

FEDERAL TRADE COMMISSION DECISIONS

FINDINGS, OPINIONS, AND ORDERS, JANUARY 1, 1972, TO JUNE 30, 1972

IN THE MATTER OF SPIEGEL, INC.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND THE TRUTH IN LENDING ACTS

Docket C-2123.

Complaint, Jan. 2, 1972—Decision, Jan. 3, 1972

Consent order requiring a Chicago, Ill., catalog retailer to cease violating the Truth in Lending Act by failing to disclose in its credit life and disability insurance its annual percentage rate, the method of computing its finance charges, and failing to comply with other provisions of Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Spiegel, Inc., a corporation, hereinafter referred to as respondent, has violated the provisions of said Acts, 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 Spiegel, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 2511 West 23rd Street, in the city of Chicago, State of Illinois.

PAR. 2. Respondent is a catalog retailer and is now, and for some time last past has been, engaged in the advertising, offering for sale, sale and distribution of clothing, household appliances, kitchenware, bedding, furniture, radios, luggage, tools, tires and various other articles of merchandise.

PAR. 3. In the ordinary course and conduct of its business as aforesaid, respondent regularly extends, and for some time in the past has

regularly extended, consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, in the ordinary course of its business as aforesaid, and in connection with its credit sales, as "credit sale" is defined in Regulation Z, respondent has caused to be delivered and is delivering to its customers periodic statements, as required by Section 226.7(b) of Regulation Z. By and through the use of these periodic statements, respondent:

1. For a period of time after July 1, 1969, sold credit life insurance to be written in connection with its credit sales:

(a) without obtaining a specific dated and separately signed affirmative written indication of the customer's desire for such insurance, and

(b) without disclosing the cost of such insurance to the customer in the insurance authorization signed by such customer.

Failing to provide for such authorization and disclosure pursuant to Section 226.4(a)(5) of Regulation Z, respondent was required to include the cost of such insurance in the amount of the finance charge, and by failing to do this, respondent failed to state the amount of the finance charge accurately, as required by Section 226.7(b)(4) of Regulation Z, and thereby also failed to state the annual percentage rate accurately, as required by Section 226.7(b)(6) of Regulation Z.

2. In some instances failed and is failing, to disclose the date by which or the period, if any, within which payment of the "New Balance" may be made to avoid additional finance charges, as required by Section 226.7(b)(9) of Regulation Z.

3. Failed to disclose the lower balance to which the periodic rate applied, when application of the periodic rate did not yield an amount equal to the minimum finance charge, as required by Sections 226.7(b)(5) of Regulation Z.

4. Arranges the sequence of certain disclosures on the face of the aforesaid periodic statements in the following manner:

By and through the use of this language and sequence of disclosures, respondent:

a. Represents, directly or by implication, that it computes the finance charge by applying a periodic rate to the previous balance after deducting payments and other credits made during the previous billing cycle. In fact, respondent computes the finance charge on the previous balance before deducting payments or credits. Therefore,

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respondent confuses or misleads the customer and obscures or detracts attention from a certain required disclosure (the method of computing finance charges which appears on the reverse side of the periodic statement), contrary to Section 226.7(c)(4) of Regulation Z.

b. Fails to make the disclosures required by Section 226.7(b) of Regulation Z in a meaningful sequence, as required by Section 226.6(a) of Regulation Z.

PAR. 5. In the ordinary course of its business as aforesaid, for a period of time subsequent to July 1, 1969, respondent caused advertisements to be published, as "advertisement" is defined in Regulation Z. These advertisements aided, promoted or assisted directly or indirectly extensions of consumer credit in connection with the sale of respondent's goods. By and through the use of the advertisements, respondent:

1. In its advertising supplement to the "Cincinnati Enquirer" and in other direct mail advertisements, by using the phrase "Send no money," stated directly or by implication that no downpayment was required, without also clearly and conspicuously setting forth, in terminology prescribed in Section 226.7(b) of Regulation Z, all items required by Section 226.10(c) of Regulation Z.

2. In a schedule of credit terms contained in all of its catalogs, failed and is failing to disclose the lower balance to which the periodic rate applies, when application of the periodic rate does not yield an amount equal to the minimum finance charge, as required by Section 226.10(c)(4) of Regulation Z.

PAR. 6. Pursuant to Section 103(k) of the Truth in Lending Act, respondent's aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondent thereby violated the Federal Trade Commission Act.

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The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereof with violation of the Truth in Lending Act, and the respondent having been served with notice of such determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agree-

ment is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in said complaint, and waivers and other provisions as required by the Commission's rules; and

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

1. Respondent Spiegel, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 2511 West 23rd Street in the city of Chicago, State of Illinois.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

It is ordered, That respondent, Spiegel, Inc., a corporation, and its officers, agents, representatives and employees, directly or through any corporate or other device, in connection with any extension of consumer credit or in connection with any advertisement to aid, promote, or assist directly any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 C.F.R. §226) of the Truth in Lending Act (Pub.L. 90-321, 15 U.S.C. 1601 *et seq.*), shall cease and desist from:

1. Failing, in any credit transaction, to include and to itemize the amount of premiums for credit life and disability insurance as part of the finance charge, unless the amount of such premiums is excluded from the finance charge because of appropriate exercise of the option available pursuant to Section 226.4(a) (5) of Regulation Z.

2. Failing, on any periodic statement (except in the case of an account which it deems to be uncollectible or with respect to which delinquency collection procedures have been instituted),

(a) to clearly and conspicuously disclose the correct amount of the finance charge determined in accordance with Section 226.4 of Regulation Z, and to itemize and identify such finance charge as required by Section 226.7(b)(4) of Regulation Z;

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(b) to disclose the "annual percentage rate" computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.7(b)(6) of Regulation Z;

(c) to disclose the date by which or the period, if any, within which payment of the "new balance" may be made to avoid additional finance charges, as required by Section 226.7(b)(9) of Regulation Z; and

(d) to disclose the lower balance to which the periodic rate applies, when application of the periodic rate does not yield an amount equal to the minimum finance charge, as required by Section 226.7(b)(5) of Regulation Z.

3. Separating the disclosures so as to confuse or mislead the customer or obscure or detract attention from the required disclosure of the method of computing finance charges, pursuant to Section 226.7(c)(4) of Regulation Z, by representing that it computes the finance charge in any manner other than that actually used by respondent.

4. Representing in any advertisement, catalog, or brochure, directly or by implication, that no downpayment is required without clearly and conspicuously setting forth, in the terminology prescribed in Section 226.7(b) of Regulation Z, each item required by Section 226.10(c) of Regulation Z, or, as an alternative to the foregoing,

Failing to refer to a schedule or statement of credit terms containing the disclosures required by Section 226.10(c) of Regulation Z by incorporating in immediate conjunction with the representation that no downpayment is required, pursuant to Section 226.10(b) of Regulation Z, a statement similar to the following:

If you elect credit, see credit terms on page —.

5. Failing, in a schedule of credit terms in any of its catalogs or other multiple page advertisements, to disclose the lower balance to which the periodic rate applies, when application of the periodic rate does not yield an amount equal to the minimum finance charge, as required by Section 226.10(c)(4) of Regulation Z.

6. Failing, in any consumer credit transaction or advertisement, to make the disclosures, determined in accordance with Sections 226.4 and 226.5 of Regulation Z, in the manner, form and amount required by Sections 226.6, 226.7, 226.8 and 226.10 of Regulation Z.

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It is further ordered, That respondent, in connection with each sale of credit life insurance written in connection with its credit sales on or after July 1, 1969, in which respondent failed to obtain a specific dated and separately signed affirmative written indication of the customer's desire for such insurance and thereafter failed to include the charges for such insurance in the amount of finance charge debited to the customer's account monthly, shall mail to each customer to whom such sale of credit life insurance was made and whose account is in open or current status, the following notice, and accompanying letter:

We hereby supply you with the following information concerning your credit life insurance policy:

1. The cost of credit life insurance which has been charged to you since you opened this account with Spiegel, Inc. is 13¢ per hundred dollars of the unpaid balance.

2. Such insurance was not and is not required as a condition to Spiegel's extending credit to you.

3. You have a right to request cancellation of this policy. You may exercise your right to cancel by signing (on line 1) that portion of the enclosed notice cancelling your credit life insurance policy and returning it to Spiegel, Inc., in the accompanying self-addressed envelope. Such cancellation is effective when received by Spiegel, Inc. You understand that once having cancelled you will have no rights under the policy even though the policy may have been in effect up to the time of cancellation.

4. If you desire to continue your credit life insurance policy, you should sign that portion of the enclosed notice (on line 2) which indicates your desire for insurance coverage and return it to Spiegel, Inc. in the accompanying self-addressed envelope.

Credit Life Insurance Notice

I hereby request cancellation of my credit life insurance covering the above account. I understand that upon receipt of this cancellation I will have no benefits under any insurance policy with respect to the above account.

(1) _____ Date _____
(Signature of customer in whose name account is recorded)

I desire to continue my credit life insurance policy.

(2) _____ Date _____
(Signature of customer in whose name account is recorded)

It is important that you return this notice before _____

Respondent's obligations under this provision shall not be fulfilled until each customer affected by it has returned the notice specified herein, provided that as long as respondent can demonstrate that any such customer cannot be contacted or that any such customer failed to reply after respondent expended reasonable efforts, in writing or orally, to effect such reply monthly for a period of four months after

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mailing the notice to such customer, respondent shall have complied with this provision.

It is further ordered, That respondent deliver a copy of this order to cease and desist to all present and future personnel of respondent at its general offices in Chicago who are engaged as head of the particular department, in the extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondent secure a signed statement acknowledging receipt of said copy of this order from each such person.

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

It is further ordered, That the respondent shall, within sixty (60) days after the service upon it of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order.

 IN THE MATTER OF

STEWART BROTHERS & ALWARD COMPANY, ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE TRUTH IN LENDING AND THE FEDERAL TRADE COMMISSION ACTS

Docket C-2124. Complaint, Jan. 3, 1972—Decision, Jan. 3, 1972

Consent order requiring a Newark, Ohio, dealer in furniture and appliances to cease violating the Truth in Lending Act by failing to properly use on its installment contracts the terms "finance charge," "cash down payment," "unpaid balance of cash price," "deferred payment price" and other disclosures required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation thereunder, and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Stewart Brothers & Alward Company, a corporation, and Walter T. Brown, Floyd F. Layman, Helen (NMI) Reitter, and Howard W. Kraner,

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individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and implementing regulation, 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 Stewart Brothers & Alward Company, is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Ohio, with its principal office and place of business located at 21 West Church Street, Newark, Ohio.

Respondents Walter T. Brown, Floyd F. Layman, Helen (NMI) Reitter, and Howard W. Kraner are officers of the corporate respondent. They equally formulate, direct, and control the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. The addresses of the said officers are: Walter T. Brown, 407 Springs Drive, Columbus, Ohio; Floyd F. Layman, 201 North Columbus Street, Lancaster, Ohio; Helen (NMI) Reitter and Howard W. Kraner, the same as the corporate respondent.

PAR. 2. Respondents are now, and for some time last past, have been engaged in the offering for sale and sale of furniture and appliances to the public at retail.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents offer to extend and extend credit to natural persons for personal, family or household purposes, which credit, pursuant to an agreement, is payable in more than four installments. Respondents thereby extend "consumer credit."

PAR. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of their business as aforesaid and in connection with their credit sales as "credit sale" is defined in Regulation Z, have caused and are causing their customers to execute Security Agreements, hereinafter referred to as "the contract," which contain certain consumer credit cost disclosures. Respondents make no consumer credit cost disclosures other than on the contract.

By and through the use of the contract, respondents:

(1) Fail to print the term "FINANCE CHARGE" more conspicuously than other terminology where such term is required to be used, as required by Section 226.6(a) of Regulation Z;

(2) Fail to make full disclosures before the transaction is consummated and to furnish the customers with a duplicate of the

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instrument or a statement by which the required disclosures are made, as required by Section 226.8(a) of Regulation Z;

(3) Fail to disclose the amount of any odd monthly payment, as required by Section 226.8(b)(3) of Regulation Z;

(4) Fail to disclose the amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payment, as required by Section 226.8(b)(4) of Regulation Z;

(5) Fail to employ the term "CASH DOWNPAYMENT" to describe downpayment in money and to disclose the amount of the "TOTAL DOWNPAYMENT," using that term, as required by Section 226.8(c)(2) of Regulation Z;

(6) Fail to describe the difference between the cash price and the total down payment as the "UNPAID BALANCE OF CASH PRICE," as required by Section 226.8(c)(3) of Regulation Z;

(7) Fail to employ the term "AMOUNT FINANCED" to describe the balance financed and to disclose such amount, as required by Section 226.8(c)(7) of Regulation Z;

(8) Fail to employ the term "DEFERRED PAYMENT PRICE" to describe the sum of the cash price, all other charges which are included in the amount financed but are not a finance charge under Section 226.4 of Regulation Z, and the total amount of the finance charge, if any, as required by Section 226.8(c)(8)(ii) of Regulation Z;

(9) Fail to make the disclosures to the extent applicable as prescribed under Section 226.8 of Regulation Z, when an existing obligation is increased, as required by Section 226.8(j) of Regulation Z.

PAR. 5. Subsequent to July 1, 1969, respondents, in the ordinary course of their business as aforesaid and in connection with their credit sales as "credit sale" is defined in Regulation Z, have caused and are causing their customers to execute Promissory Notes, hereinafter referred to as "Note," which contain a confession of judgment clause.

By and through the use of the note, respondents retain or will retain or acquire a security interest in real property which is used or is expected to be used as the principal residence of the customer and, respondents:

(a) Fail to give notice of the customer's right to rescind the transaction by furnishing the customer with two copies of the notice in the form as set forth in Section 226.9(b) of Regulation Z, as required by Section 226.9 of Regulation Z.

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PAR. 6. Subsequent to July 1, 1969, respondents have caused advertisements to be published, within the meaning of Section 226.10 of Regulation Z, which advertisements aid, promote, or assist directly or indirectly the extension of consumer credit. By and through the use of these advertisements, respondents state the amount of the downpayment required and that there is no charge for credit without also stating, in terminology prescribed under Section 226.8 of Regulation Z, all of the following items, as required by Section 226.10(d) (2) of Regulation Z:

- (a) the rate of the finance charge expressed as an annual percentage rate;
- (b) the number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;
- (c) the deferred payment price.

PAR. 7. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with Regulation Z constitute violations of that Act and pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

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

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by 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 Act, 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 conform-

ity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. The respondent, Stewart Brothers & Alward Company, is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Ohio, with its principal office and place of business located at 21 West Church Street, Newark, Ohio. The respondent Walter T. Brown is the president, Floyd F. Layman is the vice president, Helen (NMI) Reitter is the secretary, and Howard W. Kraner is the treasurer-manager of the said corporation. They equally formulate, direct, and control the policies, acts, and practices of said corporation, and their business addresses are: Walter T. Brown, 407 Springs Drive, Columbus, Ohio; Floyd F. Layman, 201 North Columbus Street, Lancaster, Ohio; Helen (NMI) Reitter and Howard W. Kraner, same as that of the said corporation.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Stewart Brothers & Alward Company, a corporation, and its officers, and Walter T. Brown, Floyd F. Layman, Helen (NMI) Reitter, and Howard W. Kraner, individually and as officers of said corporation, and respondents' agents, representatives, and employees, directly or through any corporate or other device, in connection with any extension of consumer credit or any advertisement to aid, promote, or assist directly or indirectly, any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR §226) of the Truth in Lending Act (Pub.L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

(1) Failing to print the term "FINANCE CHARGE" more conspicuously than other terminology where such term is required to be used, as required by Section 226.6(a) of Regulation Z;

(2) Failing to make full disclosures before the transaction is consummated and to furnish the customers with a duplicate of the instrument or a statement by which the required disclosures are made, as required by Section 226.8(a) of Regulation Z;

(3) Failing to disclose the amount of any odd monthly payment, as required by Section 226.8(b)(3) of Regulation Z;

(4) Failing to disclose the amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments, as required by Section 226.8(b)(4) of Regulation Z;

(5) Failing to employ the term "CASH DOWNPAYMENT" to describe any downpayment in money and to disclose the amount of the "TOTAL DOWNPAYMENT," using that term, as required by Section 226.8(c)(2) of Regulation Z;

(6) Failing to employ the term "UNPAID BALANCE OF CASH PRICE" to describe the difference between the cash price and total downpayment, as required by Section 226.8(c)(3) of Regulation Z;

(7) Failing to employ the term "AMOUNT FINANCED" to describe the balance financed and to disclose such amount, as required by Section 226.8(c)(7) of Regulation Z;

(8) Failing to employ the term "DEFERRED PAYMENT PRICE" to describe the sum of the cash price, all other charges which are included in the amount financed but are not a finance charge under Section 226.4 of Regulation Z, and the total amount of the finance charge, if any, as required by Section 226.8(c)(8)(ii) of Regulation Z;

(9) Failing to make the disclosures to the extent applicable as prescribed under Section 226.8 of Regulation Z, when an existing obligation is increased, as required by Section 226.8(j) of Regulation Z;

(10) Failing to give notice of right to rescind in credit transactions in which a security interest is or will be retained or acquired in any real property which is used or is expected to be used as the principal residence of the customer by furnishing two copies of such notice in the form as set forth in Section 226.9(b) of Regulation Z, as required by Section 226.9 of Regulation Z;

(11) Stating in advertising the amount of the downpayment required or that no downpayment is required, the amount of any installment payment, the dollar amount of any finance charge, the number of installments or the period of repayment, or that there is no charge for credit, without stating all of the following items in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

(i) The cash price.

(ii) The amount of the downpayment required or that no downpayment is required, as applicable.

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(iii) The number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended.

(iv) The amount of the finance charge expressed as an annual percentage rate.

(v) The deferred payment price.

(12) Failing, in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with Sections 226.4 and 226.5 of Regulation Z, in the manner, form and amount required by Sections 226.6, 226.7, 226.8, 226.9, and 226.10 of Regulation Z.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

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

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 the order to cease and desist contained herein.

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

GARRISON PRINTING DIVISION, INC., ET AL

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

Docket C-2125. Complaint, Jan. 3, 1972—Decision, Jan. 3, 1972

Consent order requiring Bennington, Vt., wholesalers and retailers of greeting cards to cease preticketing their merchandise or furnishing others the means to mislead purchasers as to the prices of respondents' products.

Complaint

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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 Garrison Printing Division, Inc., a corporation, and Carrie W. Garrison, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Garrison Printing Division, Inc., is a corporation organized, existing and doing business under any by virtue of the laws of the State of New York with its principal office and place of business located at Water Street, Bennington, Vermont.

Respondent Carrie W. Garrison is an individual and officer of the corporate respondent and participates in formulation of the policies, acts and practices of the corporate respondent including the acts and practices hereinafter set forth. Her address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the offering for sale, sale and distribution to wholesalers and retailers of greeting cards for resale to the purchasing public.

PAR. 3. In the course and conduct of their business as aforesaid, respondents now cause, and for some time last past have caused, their products, when sold, to be shipped from their place of business in the State of New York to purchasers thereof located in various other States of the United States and in the District of Columbia. Respondents maintain and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, and at all times mentioned herein respondents have been, and now are, in substantial competition in commerce with corporations, firms and individuals engaged in the sale of products of the same general kind and nature as those sold by respondents.

PAR. 5. Respondents, for the purpose of inducing the purchase of their products, have engaged in the practice of using fictitious prices in connection therewith by the following method and means:

By distributing, or causing to be distributed, to retailers, certain of respondents' Christmas cards in consumer packages upon which are clearly and conspicuously printed prices.

In the manner aforesaid, respondents thereby represent directly or indirectly, that the amounts shown are respondents' bona fide estimate of the actual retail prices of said products in respondents' trade area and that they do not appreciably exceed the highest prices at which substantial sales of said products are made at retail in said trade area.

In truth and in fact said amounts shown are not respondents' bona fide estimate of the actual retail prices of said products in respondents' trade area and they appreciably exceed the highest prices at which substantial sales of said products are made at retail in said trade area.

Therefore, the statements and representations set forth above are false, misleading and deceptive.

PAR. 6. By the aforesaid acts and practices, respondents place in the hands of retailers the means and instrumentalities by and through which they may mislead the public as to the usual and regular retail price of said products.

PAR. 7. The use by respondents of the aforesaid false, misleading and deceptive statements, representations, acts and practices has had, and now has, the capacity and tendency to mislead and deceive the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondents' merchandise by reason of said erroneous and mistaken belief.

PAR. 8. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and of respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

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

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the

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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 Act, 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 Section 2.14(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Garrison Printing Division, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at Water Street, Bennington, Vermont.

Respondent Carrie W. Garrison is an individual and an officer of said corporation and participates in the formulation of the policies, acts and practices of the corporate respondent, including the acts and practices under investigation. Her address is the same as that of the corporate respondent.

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 Garrison Printing Division, Inc., a corporation, and its officers, and Carrie W. Garrison, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of greeting cards or any other product, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Disseminating or distributing any purported retail selling price for respondents' merchandise or preticketing respondents' merchandise with such price amount unless (a) it is respondents' bona fide estimate of the actual retail price of the product in the area where respondents do business and (b) it does not appreciably exceed the highest price at which substantial sales of said product are made in said trade area.

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2. Misrepresenting, in any manner, the prices at which respondents' merchandise is sold at retail.

3. Furnishing to others any means or instrumentalities whereby the purchasing public may be misled or deceived as to the retail prices of respondents' products.

It is further ordered, That respondent corporation shall forthwith distribute a copy of this order to each of its operating 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

ENGLISH CARDS, LTD., ET AL

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

Docket C-2126. Complaint, Jan. 3, 1972—Decision, Jan. 3, 1972

Consent order requiring New York City wholesalers and retailers of greeting cards to cease preticketing their merchandise or furnishing others the means to mislead purchasers as to the prices of respondents' products.

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 English Cards, Ltd., a corporation, and Irving Epstein, also known as Irving Evans, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent English Cards, Ltd., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York with its principal office and place of business located at 230 Fifth Avenue, New York, New York.

Respondent Irving Epstein, also known as Irving Evans, is an individual and officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent-

ent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the offering for sale, sale and distribution to wholesalers and retailers of greeting cards for resale to the purchasing public.

PAR. 3. In the course and conduct of their business as aforesaid, respondents now cause, and for some time last past have caused, their products, when sold, to be shipped from their place of business in the State of New York to purchasers thereof located in various other states of the United States and in the District of Columbia. Respondents maintain and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, and at all times mentioned herein respondents have been, and now are, in substantial competition in commerce with corporations, firms and individuals engaged in the sale of products of the same general kind and nature as those sold by respondents.

PAR. 5. Respondents, for the purpose of inducing the purchase of their products, have engaged in the practice of using fictitious prices in connection therewith by the following method and means:

By distributing, or causing to be distributed, to retailers, certain of respondents' Christmas cards in consumer packages upon which are clearly and conspicuously printed prices.

In the manner aforesaid, respondents thereby represent directly or indirectly, that the amounts shown are respondents' bona fide estimate of the actual retail prices of said products in respondents' trade area and that they do not appreciably exceed the highest prices at which substantial sales of said products are made at retail in said trade area.

In truth and in fact said amounts shown are not respondents' bona fide estimate of the actual retail prices of said products in respondents' trade area and they appreciably exceed the highest prices at which substantial sales of said products are made at retail in said trade area.

Therefore, the statements and representations set forth above are false, misleading and deceptive.

PAR. 6. By the aforesaid acts and practices, respondents place in the hands of retailers the means and instrumentalities by and through

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which they may mislead the public as to the usual and regular retail price of said products.

PAR. 7. The use by respondents of the aforesaid false, misleading and deceptive statements, representations, acts and practices has had, and now has, the capacity and tendency to mislead and deceive the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondents' merchandise by reason of said erroneous and mistaken belief.

PAR. 8. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and of respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

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

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by 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 Act, 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 Section 2.14(b) of its rules, the

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Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent English Cards, Ltd., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at 230 Fifth Avenue, New York, New York.

Respondent Irving Epstein, also known as Irving Evans, is an individual and an officer of said corporation. He formulates, directs and controls the policies, acts and practices of the proposed corporate respondent, including the acts and practices under investigation. His address is the same as that of the corporate respondent.

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 English Cards, Ltd., a corporation, and its officers, and Irving Epstein, also known as Irving Evans, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of greeting cards, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Disseminating or distributing any purported retail selling price for respondents' merchandise or preticketing respondents' merchandise with such price amount unless (a) it is respondents' bona fide estimate of the actual retail price of the product in the area where respondents do business and (b) it does not appreciably exceed the highest price at which substantial sales of said product are made in said trade area.

2. Misrepresenting, in any manner, the prices at which respondents' merchandise is sold at retail.

3. Furnishing to others any means or instrumentalities whereby the purchasing public may be misled or deceived as to the retail prices of respondents' products.

It is further ordered, That respondent corporation shall forthwith distribute a copy of this order to each of its operating 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.

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IN THE MATTER OF

R P & L, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND THE TRUTH IN LENDING ACTS*Docket C-2127. Complaint, Jan. 4, 1972—Decision, Jan. 4, 1972*

Consent order requiring a St. Louis, Mo., school for professional models to cease failing to disclose that the purpose of its advertising is to induce the enrollment of students, misrepresenting that it is an airline company or a job placement service, that its enrollees are assured employment, that the school will make job interview appointments, failing to provide a Notice of the right of students to rescind contracts within three days, and failing to make other disclosures as to the obligations of the school. Respondents are also required to cease violating the Truth in Lending Act by failing to use in their contracts the language required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Truth in Lending Act, and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that R P & L, Inc., a corporation, and Ray Quinlan, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts, 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 R P & L, Inc., is a corporation, organized, existing and doing business under and by virtue of the laws of the State of Missouri, with its principal office and place of business located at 306 North Grand Boulevard, St. Louis, Missouri.

PAR. 2. Respondent Ray Quinlan is an individual and officer of the said corporation, with his principal office and place of business located at 14753 Ventura Boulevard, Sherman Oaks, California. He formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth.

PAR. 3. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale and sale of various courses of instruction, and in the operation of schools, either directly or indirectly, wherein courses of instruction are offered to those

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seeking employment as professional models, fashion advisers and coordinators, airline stewardesses, and in various other fields, and in the operation of modeling agencies for the purpose of placing graduates of their schools, and others, in various jobs relating to professional modeling.

COUNT I

Alleging violation of Section 5 of the Federal Trade Commission Act, the allegations of Paragraphs One, Two and Three above are incorporated by reference in Count I as if fully set forth verbatim.

PAR. 4. Respondents operate a school of modeling instruction, known as Pat Quinlan Modeling and Finishing School in St. Louis, Missouri, located at 306 North Grand Boulevard. Respondents' school representatives solicit prospective students from the States of Missouri and Illinois by means of advertisements in various St. Louis, Missouri, newspapers, which have an interstate circulation, by television advertising on a station which is viewed in the States of Missouri and Illinois, and, in some instances, by telephone calls to prospective students in the States of Missouri and Illinois. In addition, written communications, advertising bills, checks, letters and other written instruments have been sent and have been received between the individual respondent, Ray Quinlan, at his principal place of business located in California, as aforesaid, and the said school located in St. Louis, Missouri. The individual respondent travels between his principal place of business located in California and the aforesaid school, located in Missouri, on a frequent and regular basis for the purpose of directing, controlling and formulating policies for the said school in Missouri.

PAR. 5. By virtue of the aforesaid acts and practices, respondents maintain, and at all times mentioned herein have maintained, a substantial course of trade in said modeling instruction courses in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 6. In the course and conduct of their business as aforesaid, and for the purpose of inducing persons to sign contracts for respondents' courses of instruction, respondents' representatives have made and are making numerous statements and representations, concerning said courses of instruction, through oral statements made to prospective students by their employees, representatives, and salesmen, through telephone solicitation calls, and through television and newspaper advertising, with respect to the nature of respondents' offer, their courses of instruction, employment opportunities for

students and graduates, and expected earnings potential for students and graduates of their aforesaid school.

Typical and illustrative of respondents' printed advertising representations, but not all inclusive thereof, are the following:

HELP WTD—FEMALE—FALL PROMOTION

Fall promotional style show to be presented to insurance executives wives. Must be between 20 and 0. (sic) For interview call 652-4666, 9 to 9 daily.

HELP WTD—FEMALE—YOUNG LADIES

Are needed now for part time work during school year in shopping plaza. Must be able to coordinate fashions. Call OL 2-4667 or OL 2-5376.

HELP WTD—FEMALE—GIRLS—FLY

For St. Louis private airline. Excellent opportunity. Ages 17 to 28. Call for interview, 652-4665.

HELP WTD—FEMALE—ATTRACTIVE GIRL

As fashion assistant to coordinator. Must have flair for fashion. Interesting position; needed immediately. Call Miss Anderson 652-4665.

PAR. 7. By and through the use of the aforesaid statements and representations, and others of similar import and meaning, but not expressly set out herein, respondents have represented, directly or by implication, that:

1. A bona fide offer of employment is made through respondents' advertisements.

2. Respondents' primary business is that of an airline company or job placement service.

3. Graduates of respondents' school of instruction will be qualified for employment as airline stewardesses and ground hostesses, professional models, fashion coordinators, make-up and grooming counselors, or for employment in various other jobs related to careers in professional modeling.

4. Persons enrolling in respondents' school, who require temporary employment to defray their expenses while attending the courses, are assured of employment sufficient for that purpose.

5. Job interview appointments will be made by respondents' school representatives for students and graduates with airlines, department stores and other business organizations which have indicated an interest in hiring personnel trained by respondents' school.

6. In some instances, students are signing documents other than a contract, during their initial interview with respondents' school representatives, at which time said contracts are executed.

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7. Prospective students and students are assured the return of their investment in the price of the modeling courses of instruction taken through jobs obtained for them by respondents' school representatives either during training, or immediately upon graduation.

PAR. 8. In truth and in fact:

1. A bona fide offer of employment is not made through the respondents' advertisements, but instead, such advertisements are placed for the purpose of obtaining leads as to persons who may be interested in purchasing respondents' courses of instruction.

2. Respondents' primary business is not that of an airline company, nor a job placement service, but, rather, respondents' primary business is that of operating a school of modeling instruction, as aforesaid.

3. Respondents' various courses of instruction do not qualify graduates thereof for employment as airline stewardesses and ground hostesses, professional models, fashion coordinators, make-up and grooming counselors, or for other jobs related to careers in modeling.

4. Respondents' representatives seldom attempt to obtain employment for students to defray their expenses while attending respondents' training courses after the student has executed a contract and enrolled in said courses. In a few instances, in which jobs have been obtained for students, wages have been much lower than the students were originally led to believe by respondents' representatives, and in some cases, students have not been able to collect wages owed to them by respondents' school for work performed.

5. Job interview appointments are seldom made by respondents' school representatives for students and graduates with airlines, department stores or other business organizations. In fact, very few department stores or other business organizations have indicated any interest in hiring graduates of respondents' school, and in the few cases where respondents' representatives have made job interview appointments, on behalf of the school's students and graduates, such appointments were secured only after insistent demands were made on respondents' representatives by the students and graduates that the appointments be secured. In most instances, even when job interview appointments are made for students and graduates by respondents' representatives, the employment offered, if any, and the remuneration are not of the nature and amount said students and graduates have been led to expect by respondents' representatives.

6. In some instances, students execute contracts with respondents' school to enroll in and pay for training courses, when they sign what they believe to be receipts for downpayment money, or other written

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documents, purported to be other than contracts by respondents' representatives.

7. Students of the respondents' school seldom receive a return of their investment, in the price of the training courses taken, through jobs obtained for them by respondents' school representatives, either during such training or after graduation. In fact, few, if any, jobs are obtained for the school's students and graduates by respondents' representatives. In the few instances where respondents' school has provided jobs for its own students, wages have been too low to allow a return of the student's investment in the training courses within a reasonable period of time.

Therefore, the statements and representations set forth and referred to hereinabove are false, misleading, and deceptive.

PAR. 9. In the course and conduct of their aforesaid business, respondents, through their representatives and employees, have used various unfair and deceptive techniques and practices as a means of selling initial or supplemental courses of instruction in modeling. Typical and illustrative, but not all inclusive, of such techniques and practices are the following:

1. Respondents' representatives and employees represent to students or prospective students, that upon completion of a given course of instruction, the student will have achieved a specific standard of proficiency; whereas, in fact, before the given course of instruction is completed and before the specified standard of proficiency has been achieved, the prospect or student is subjected to further coercive sales efforts toward the purchase of additional courses of instruction.

2. Respondents' representatives and employees use intense, emotional and unrelenting sales pressure to persuade a prospective student or student to execute a contract, obligating such person to pay for a substantial number of hours of modeling or other instruction at substantial cost, without affording such person a reasonable opportunity to consider and comprehend the scope and extent of the contractual obligations involved. Such contracts often provide for more than forty (40) hours of modeling instruction with a cost to the prospect or student from \$200 to over \$500, depending upon the type of courses taken, and such person is insistently urged, cajoled, and coerced to sign such a contract hurriedly and precipitately and through the use of persistent and emotionally forceful sales presentations.

3. Respondents' representatives and employees represent to prospective students and students that they are assured employment in specific interesting and lucrative jobs as professional models, airline

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stewardesses, fashion coordinators and in other high-paying positions, contingent upon such prospect's or student's willingness to execute a contract agreeing to take certain of the modeling courses offered by respondents' school. Such prospects and students often discover, during or after completion of the courses they have agreed to take, that the specific employment assured them by respondents' representatives and employees, which originally induced them to execute contracts, is not, in fact, available. When said prospects or students complain to respondents' representatives and employees regarding this matter, other interesting and lucrative employment is assured as a substitute for the original employment promised, and attempts are often made to induce such prospects and students to execute contracts agreeing to enroll in and pay for additional modeling courses, purportedly qualifying them for the substitute employment.

4. Respondents' representatives and employees induce prospective students and students to execute contracts, agreeing to enroll in and pay for certain of the modeling courses offered by respondents' school, through representations that graduates of the said school are in great demand by airline companies, department stores and other business organizations, and can be assured of high-paying jobs as airline stewardesses, professional models, and in other related fields. Some prospective students and students have been guaranteed jobs by respondents' representatives with starting salaries of as much as \$200 per week and \$20 per hour. In fact, after executing said contracts, prospective students and students come to realize that the guaranteed jobs and salaries are not available as promised.

Therefore, these statements, representations and practices as hereinabove set forth were and are unfair and deceptive.

PAR. 10. In the conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of courses of the same general kind and nature as those sold by respondents.

PAR. 11. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true, and into the purchase of substantial quantities of respondents' courses of instruction by reason of said erroneous and mistaken belief.

PAR. 12. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public

documents, purported to be other than contracts by respondents' representatives.

7. Students of the respondents' school seldom receive a return of their investment, in the price of the training courses taken, through jobs obtained for them by respondents' school representatives, either during such training or after graduation. In fact, few, if any, jobs are obtained for the school's students and graduates by respondents' representatives. In the few instances where respondents' school has provided jobs for its own students, wages have been too low to allow a return of the student's investment in the training courses within a reasonable period of time.

Therefore, the statements and representations set forth and referred to hereinabove are false, misleading, and deceptive.

PAR. 9. In the course and conduct of their aforesaid business, respondents, through their representatives and employees, have used various unfair and deceptive techniques and practices as a means of selling initial or supplemental courses of instruction in modeling. Typical and illustrative, but not all inclusive, of such techniques and practices are the following:

1. Respondents' representatives and employees represent to students or prospective students, that upon completion of a given course of instruction, the student will have achieved a specific standard of proficiency; whereas, in fact, before the given course of instruction is completed and before the specified standard of proficiency has been achieved, the prospect or student is subjected to further coercive sales efforts toward the purchase of additional courses of instruction.

2. Respondents' representatives and employees use intense, emotional and unrelenting sales pressure to persuade a prospective student or student to execute a contract, obligating such person to pay for a substantial number of hours of modeling or other instruction at substantial cost, without affording such person a reasonable opportunity to consider and comprehend the scope and extent of the contractual obligations involved. Such contracts often provide for more than forty (40) hours of modeling instruction with a cost to the prospect or student from \$200 to over \$500, depending upon the type of courses taken, and such person is insistently urged, cajoled, and coerced to sign such a contract hurriedly and precipitately and through the use of persistent and emotionally forceful sales presentations.

3. Respondents' representatives and employees represent to prospective students and students that they are assured employment in specific interesting and lucrative jobs as professional models, airline

