

Complaint

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IN THE MATTER OF

STEPHEN F. SINGER TRADING AS  
STAR-CREST RECORDING COMPANYCONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF  
THE FEDERAL TRADE COMMISSION ACT*Docket 8170. Complaint, Nov. 14, 1960—Decision, June 30, 1961*

Consent order requiring an individual in Los Angeles, Calif., engaged in soliciting contracts and fees for recording songs for writers and in the sale of records containing the songs, to cease using false royalty claims and other deception to obtain fees from song writers, in advertisements in magazines and newspapers, form letters, and otherwise, as in the order below specified.

## COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Stephen F. Singer, individually and trading as Star-Crest Recording Company, hereinafter referred to as respondent, has violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Stephen F. Singer is an individual trading and doing business as Star-Crest Recording Company, with his office and principal place of business located at 1350 North Highland Avenue, Hollywood, California.

PAR. 2. Respondent is now, and for more than one year last past has been, engaged in the solicitation of contracts and fees for the recording of songs for writers and prospective writers and in the sale and distribution of records containing, among other things, the songs of writers contracting with him. Said solicitations are made through advertisements placed in magazines, periodicals and newspapers, and through form letters and other written solicitations circulated to song writers and prospective song writers located in the various States of the United States and in the District of Columbia.

Respondent forwards contracts from his said place of business in the State of California, through the United State mail and otherwise, to song writers and prospective song writers located in the various States of the United States, other than the State of California, and in the District of Columbia. Said contracts when signed

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or executed by the song writers are forwarded from their respective locations, through the United States mail and otherwise, to respondent at his said place of business in the State of California.

Respondent causes his said records when made to be shipped from his said place of business in the State of California to customers located in various States of the United States and in the District of Columbia. Respondent maintains, and at all times mentioned herein has maintained, a substantial course of trade in said records in commerce, as "commerce" is defined in the Federal Trade Commission Act.

Respondent's volume of business in the negotiation of contracts for the recording, sale and distribution of records for said song writers and prospective song writers is, and has been, substantial.

PAR. 3. Respondent is now, and at all times mentioned herein has been, in substantial competition, in commerce, with corporations, firms and individuals engaged in the contracting for recording of songs for song writers and prospective song writers and in the sale and distribution of records.

PAR. 4. In the course and conduct of his business as aforesaid, and for the purpose of soliciting contracts for the recording of songs of song writers and prospective song writers and for the purpose of receiving money from song writers in connection with said contracts, respondent has made many statements and representations, directly or indirectly, of which the following are typical but not all inclusive:

## SONGS—POEMS

We need New Ideas

FOR RECORDING

Your Songs or Poems may

EARN MONEY FOR YOU

Songs recorded—Royalties Paid

FREE EXAMINATION

Mail to: STAR-CREST RECORDING CO.

Dept. C-8, 1350 N. Highland, Hollywood, Calif.

Our primary interest is in selling albums and earning money for our writers and ourselves.

Writer agrees to pay for the test recording session at a special 50% scale rate of \$96.20.

We have with us some of the most talented and respected singing stars in Hollywood.

Our "Music of America" series will contain well-known singing hits. Successful numbers that have already sold millions of copies and are being bought and played every day.

Publishers and record companies have found that a small group of professional writers cannot supply all of the music that the public demands.

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Star-Crest has the facilities available to manufacture and ship these albums in tremendous quantities if sales warrant.

We do not charge a writer for accepting his song or including it in one of our albums, we pay all expenses of recording and album manufacturing.

PAR. 5. By means of the above representations and statements, disseminated as aforesaid, respondent represents, and has represented, directly or by implication, that:

1. Song writers who contract with him for the recording of their songs will earn substantial amounts of money.

2. Payments in the form of royalties will be made to song writers whose songs are accepted.

3. His primary interest in making recordings is in selling the albums.

4. There is a regular scale of charges for test recording and \$96.20 is one-half of this charge.

5. He employs, for the purpose of recording the accepted songs, some of the most outstanding singing stars in Hollywood.

6. His Music of America Series, in which the songs will be recorded, will contain current song hits.

7. There is great public demand for music beyond that which can be supplied by a small group of professional writers.

8. Star-Crest has the manufacturing facilities for the production of albums in very large quantities.

9. Respondent makes no charge for including a song writer's song in an album.

PAR. 6. The aforesaid statements and representations were, and are, false, misleading and deceptive. In truth and in fact:

1. Song writers who contract with respondent for the recording of their songs and pay a fee therefor do not earn any substantial amount of money.

2. Respondent does not pay royalty to the song writers whose songs are accepted. Respondent's plan is one in which the song writers subsidize the production of the records containing their songs by paying for the entire cost of the records plus a profit to respondent. Respondent agrees to pay the song writers, whose songs are used, a certain amount for each record sold but the sales of the records are so limited that the song writers are never able to recover their investments.

3. Respondent's primary interest is not in the sale of albums but is in obtaining contracts and the payments under the contracts.

4. There is no regular scale of charges for test recording, as recording companies make no such charge. Consequently, \$96.20 is not one-half or any other percentage of such charge.

5. The talent employed by respondent for recording the accepted songs does not include outstanding or well-known Hollywood singing stars.

6. Respondent's Music of America Series albums do not contain current successful song hits.

7. There is no shortage of songs which cannot be supplied by the professional song writers.

8. Star-Crest has no manufacturing facilities for the production of albums but, on the contrary, all of the albums sold by respondent are produced by others on contract.

9. Before accepting and including a song writer's song in respondent's album, a charge of \$96.20 is made for a test recording.

PAR. 7. Respondent, for the purpose of procuring the signing of contracts, as hereinabove referred to, also has sent telegrams to song writers, who have submitted songs to him, as follows:

Song approved for test recording session. Rogers scheduled on vocal. I am attending to production details. Letter and contract in mail.

Respondent thereby represents that the well-known recording star Jimmy Rogers will sing the song writer's songs, whereas, in truth and in fact, after the contract is signed and the fee paid by the song writer, the test recording will not be made by Jimmy Rogers but by Tony Rogers, who is not as well known as a recording artist.

PAR. 8. The use by respondent of the foregoing false, misleading and deceptive statements and representations has had, and now has, the tendency and capacity to mislead and deceive members of the purchasing public into the erroneous and mistaken belief that such statements are true, and to enter into contracts for respondent's services because of such erroneous and mistaken belief. As a result thereof, substantial trade in commerce has been, and is now being, unfairly diverted to respondent from his competitors, and substantial injury has been, and is now being, done to competition in commerce.

PAR. 9. The aforesaid acts and practices of respondent, as herein alleged, were, and are, all to the prejudice and injury of the public and of respondent's competitors and constituted, and now constitute, unfair and deceptive acts and practices and unfair methods of competition, in commerce, within the intent and meaning of the Federal Trade Commission Act.

*Mr. John W. Brookfield, Jr.*, for the Commission.  
*Bryant, Campbell, McCormick & Danielson*, by *Mr. Walter M. Campbell*, of Los Angeles, Calif., for respondent.

INITIAL DECISION BY LOREN H. LAUGHLIN, HEARING EXAMINER

The Federal Trade Commission (sometimes also hereinafter referred to as the Commission) on November 14, 1960, issued its complaint herein, charging the above-named respondent with having violated the provisions of the Federal Trade Commission Act in certain particulars, and respondent was duly served with process.

On April 17, 1961, there was submitted to the undersigned hearing examiner of the Commission, for his consideration and approval, an "Agreement Containing Consent Order To Cease And Desist", which had been entered into by and between respondent and counsel for both parties, under date of April 14, 1961, subject to the approval of the Bureau of Litigation of the Commission, which had subsequently duly approved the same.

On due consideration of such agreement, the hearing examiner finds that said agreement, both in form and in content, is in accord with §3.25 of the Commission's Rules of Practice for Adjudicative Proceedings, and that by said agreement the parties have specifically agreed to the following matters:

1. Respondent Stephen F. Singer is an individual trading and doing business as Star-Crest Recording Company, with his office and principal place of business located at 1350 North Highland Avenue, Los Angeles, California.

2. Respondent admits all the jurisdictional facts alleged in the complaint and agrees that the record may be taken as if findings of jurisdictional facts had been duly made in accordance with such allegations.

3. This agreement disposes of all of this proceeding as to all parties.

4. Respondent waives:

(a) Any further procedural steps before the hearing examiner and the Commission;

(b) The making of findings of fact or conclusions of law; and

(c) All of the rights he may have to challenge or contest the validity of the order to cease and desist entered in accordance with this agreement.

5. The record on which the initial decision and the decision of the Commission shall be based shall consist solely of the complaint and this agreement.

6. This agreement shall not become a part of the official record unless and until it becomes a part of the decision of the Commission.

7. This agreement is for settlement purposes only and does not constitute an admission by respondent that he has violated the law as alleged in the complaint.

8. The following order to cease and desist may be entered in this proceeding by the Commission without further notice to respondent. When so entered it shall have the same force and effect as if entered after a full hearing. It may be altered, modified or set aside in the manner provided for other orders. The complaint may be used in construing the terms of the order.

Upon due consideration of the complaint filed herein and the said "Agreement Containing Consent Order To Cease And Desist," the hearing examiner approves and accepts this agreement; finds that the Commission has jurisdiction of the subject matter of this proceeding and of the respondent herein; that the complaint states a legal cause for complaint under the Federal Trade Commission Act against the respondent, both generally and in each of the particulars alleged therein; that this proceeding is in the interest of the public; that the order proposed in said agreement is appropriate for the just disposition of all the issues in this proceeding as to all parties hereto; and that said order therefore should be, and hereby is, entered as follows:

*It is ordered,* That respondent Stephen F. Singer, an individual trading as Star-Crest Recording Company, or under any other name or names, and respondent's agents, representatives, and employees, directly or through any corporate or other device, in connection with the solicitation of contracts or fees for the recording of songs for writers or prospective writers, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or by implication, that:

1. Song writers who contract with respondent will receive substantial sums of money;

2. Any payment received by song writers who contract with respondent, arising out of the sale of records, is a "royalty," unless and until the amount paid to respondent has been fully repaid;

3. Respondent's primary interest in the recording of song writers' songs is in the sale of records of said songs;

4. There is a regular scale of charges for test recording or that the charge of \$96.20, or any other amount charged by respondent, is any percent of such a charge;

5. The songs for which respondent contracts will be recorded on an album with current song hits, unless current song hits are actually recorded therein;
6. The songs for which respondent contracts will be sung by outstanding Hollywood stars;
7. The demand for songs is greater than can be supplied by the professional song writers;
8. Respondent owns facilities for the manufacture of albums;
9. Respondent does not make a charge for including a song writer's song in an album.

## DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Section 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall, on the 30th day of June, 1961, become the decision of the Commission; and, accordingly:

*It is ordered*, That respondent Stephen F. Singer, individually and trading as Star-Crest Recording Company, shall, within sixty (60) days after service upon him of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which he has complied with the order to cease and desist.

