

misrepresenting, in any manner, the size, status, sales or purchasing position of respondents' dealership.

*It is further ordered:*

(a) That respondents shall forthwith distribute a copy of this order to each of their operating divisions;

(b) That respondents deliver a copy of this order to cease and desist to all present and future personnel engaged in the offering for sale, or sale, of any motor vehicle, and 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;

(c) 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;

(d) That respondents post in a prominent place in each salesroom or other area wherein respondents sell motor vehicles or other products or services, a copy of this cease and desist order, with the notice that any customer or prospective customer may receive a copy on demand;

(e) That the individual respondents named herein promptly notify the Commission of the discontinuance of their present business or employment and of their affiliation with a new business or employment. Such notice shall include respondents' current business address and a statement as to the nature of the business or employment in which they are engaged as well as a description of their duties and responsibilities; and

(f) 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

NATIONAL TALENT ASSOCIATES, INC., ET AL.

*Docket 8960. Complaint, Apr. 3, 1974-Decision, Nov. 26, 1975*

Consent order requiring a New York City talent and modeling agency and three closely held corporations in New Jersey, Illinois and California, among other things to cease misrepresenting their ability to place customers into modeling and entertainment positions; using unethical and exploitative high pressure sales tactics and failing to disclose relevant facts. Further, respondents are

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## Complaint

required to give consumers a three-day cooling-off period within which they may cancel their contracts and receive full refund of all monies paid.

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

*Appearances*

For the Commission: *Harriet G. Mulhern.*

For the respondents: *Donald J. Williamson, Burgoyne, Michels, Rose & Williamson, New York City. John T. Dolan, Crummy, DelDeo, Dolan & Purcell, Newark, N.J.*

## 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 National Talent Associates, Inc., a New Jersey corporation, National Talent Associates, Inc., an Illinois corporation, and National Talent Associates, Inc., a California corporation, and Sanford Storm and Jerome P. Ashfield, individually and as officers of said corporations, and William Schuller Agency, Inc., a corporation and Monica Stuart, 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. Respondents National Talent Associates, Inc., are corporations organized, existing and doing business under and by virtue of the laws of the States of New Jersey, Illinois and California. They maintain offices at 280 Park Ave., Rutherford, N.J., 110 Jericho Turnpike, Floral Park, N.Y., 3525 W. Peterson Ave., Chicago, Ill., and 1900 N. Highland Ave., Hollywood, Calif., respectively.

Respondents Sanford Storm and Jerome P. Ashfield are individuals and officers of all of the corporate respondents. They formulate, direct and control the policies, acts and practices hereinafter set forth. Their address is 280 Park Ave., Rutherford, N.J.

Respondent William Schuller Agency, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York. Its principal place of business is located at 667 Madison Ave., New York, N.Y. and it also maintains an office at 9110 Sunset Blvd., Hollywood, Calif.

Respondent Monica Stuart is a principal owner and officer of William

Schuller Agency, Inc., and as such formulates, directs and controls the policies, acts and practices of the corporate respondent.

PAR. 2. Respondents are now, and for some time in the past have been engaged in the advertising, solicitation, offering for sale and sale of photographs or services used in connection with the selection, placement and employment of persons in the commercial advertising, talent, modeling or entertainment industries as models, actors, actresses or entertainers.

In the course and conduct of their business respondents, their employees, agents or representatives have contracted to sell and have sold their photographs or services to purchasers located in the States of New Jersey, New York, Illinois, California and various other States, and have disseminated flyers, brochures, contracts and other printed materials to such purchasers and to prospective purchasers by means of the United States mails. Respondents maintain and have maintained a course of trade in said photographs or services in commerce as "commerce" is defined in the Federal Trade Commission Act. Respondents' volume of business in the sale of photographs or services is and has been substantial.

PAR. 3. Respondents are now and at all times mentioned herein have been in substantial competition in commerce with other corporations, firms and individuals engaged in the sale of photographs or services in connection with the selection, placement and employment of persons in the commercial advertising, talent, modeling or entertainment industries, as models, actors, actresses or entertainers.

PAR. 4. In the course and conduct of their business, as aforesaid, and for the purpose of inducing the purchase of their photographs or services, respondents have made, and are now making, numerous statements and representations in letters of solicitation which are addressed and mailed to parents of children throughout the United States, in brochures and pamphlets, advertisements in telephone directories, on their written contract, and in other promotional materials which are distributed to prospective purchasers of their photographs or services by means of the United States mails, in oral solicitations, and by other means, which have the tendency and capacity of exaggerating and misrepresenting respondents' ability, effectiveness and success in placing persons as models, actors, actresses or entertainers in the commercial advertising, talent, modeling or entertainment industries, of which the following are typical but not all inclusive:

In their sales solicitation letters, respondents represent as follows:

Your child has recently been brought to our attention. Information comes to us from many sources including referrals from the parents of our children who feel some other

child may have the necessary qualifications for the commercial advertising field, and other available sources.

Your child has recently been brought to our attention. Information and referrals come to us from the parents of our children who feel some other child may have the necessary qualifications for the commercial advertising field, and other available sources \* \* \*. Although a great deal of our information may be inaccurate and incomplete, it is possible we could be quite interested in your child. If you would please call our Rutherford office before 2:30 at (201) 935-0330, we will try to fill in the details.

We have received information indicating that your child may have the necessary qualifications for the commercial advertising media \* \* \*. If the information we have is correct, we could be very interested in your child. It may be to your advantage if you would call our Floral Park office at 212-343-6730 before 2:30 P.M.

We have been informed about your child, however, in order to determine any youngster's potential for the advertising field, all vital statistics are necessary (height, weight, age, coloring, etc.). This information was not included \* \* \*. Although our continued success depends on the children selected, time is also limited. Therefore, we ask you do not bring children in or send photographs. Due to the fact that very few children possess the necessary qualifications, a phone call will generally give us all the information necessary.

2. In their brochures mailed to parents, respondents represent as follows:

NTA WORLD'S LARGEST PERSONAL MANAGERS DEVOTED EXCLUSIVELY TO CHILDREN \* \* \*. N.T.A. was formed to supply to the agencies the most qualified new faces for the advertising industry \* \* \*. Opportunity is what N.T.A. can offer. Children are accepted only on the basis that they may have the necessary qualifications \* \* \*.

Our children are handled by the leading agencies in the country \* \* \*

In New York on MADISON AVENUE \* \* \* the William Schuller—East.

This agency has been supplying models for over 25 years \* \* \* numbers among its clients the leading advertising agencies in the country.

Monica Stuart:

Chief consultant for T.V. and modeling for the William Schuller Agency, New York City. Miss Stuart has been a specialist in placing talent in print advertising and television commercials for the past fifteen years \* \* \*. Miss Stuart personally places hundreds of children in print and T.V. advertisements every year.

N.T.A. will arrange for Baratta Professional Service to do a series of photographs in natural color of the children accepted by their agency.

In their contract forms, and other similar forms, respondents represent as follows:

National Talent Associates, Inc. agrees to render the following services:

We will arrange for a professional photographer to do a series of poses in natural color. These will be submitted to Monica Stuart, chief television and modeling consultant for the William Schuller Agency, Inc., New York for her consideration for placement in the field of print advertising and television commercials. This agreement in no way guarantees placement will be made.

The client will receive one black and white 8 x 10 portrait of their choice from the series. You are under no obligation to obtain additional portraits, but additional poses may, if you wish, be purchased through your photographer.

National Talent Associates, Inc., reserves the right to submit to Monica Stuart photographs of any other child in the family who, in their opinion may have a potential

ability. We will continue this service for a period of five years or until the child herein enrolled is accepted by the William Schuller Agency, whichever occurs first.

The complete cost of this service is \$65 plus state tax, for the entire five year period. The photographer's service charge is \$5 per year.

No photographs may be used by N.T.A. without a written release. This agreement is binding upon both parties and is not subject to change or cancellation.

National Talent Associates, Inc. agrees to render the following services:

We will arrange for a professional photographer to do a series of poses of natural color. These will be submitted to Monica Stuart, chief television and modeling consultant for the largest children's modeling agency in New York City for her consideration for placement in the field of print advertising and television commercials. This agreement in no way guarantees placement will be made.

We will continue this service for a period of five years or until the child herein enrolled is accepted by the agency, whichever occurs first. Should the enrolled child or any other child of said family be accepted and booked, the legal commission of 10% of the child's earnings will be paid to said Agency.

All children signed will be under our personal management contract for an additional 10%. After the first \$1,000 in earnings, the commission shall increase to 15%.

The complete cost of this service is \$135 for the entire five year period. The photographer's service charge is \$5 per year.

The client will receive one black and white 8 x 10 photograph of their choice from the series. There is no obligation to obtain additional photographs, but additional poses may, if desired, be purchased through the photographer.

No photographs may be used by N.T.A. without a release. This agreement is binding upon both parties and is not subject to change or cancellation.

**PAR. 5.** By and through the use of the aforesaid written statements and representations quoted in Paragraph Four, respondents have represented, and are now representing, directly or by implication, that:

1. National Talent Associates, Inc. has received information that a person may possess the necessary personal or physical characteristics or other qualifications suitable for success in the commercial advertising, talent, modeling or entertainment industries.

2. Referrals from past purchasers of National Talent Associates' photographs and services are a significant source of information about persons who may possess the necessary personal or physical characteristics or other qualifications suitable for success in the commercial advertising, talent, modeling or entertainment industries.

3. Respondents, when requested, provide persons who contact them with the source from which the information referred to in National Talent Associates' sales solicitation letters was obtained or the nature of such information.

4. National Talent Associates, Inc. has the business experience, knowledge or expertise needed to select the most qualified persons to be used as models, actors, actresses or entertainers in the commercial advertising, talent, modeling or entertainment industries.

5. National Talent Associates' salesmen, agents or representatives are qualified by training or experience to select and judge the

suitability of persons as models, actors, actresses or entertainers in the commercial advertising, talent, modeling or entertainment industries.

6. Persons who have been contacted by National Talent Associates, Inc. have been specially selected on the basis that they may have the necessary personal or physical characteristics or other qualifications suitable for success in the commercial advertising, talent, modeling or entertainment industries.

7. A major portion of National Talent Associates' income is derived from its personal management contracts and its ability to place persons under contract with the leading advertising, modeling, talent or entertainment agencies.

8. Persons are selected and offered contracts by National Talent Associates, Inc. solely on the basis that they may possess the personal or physical characteristics or other qualifications suitable for success in the commercial advertising, talent, modeling or entertainment industries.

9. A person's chances for selection by Monica Stuart or the William Schuller Agency, Inc. will be greatly increased by entering into a contract with National Talent Associates, Inc.

10. Access to Monica Stuart or to the William Schuller Agency, Inc. is available solely to persons who contract with National Talent Associates, Inc.

11. Monica Stuart or the William Schuller Agency, Inc. review photographs of only those persons who have contracted with National Talent Associates, Inc.

12. National Talent Associates, Inc. arranges for professional photographs to be taken of each person placed under its contract by an independent photographic studio.

13. Persons who contract with National Talent Associates, Inc. receive one black and white 8 x 10 inch photograph of their choice, annually for a five-year period, without any obligation to purchase additional photographs at an added cost.

14. Natural color photographs of persons who contract with National Talent Associates, Inc. are submitted annually, for a five-year period, to Monica Stuart of the William Schuller Agency, Inc. for her consideration and review.

15. National Talent Associates, Inc. photographs other persons in a family, in addition to the person whose name appears on its contract, solely for the purpose of submitting said photographs to Monica Stuart of the William Schuller Agency, Inc. for her evaluation of their potential for the commercial advertising, modeling, talent or entertainment industries.

16. The remuneration received by Monica Stuart of the William

Schuller Agency, Inc., in connection with her consideration and review of photographs submitted to her by National Talent Associates, Inc., is derived solely from a percentage of the earnings of persons selected by her and placed under contract by the William Schuller Agency, Inc.

PAR. 6. In truth and in fact:

1. In the vast majority of instances, National Talent Associates, Inc. has not received information that a person may possess the necessary personal or physical characteristics or other qualifications suitable for success in the commercial advertising, talent, modeling or entertainment industries. In the vast majority of instances, respondents' information consists solely of a person's birth date, the name and address of the person's parents, or other similar information obtained from commercial mailing lists, newspaper birth announcements, hospital birth records, or other sources.

2. Referrals from past purchasers of National Talent Associates' photographs and services are not a significant source of information about persons who may possess the necessary personal or physical characteristics or other qualifications suitable for success in the commercial advertising, talent, modeling or entertainment industries. Any such referrals from past purchasers are rare and, when made, are actively solicited by representatives of respondent National Talent Associates, Inc.

3. Respondents, when requested, do not provide persons who contact them with the source from which the information referred to in National Talent Associates' sales solicitation letters was obtained or the nature of such information. Persons who request the source from which information about them was obtained, or the nature of such information, are routinely told that such information is confidential and cannot be divulged.

4. National Talent Associates, Inc. does not have the business experience, knowledge or expertise needed to select the most qualified persons to be employed as models, actors, actresses or entertainers in the commercial advertising, talent, modeling or entertainment industries. Approximately 98 percent to 99 percent, (*i.e.*, 98 to 99) out of 100 persons, selected and placed under contract by National Talent Associates, Inc., are thereafter rejected by Monica Stuart of the William Schuller Agency, Inc. and are not signed to any agency contract.

5. National Talent Associates' salesmen, agents or representatives are not qualified by training or experience to select and judge the suitability of persons as models, actors, actresses or entertainers in the commercial advertising, talent, modeling or entertainment industries. Such salesmen, agents or representatives are recruited from all walks

of life and are not experienced, trained or qualified talent scouts in the selection of models, actors, actresses or entertainers but are sales employees who earn a commission for each contract they sell.

6. Persons who have been contacted by National Talent Associates, Inc. have not been specially selected on the basis that they may have the necessary personal or physical characteristics or other qualifications suitable for success in the commercial advertising, talent, modeling or entertainment industries. Persons who are contacted by National Talent Associates, Inc. have been arbitrarily selected from commercial mailing lists, newspaper birth announcements, hospital birth records or from other similar sources and have not been observed by any talent scout, theatrical agency, advertising or modeling agency. The vast majority of persons placed under contracts by National Talent Associates, Inc. have little or no chance for obtaining paid employment as models, actors, actresses or entertainers in the commercial advertising, modeling, talent or entertainment industries.

7. A major portion of National Talent Associates' income is not derived from its personal management contracts and its ability to place persons under contract with the leading advertising, modeling, talent or entertainment agencies. Its income is derived primarily from the monies it receives from persons with whom contracts are signed as set forth under Paragraph Four of the complaint.

8. Persons are not selected and offered contracts by National Talent Associates, Inc. only on the basis that they may possess the personal or physical characteristics or other qualifications suitable for success in the commercial advertising, talent, modeling or entertainment industries. The ability and willingness of parents to pay the initial contract fee plus a photographer's service charge each year for the five-year period, to National Talent Associates, Inc., as set forth on their standard contract form, appearing under Paragraph Four of this complaint, is a crucial and central element in the acceptance of any person.

9. A person's chances for selection by Monica Stuart or the William Schuller Agency, Inc. will not be greatly increased by entering into a contract with National Talent Associates, Inc. Approximately 98 percent to 99 percent (*i.e.*, 98 to 99) out of 100 persons whose photographs are submitted to Monica Stuart of the William Schuller Agency, Inc. by National Talent Associates, Inc., after payment of monies to National Talent Associates, Inc. under the terms of its contract, are rejected by Miss Stuart by means of a standard form letter of rejection in which no specified reason for such rejection is provided.

10. Access to Monica Stuart or to the William Schuller Agency, Inc.



is not available solely to persons who contract with National Talent Associates, Inc. Any person may gain access to Monica Stuart or to the William Schuller Agency, Inc., through other sources.

11. Monica Stuart or the William Schuller Agency, Inc. do not review photographs of only those persons who have contracted with National Talent Associates, Inc. Any person may mail either a snapshot or a professional portrait to Monica Stuart or to the William Schuller Agency, Inc. for her or their consideration and evaluation of the person's potential for the commercial advertising, talent, modeling or entertainment industries without entering into a contract with National Talent Associates, Inc. for this purpose.

12. National Talent Associates, Inc. does not arrange for professional photographs to be taken of each person placed under its contract by an independent photographic studio. Individual respondents Sanford Storm and Jerome P. Ashfield each own approximately a one-third interest in Baratta Photo Studios to which persons are routinely sent by National Talent Associates, Inc. to have their photographs taken.

13. Persons who contract with National Talent Associates, Inc. do not receive one black and white 8 x 10 inch photograph of their choice, annually for a five-year period, without any obligation to purchase additional photographs at an added cost. Persons are required to travel to Baratta Photo Studios to select the 8 x 10 inch black and white photograph referred to on National Talent Associates' contract, or are solicited at their homes by salesmen from Baratta Photo Studios whose main interest is in selling additional photographs to persons at an added cost.

14. Natural color photographs of persons who contract with National Talent Associates, Inc. are not submitted annually, for a five-year period, to Monica Stuart of the William Schuller Agency, Inc. for her consideration and review.

15. National Talent Associates, Inc. does not photograph other persons in a family, in addition to the person whose name appears on its contract, solely for the purpose of submitting said photographs to Monica Stuart of the William Schuller Agency, Inc. for her evaluation of their potential for the commercial advertising, modeling, talent or entertainment industries.

16. The remuneration received by Monica Stuart of the William Schuller Agency, Inc., in connection with her consideration and review of photographs submitted to her by National Talent Associates, Inc., is not derived solely from a percentage of the earnings of persons selected by her and placed under contract by the William Schuller Agency, Inc. Miss Stuart receives a monetary fee from National Talent

Associates, Inc. for each series of photographs she reviews prior to the signing of any contract with the William Schuller Agency, Inc.

PAR. 7. In the further course and conduct of their business as aforesaid, respondents and their representatives have made oral representations for the purpose of inducing persons to enter into written contracts with them. Such oral representations are made on the telephone to persons responding to respondents' initial sales solicitation letter and in personal interviews conducted by respondents' salesmen and representatives in the homes of prospective purchasers. Through such oral statements and representations, made by respondents or their representatives, agents or salesmen, respondents have, directly or indirectly, stated or implied that:

1. Persons placed under contract by National Talent Associates, Inc. can reasonably anticipate significant or substantial earnings from paid employment in the commercial advertising, talent, modeling or entertainment industries as models, actors, actresses or entertainers.

2. In a significant number of instances, money sufficient to provide for a college education has been earned by persons placed under contract by National Talent Associates, Inc.

3. The chances or opportunities of persons for selection by Monica Stuart of the William Schuller Agency, or of being placed under contract by said agency, are appreciably enhanced by their placement under a contract by National Talent Associates, Inc.

4. A person's chances for selection as a model, actor, actress or entertainer in the commercial advertising, modeling, talent or entertainment industries, are greatly enhanced because he or she is Black, Oriental, has red hair, freckles, or because of his or her size, age, or some other specific racial or personal characteristic.

5. Respondents have received confidential information about the person or persons being interviewed by representatives of National Talent Associates, Inc. which cannot be divulged.

6. Access to Monica Stuart or to the William Schuller Agency, Inc. can be obtained only by entering into a contract with National Talent Associates, Inc.

PAR. 8. In truth and in fact:

1. Persons placed under contract by National Talent Associates, Inc. cannot reasonably anticipate significant or substantial earnings from paid employment in the commercial advertising, talent, modeling or entertainment industries, as models, actors, actresses or entertainers. In the vast majority of instances, persons placed under contract by National Talent Associates, Inc. are thereafter rejected as unsuitable for employment as models, actors, actresses or entertainers of Monica

Stuart of the William Schuller Agency, and thus have no opportunity of earning any money.

2. In no significant number of instances has money sufficient to provide for a college education been earned by persons placed under contract by National Talent Associates, Inc. Few if any, persons discovered and placed under a contract by National Talent Associates, Inc. have earned money sufficient to provide for a college education.

3. The chances or opportunities of persons for selection by Monica Stuart of the William Schuller Agency, or of being placed under contract by said agency, are not appreciably enhanced by their placement under a contract by National Talent Associates, Inc. In the vast majority of instances, persons placed under a contract by National Talent Associates, Inc. are not offered a contract by either Monica Stuart or by the William Schuller Agency, Inc.

4. A person's chances for selection as a model, actor, actress or entertainer in the commercial advertising, modeling, talent or entertainment industries are not greatly enhanced because he or she is Black, Oriental, has red hair, freckles or because of his or her size, age or some other specific racial or personal characteristic. The importance of such racial or personal characteristics are exaggerated by representatives, agents or salesmen of National Talent Associates, Inc. in an effort to obtain the signatures of persons on its contract and collect the contract fee.

5. In the vast majority of instances, respondents have not received confidential information about the person or persons being interviewed by representatives of National Talent Associates, Inc. which cannot be divulged.

6. Access to Monica Stuart or to the William Schuller Agency, Inc. can be obtained, not only by entering into a contract with National Talent Associates, Inc. Such access is available to persons through other sources.

PAR. 9. In the further course and conduct of their business, as aforesaid, the representatives, agents or salesmen of National Talent Associates, Inc., during their sales solicitations at the homes of potential purchasers, have made and are now making numerous false, misleading and deceptive statements concerning the qualifications of persons being interviewed and their chances for success as models, actors, actresses or entertainers in the commercial advertising, modeling, talent or entertainment industries, in an effort to induce such persons to enter into contracts with National Talent Associates, Inc.

During the course of said solicitations, said representatives, agents or salesmen insist that persons being interviewed sign National Talent Associates' contract, set forth herein under Paragraph Four, at the

time of the solicitation and write a check in payment therefor, or else forfeit their opportunity for consideration and possible selection by Monica Stuart of the William Schuller Agency, Inc.

No time is permitted for thought, consideration, evaluation or discussion of said contract and, in numerous instances, persons signing said contract under such sales pressure have changed their minds immediately after the termination of said visit or on the following day. Respondents, in numerous such instances, have failed or refused to cancel the contract or refund the money.

Such sales techniques, based upon false, misleading, deceptive, unethical, oppressive and exploitative high pressure tactics, take advantage of the desire of persons to achieve personal and financial success, cause substantial injury to consumers and constituted, and now constitute, unfair or deceptive acts or practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

PAR. 10. In the further course and conduct of their business, respondents have failed to disclose to potential purchasers of their photographs or services the following material facts:

a) That any person may submit his or her photograph directly to Monica Stuart, or to any other consultant of the William Schuller Agency, Inc., without entering into any contract or agreement with National Talent Associates, Inc.

b) That, in addition to the agency fee of 10 percent of the client's earnings paid to the William Schuller Agency, Inc., as stated on National Talent Associates' standard contract form, set forth herein under Paragraph Four, Monica Stuart personally receives an additional monetary fee from National Talent Associate, Inc.

c) That the principals of National Talent Associates, Inc. own a financial interest in the photographic studios to which persons are routinely referred by respondents to have their photographs taken.

d) The recent number and percentage of persons under contract to National Talent Associates, Inc. who were able to obtain contracts with the William Schuller Agency, Inc. and paid employment in the commercial advertising, modeling, talent or entertainment industries.

e) The gross annual earnings from employment as a model, actor, actress or entertainer of all persons placed under the contract set forth in Paragraph Four by respondent National Talent Associates, Inc.

Knowledge of such facts would be of extreme importance to potential purchasers in their evaluation of the nature and value of the photographs or services offered by respondent National Talent Associates, Inc. under its contract. Thus, respondents have failed to disclose material facts, which if known to potential purchasers, would be likely to affect their consideration of whether or not to enter into a

