labeling Act of 1939.

It is further ordered, That respondents Ridgewood Quilting Co., Inc., a corporation, and its officers, and Louis Srolovits, Sandor Szrolovits and Leslie Izaak, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, delivery for introduction, manufacture for introduction, sale, advertising, or offering for sale, in commerce, or the transportation or causing to be transported in commerce, or the importation into the United States, of any textile fiber product; or in connection with the sale, offering for sale, advertising, delivery, transportation, or causing to be transported, of any textile fiber product which has been advertised or offered for sale in commerce; or in connection with the sale, offering for sale, advertising, delivery, transportation, or causing to be transported, after shipment in commerce, of any textile fiber product, whether in its original state or contained in other textile fiber products, as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act, do forthwith cease and desist from:

A. Misbranding textile fiber products by:

1. Falsely or deceptively stamping, tagging, labeling, invoicing, advertising, or otherwise identifying such products as to the name or amount of constituent fibers contained therein.

2. Failing to affix a stamp, tag, label, or other means of identification to each such product showing in a clear, legible and conspicuous manner each element of information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act.

B. Failing to maintain and preserve proper records showing the fiber content of the textile fiber products manufac-

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tured by said respondents as required by Section 6 of the Textile Fiber Products Identification Act and Rule 39 of the Regulations promulgated thereunder.

It is further ordered, That the respondent corporation forthwith distribute a copy of this order to each of its operation divisions.

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.

IN THE MATTER OF

BESSIE FREED TRADING AS BOOK'S FURS ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION
OF THE FEDERAL TRADE COMMISSION AND THE
FUR PRODUCTS LABELING ACTS

Docket C-1437. Complaint, Oct. 14, 1968—Decision, Oct. 14, 1968

Consent order requiring a Scranton, Pa., retail furrier to cease misbranding falsely invoicing, and deceptively advertising its fur products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Bessie Freed, an individual trading as Book's Furs, and Margaret D. Kirias, individually and as manager of Book's Furs, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulgated under the Fur Products Labeling 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 Bessie Freed is an individual trading as Book's Furs. Respondent Margaret D. Kirias is manager of Book's Furs. They control, direct and formulate the acts, practices and policies of Book's Furs.

Respondents are retailers of fur products with their office and principal place of business located at 428 Lackawanna Avenue, Scranton, Pennsylvania.