

d. Which contains the statement "The form enclosed is confidential, no one else may open" or any statement of similar purport.

4. Representing, directly, or by implication, that any of respondent's Payment Demand forms or any similar collection material sold by the respondent have been approved by the Federal Trade Commission or have been deemed to be in compliance with the requirements of the order to cease and desist entered by the Federal Trade Commission in Docket No. 6236, *In the Matter of Mitchell S. Mohr, et al.*

5. Misrepresenting Federal Trade Commission or court approval of any of respondent's envelopes, forms, or other material.

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

Commissioner Nicholson not participating for the reason that oral argument was heard prior to his taking the oath of office.

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IN THE MATTER OF

AMERICAN MARKETING ASSOCIATES, INC., ET AL.

ORDER, OPINION, ETC., IN REGARD TO THE ALLEGED VIOLATION

OF THE FEDERAL TRADE COMMISSION ACT

*Docket 8727. Complaint, Jan. 17, 1967—Decision, Feb. 5, 1968*

Order requiring a Philadelphia, Pa., retail door-to-door seller of encyclopedias and other educational books, to cease misrepresenting that it is affiliated with the American Marketing Association or any other business group or that it is doing market research, that its employee applicants will be trained as junior executives and paid a salary, that it is affiliated with any educational or governmental agency, that it is selling its books at reduced prices, and using other deceptive sales tactics.

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 American Marketing Associates, Inc., a corporation, and Stanley Kessler, individually and as a director of the 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 American Marketing Associates, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, with its main office and place of business located at 1422 Chestnut Street (Suite 702), Philadelphia, Pennsylvania.

Respondent Stanley Kessler is an individual and director of the corporate respondent. He is the sole stockholder and operator of the business of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His business 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 business of the advertising, offering for sale, sale and distribution of encyclopedias and other educational books to the public.

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time last past have caused, the said books, when sold, to be shipped from their place of business in the State of Pennsylvania, and from the places of business of their suppliers, located in the State of Pennsylvania and other States of the United States, to purchasers thereof located in States of the United States other than the States in which the shipments originate and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said books in commerce, as "commerce" is defined in the Federal Trade Commission Act.

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

PAR. 5. In the course and conduct of their business, as aforesaid, respondents sell said books at retail to the general public. Sales are made by respondents' agents, representatives or employees who contact prospective purchasers in their homes or at their places of business.

Respondents have formulated, developed and carried out a plan for the purpose of attracting and acquiring sales employees and for the purpose of selling said books.

#### A

In furtherance of said plan, respondents have disseminated or caused to be disseminated, and now disseminate or cause to be disseminated,

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Complaint

classified advertisements in newspapers of general and interstate circulation and in other advertising media and have made statements and representations designed and intended to induce individuals to apply for employment and training in respondents' organization in reliance thereon.

Typical and illustrative of the foregoing, but not all inclusive thereof, are the following:

American Marketing Assoc. now opening new center city offices. Require services of several perky, well-groomed beginners (over 17) to assist our staff of bright, young, busy marketing, sales, Anthology & public relation execs.

\$89 SAL TO START

to those who meet our requirements, no exp. required. FULL TRAINING. No typing. These are permanent positions which could lead to a career in personnel management and supervision & on income in excess of \$4800 per year. YOU MUST BE PREPARED TO START IMMEDIATELY.

CALL FOR APPOINTMENT

LO 4-4345

FEMALE HELP WANTED

GALS

JR. EXEC.

TRAINEE

SAL. \$89 PER WK.

Large international marketing corp will now employ 4 bright well-groomed beginners (over 17) to fill supervisory and Jr. Market research positions now available due to recent promotions. If accepted you'll be trained (at our expense) to assist our present staff of Jr. Execs. MUST BE PREPARED TO START IMMEDIATELY. CALL FOR APPOINTMENT

543-4345

GALS

WOULD YOU

LIKE TO

OVER 17

\* \* \* You will be working in our Marketing & Analysis Dept. assisting our staff of bright young, marketing, advertising, sales, anthological & public relations execs. \* \* \* You must be prepared to start work immediately on \$360 monthly starting salary. For Easiest & best way to apply call for appt. Mr. Disney 564-4345

MEN—Large international Marketing Concern Has Several Open'gs in its New Consumer Acceptance Dept Career Position. No Exp. Nec. No Selling. Full Training Provided. Must Be Able To Meet Public. Excel. Sal. To Start Management Oppty Available. Rapid Advancement To Excess of \$9000 per yr. Must be Able To Start Immediately. Apply At Our Center City Personnel Office. Amer. Mktg. Assoc. 1422 Chestnut St. Suite 702, 10 A.M. to 4 P.M. Only.

Complaint

73 F.T.C.

MEN

OVER 17

SUPERVISORY  
TRAINEES  
SAL. \$89 PER WK.

Dynamic & fast growing WOMEN'S ORGANIZATION will now employ 4 bright well-groomed BEGINNERS to fill Jr. public relations and sales executive positions now available due to promotions. If accepted you'll be trained (at our expense) to supervise the young women who handle our printed matter for us. MUST BE PREPARED TO START IMMEDIATELY Interview by appointment only

Miss Marlo

LO 4-4345

\* \* \* will come again employ the services of several students \* \* \* to fill supervisory and Jr. Market Research positions under our Summer Student Employment Opportunity Program. Those accepted will be trained (at our expense) in all phases of marketing \* \* \* Those who meet our requirements will be paid a salary of \$70.00 per week. No experience is required since full training will be provided by competent personnel administrators and students who are rejoining our staff this summer \* \* \*

Marketing Research & Analysis

\* \* \* \* \*

American Marketing Assocs Inc.  
1422 Chestnut LO 4-4345

PRODUCTS ACCEPTANCE DIVISION  
American Marketing Associates, Inc.

Editorial & Research Depts  
Chicago Ill.

B

In furtherance of that part of the aforesaid plan to sell their books to prospective customers, respondents supply their agents, representatives or employees with a printed "sales pitch" and material in connection therewith and instruct them to use and follow same. Said agents, representatives or employes employ said printed sales presentation and material in orally soliciting the purchase of respondents' encyclopedias and other educational books.

Respondents, in said printed sales presentation and in advertising and promotional literature and other printed materials, and respondents' agents, representatives or employees, in the course of their sales talks, make many statements and representations concerning the trade status and organization of the respondents' corporation, their own status and employment, the quality and characteristics, the offer and price of respondents' books. Some of these statements and representations

are made orally by said agents, representatives and employees to prospective purchasers and some are contained in advertising and promotional literature displayed by said representatives to prospective customers.

PAR. 6. Through the use of such statements and representations and others similar thereto, but not specifically set forth herein, separately and in connection with the oral sales presentations of respondents' salesmen, as used variously by the respondents in the advertisements and the promotion of their products, respondents have represented, directly or by implication:

1. That respondents are associated or affiliated with the American Marketing Association; and that they are an association of persons, firms or corporations having a common interest.

2. That respondents are an international corporation with branch offices in major cities and its home office in Chicago, Illinois. They are engaged in the business of marketing research and analysis, advertising credits and public relations with annual sales in a recent year amounting to \$100,000,000.

3. That they are recruiting young men and women as trainees for career positions as junior executives in marketing research, sales, advertising credits, public relations, personnel supervision and management, to fill positions, created by promotions.

4. That trainees will be paid \$70 or \$89 a week, \$360 a month, or \$4,628 a year, as starting salaries with no previous experience required.

5. That respondents' organization consists of separate functional departments and divisions, such as Editorial, Research, Educational and Legal and a Products Acceptance Division; and that it has in its employ experts in the educational field, possessing special skills and qualifications such as doctoral degrees and maintains its own company psychologists.

6. That it represents Parents-Children's Institute, an organization that supplies educational materials to school systems; and that it is also affiliated with Parents Magazine and various agencies of the United States Government.

7. That the respondents have engaged in market research in conjunction with the University of California.

8. That at the request of leading educators meeting at Atlantic City, New Jersey, the respondents developed, in conjunction with the University of California, an educational program to link the home to the school.

9. That the aforesaid educational program was endorsed and approved by leading educators and contained all the required readings of a child's school work; and that it would prepare the preschool child to pass the "Reading Readiness Test," required to enter the first grade of elementary school.

10. That respondents' representatives were making a "survey" of a select group of mothers, to solicit "endorsements" of the aforesaid educational program.

11. That the respondents' representatives were mothers with children or teachers who volunteered their services solely out of interest in the aforesaid educational program at no compensation or at a nominal compensation.

12. That under a "Mother's Club Plan" the aforesaid select group of mothers were being afforded the opportunity of obtaining this educational program at a special price, far below the regular price, which special price only covered the cost of production, such as paper, printing, bindings and royalties; and that the regular price would amount approximately to \$1,000, whereas the special price was only \$249.50; or that an optional yearly supplement could be purchased at a cost of \$4.98, which supplement normally cost \$14.98.

13. That if the customer paid a certain amount above the normal deposit, depending on the amount of the said excess deposit, the respondents would give the educational program, or parts thereof FREE to an orphanage.

PAR. 7. In truth and in fact:

1. The respondents are not associated nor affiliated in any manner with the American Marketing Association or any other organization and are not an association of persons, firms or corporations, having a common interest. Respondents are but a simple corporate entity engaged in business as hereinabove described.

2. The respondents are not an international corporation with branch offices in major cities and its home office in Chicago, Illinois. Further, the respondents are not engaged in the business of marketing research and analysis, advertising credits and public relations. The respondents maintain a single office in Philadelphia, Pennsylvania and are engaged in the door-to-door sale of encyclopedias and other educational books. At no time did their annual sales ever even remotely total \$100,000,000.

3. The respondents do not recruit young men and women as trainees for career positions as junior executives in marketing research, advertising credits, public relations, personnel supervision and management to fill positions, created by promotions or for any like positions. Indi-

viduals, recruited by respondents, are trained only for door-to-door selling of respondents' products.

4. Trainees recruited by respondents are not paid \$70 or \$89 a week, \$360 a month or \$4,628 a year or any salary by the respondents. Their only form of compensation is in the form of commissions on sales made by them.

5. The respondents' organization does not consist of separate functional departments and divisions, nor does it have in its employ experts in the educational field possessing skills and qualifications such as doctoral degrees nor do they maintain a staff of company psychologists.

6. The respondents do not represent Parents-Children's Institute, nor are they affiliated with Parents Magazine nor any agency of the United States Government.

7. The respondents have not engaged in market research or any other research in conjunction with the University of California or any other organization or institution.

8. The respondents have not developed an educational program in conjunction with the University of California, at the request of leading educators.

9. The aforesaid educational program was not endorsed and approved by leading educators and did not contain all the required readings of a child's school work. Further, a preschool child is not required to pass a "Reading Readiness Test" as a prerequisite for entering elementary school.

10. The respondents' representatives were not making a "survey," relating to schools, children, educational problems and conditions of a select group of mothers for the purpose of soliciting an "endorsement" for the aforesaid educational program or for any other purposes. The sole purpose of the respondents' representatives was to sell encyclopedias and other books to any customers who would purchase the same.

11. Respondents' representatives were not necessarily mothers with children or teachers who volunteered their services with little or no compensation but solely out of an interest in the aforesaid educational program. Respondents' representatives, as aforesaid, were salesmen and saleswomen, married or single, working for a commission to be realized from the sale of respondents' books.

12. The customers of the respondents are not a select group of mothers, who are being afforded the opportunity of obtaining the aforesaid educational program, under a "Mother's Club Plan" at a special price far below the regular price, which special price only covered the cost of production, such as paper, printing, bindings and royalties. Further, the regular price of the program would not amount approximately to

