

IN THE MATTER OF
L. L. COOKE SCHOOL OF ELECTRICITY

COMPLAINT (SYNOPSIS), FINDINGS AND ORDER IN REGARD TO THE ALLEGED
VIOLATION OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914

Docket 1603. Complaint, Apr. 22, 1929—Decision, Oct. 22, 1930

Where a corporation engaged under the name of its president and founder, in conducting a correspondence course in practical electricity,

- (a) Represented that there was a large and continuous demand among employers for the graduates of its course, requiring only ability to read and write as prerequisite, and that such graduates could reasonably expect, upon completing the course in their spare time and in a year or less, to receive salaries ranging from \$3,500 to \$10,000 a year, or equivalent weekly remuneration, the facts being that on the average a year and a half was required for completion of the course and that only in exceptional cases and after years of service did its graduates as a rule work up from the relatively subordinate positions in which usually placed even to approach the lower rate of compensation above represented.
- (b) Prepared and distributed trade literature, letters, lessons, etc., in the first person and over the signature of its aforesaid president, and purporting in his name to assure the various individual students and prospective students of the personal, continuing and individual interest and attention of said president in the advancement and problems of each, incident to the prosecution and completion of the course and his subsequent successful placement and career, the facts being that while the person in question had prepared text books and lessons and attended their revision, he did not concern himself with cases of the individual, which were in charge of other employees or agents of the school;
- (c) Employed enrollment blanks bearing the figure \$129.50, canceled, and the figure \$97.50 as a substitute therefor, along with advice to the prospective student that he was thus offered through the reduced price tendered him, a saving of \$32.50, and represented in trade literature soliciting prospective pupils, and over the signature of the aforesaid individual, that various outfits incident to the successful prosecution of the course, including tools, materials, etc., and other advantages were included free of all extra charge, making such statements as "I want my boys to succeed—and I spare no pains to have them do so. If you get your enrollment to me at once you will secure not only these terms but all six outfits, absolutely without extra expense", etc., the facts being that the aforesaid pretended reduced price constituted its usual and regular price and that the cost of the tools, etc., above referred to was included in the price of the course; and
- (d) Featured in the first person and under the name of said person and president the particular qualifications of such individual to conduct such a school with reference to the successful training and placing of pupils and graduates, including an alleged engineering experience of 25 years in all parts of the world and with engineering concerns of the widest repute, and represented over the signature of such individual that he undertook, under

bond secured by a \$2,000,000 concern, to return to any dissatisfied graduate the full amount of his tuition, the facts being that the individual in question had an experience of only ten years between leaving the university at which he studied and launching the correspondence school enterprises subsequently engaged in by him, and that the undertaking to return tuition was not secured by any third party and the \$2,000,000 concern was a holding company for the stock of the corporation herein involved, with capital stock of said amount;

With capacity and tendency to mislead and deceive purchasers and prospective purchasers and cause many to purchase and enroll for its said course of instruction, and divert students and prospective students from competitors who do not make such false and misleading statements and representations, and with the effect of so doing:

Held, That such acts and practices, under the circumstances set forth, constituted unfair methods of competition.

Mr. Baldwin B. Bane for the Commission.

Poppenhusen, Johnston, Thompson & Cole, of Chicago, Ill., for respondent.

SYNOPSIS OF COMPLAINT

Reciting its action in the public interest, pursuant to the provisions of the Federal Trade Commission Act, the Commission charged respondent, an Illinois corporation engaged in the sale of courses of instruction in practical electricity by correspondence to persons in various States, together with materials, tools, etc., related thereto, and with principal office and place of business in Chicago, with advertising falsely or misleadingly as to results, prices, pretended free products, nature of service, and money back guarantee, in violation of the provisions of section 5 of such act, prohibiting the use of unfair methods of competition in interstate commerce.

Respondent, as charged, engaged, as above set forth, in advertising his courses in newspapers, magazines, periodicals, and other publications of general circulation and in letters, booklets and other trade literature among many other false, misleading, and deceptive statements and representations concerning its school and courses makes such representations as that respondent's graduates earn from \$3,000 to \$10,000 a year; that for a limited time courses are offered at prices substantially lower than the regular prices; that pupils are given free of charge text books, outfits, tools, supplies, and appliances related to the courses; that respondent's head gives students personal and direct instruction; and that any student dissatisfied after completion of the course is guaranteed the refund of his money; the facts being that few if any graduates earn the amounts above set forth, and, if any there be, they are not representative of the average

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graduate of respondent's courses, that respondent's pretended reduced prices are its regular prices, and the price of the purported free text books, etc., is included in the price demanded and received for the courses, that respondent's head does not give any such direct and personal instruction as represented, but acts in only a supervisory capacity, and that there is in fact no such guarantee of money back to dissatisfied students.

According to the complaint "the aforesaid false, misleading and deceptive statements and representations and each of them made by respondent concerning its said courses of instruction, all as above set out, have the capacity and tendency to cause many of the public to subscribe for and purchase respondent's said courses in the belief that said statements and representations are true"; all to the prejudice of the public and of respondent's competitors.

Upon the foregoing complaint, the Commission made the following

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of an act of Congress approved September 26, 1914, the Federal Trade Commission issued and served a complaint upon the respondent, L. L. Cooke School of Electricity, charging it with the use of unfair methods of competition in commerce in violation of the provisions of section 5 of said act.

Respondent having entered its appearance, hearings were had before an examiner of the Commission theretofore duly appointed and testimony and evidence were introduced and a stipulation entered into upon the allegations of the complaint.

Whereupon this proceeding came on for decision, respondent waiving the right to file brief or present oral argument, and the Commission having considered the record and being advised in the premises, makes this its findings as to the facts and its conclusion drawn therefrom:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. The respondent, L. L. Cooke School of Electricity, was organized as a corporation under the laws of the State of Illinois on or about February 2, 1927, with its principal place of business in the city of Chicago, State of Illinois, and since the date of its organization has been engaged in the business of conducting and selling courses of instruction in practical electricity by correspondence through the United States mails, to persons located in the various States of the United States and in foreign countries. In the course and conduct of its said business respondent causes written lessons, textbooks, materials, supplies, tools, and appliances used in connection with said courses of instruction to be transported from

its principal place of business in Chicago, Ill., to students located in various States of the United States, and in foreign countries. The respondent, in the course and conduct of its said business, is in competition with other corporations, partnerships, and individuals engaged in commerce between and among the States of the United States.

PAR. 2. For the purpose of conducting and carrying on its said business, respondent occupies a plant situated at Lawrence Avenue, Leavitt Street and St. Anthony Court, Chicago, Ill., consisting of three buildings, one 50 by 125 feet, three stories high, with basement; one about 50 by 60 feet, two stories high; and one about 50 by 125 feet, one story high. The three-story building is the administration building, in which is carried on all the activities of the school that are conducted through the mails. The first floor of the two-story building is occupied by a well-equipped electrical laboratory wherein any student of the school who has finished at least twenty-five lessons may have practical instruction in the handling and operation of electrical equipment under the guidance of a competent, practical electrician. The school provides two weeks' lodging without extra charge to students who take advantage of the laboratory. The second floor of the two-story building is occupied by the statistical department and files. The school, at the present time, has about 200 employees. During the winter sessions of 1924-25 and 1925-26, as many as 525 people were employed in the school.

PAR. 3. L. L. Cooke is president of the respondent corporation and has general supervision of its courses of instruction. He has been engaged in the correspondence school business since 1920, when he incorporated under the laws of the State of Illinois "Chicago Engineering Works, Inc." Under this name the correspondence school was conducted until about February, 1927, when it was turned over to and since which time it has been conducted by respondent. Mr. Cooke owns no interest whatsoever in respondent or Chicago Engineering Works, Inc., having sold his interest on December 31, 1924, to Mr. R. D. Smith, vice president and general manager of respondent. The stock formerly owned by Mr. Cooke and sold to Mr. Smith is held by Mr. Cooke as collateral security until payments therefor are completed, which it is expected will be about the end of the present year. Mr. Cooke is under contract to remain with respondent until payment on this stock is completed, and Mr. Cooke has orally promised Mr. Smith to remain with the school as long as Mr. Smith desires that he do so. He spends about nine months of each year in Chicago and puts in about three hours of each day, from nine in the morning until twelve noon, at the school, during

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such time as he is in Chicago. He does not personally examine any of the answers sent in by the students and does not prepare or handle any of the literature or correspondence with students, although all such literature and correspondence, except that relating to collections, has his name signed to it. The courses of instruction and textbooks used in the regular course were originally prepared by Mr. Cooke and he still supervises the revision of such and the preparation of most of the new ones, and has general supervision of the instructional work. He attended Purdue University for two years where he took a course in Mechanical Engineering. He did not graduate. He had had about ten years experience after he left college and prior to going to Chicago and engaging in the correspondence school business. He has been connected with the Chicago Engineering Works, Inc., and the L. L. Cooke School of Electricity since the organization of said corporations.

PAR. 4. Respondent obtains students for its school by means of advertising, sales promotion work, and personal solicitation. The advertising consists of advertisements placed in newspapers and magazines of general circulation throughout the United States for the purpose of interesting prospective students. Sales promotion work consists of sending letters and circulars to various names for the same purpose. Inquiries from these sources are followed up with catalogues, printed literature and letters or personal solicitation. The approximate yearly enrollment of the school to-day is 20,000, although it was as high as 50,000 three or four years ago. Approximately 14 per cent of those who enroll complete the course. The school had students in every State of the United States and in Canada and in some other foreign countries.

PAR. 5. Respondent represents that graduates of its courses of instruction earn from \$3,000 to \$10,000 a year. All quotations from and references to respondent's advertisements and literature in these findings are to those used during the years 1928 and 1929. In its letters, circulars, booklets, leaflets, and catalogues sent to prospective students, and in its advertisements in newspapers and magazines of general circulation respondent makes general and widespread use of the following character and kind of statements and representations, featuring some of them by heavy type and display heads:

It's this "Cooke" service, plus this "Cooke" training that makes the "Cooke" trained man, the big pay man, everytime. Be a "Cooke" trained man yourself, and learn to earn \$3,500 to \$10,000 a year.

L. L. COOKE.

It's worth thousands of dollars to any man—to you—for thousands of "Cooke" trained men earn \$3,500 to \$10,000 a year.

I train men to be leaders in every one of these different fields. Choose the one you prefer. I will fit you for it—teach you to know your field as an expert—thoroughly and in a practical way. Then you will be an authority—always in demand—able to earn \$3,500 to \$10,000 a year easily.

Enroll to-day—for quick big pay * * * Your enrollment blank is inclosed. Fill it in and send it to me now, and I will guarantee to give you the training that produces quick big pay.

Within five days you can be studying; within a year you may be earning from \$10 to \$20 a day, from \$3,500 to \$10,000 a year.

These men didn't have to wait years and years for their success. They got quick results from their home training in electricity. They were able to make more money than ever before, in a few short months. That's proof that you too can get more money quick.

\$3,500 to \$10,000 a year. Thousands of Cooke trained men earn this big money. If you want a fat pay envelope, get into electricity * * * Cooke training will show you how and prepare you quickly for a big pay job in electricity at \$3,500 to \$10,000 a year. I will train you at home. If you aren't making \$70 a week or more, investigate. The Cooke trained man is the big pay man everywhere.

Learn to earn \$3,500 to \$5,000 a year. Electricity the big pay field needs you now. I'll train you at home—spare time only needed. The Cooke trained man is the big pay man—always.

I'll train you at home to fill a big pay job! Be an electrical expert; earn \$3,500 to \$10,000 a year * * *. As chief engineer of the Chicago Engineering Works, I know exactly the kind of training you need and I will give you that training * * *. The chance to become in a very short time an electrical expert able to make from \$70 to \$200 a week. The Cooke trained man is the big pay man.

And in a year—well, you'll be an L. L. Cooke trained electrical expert, and L. L. Cooke trained men are the big pay men in electricity—everywhere and always.

And you could be looking forward to getting \$75 to \$100 a week by this time next year—perhaps even as high as \$150 a week.

Employers WANT Cooke trained men. Electricity demands them. The big jobs are waiting for them. Don't delay. Get ready for success and big pay by becoming a Cooke trained man yourself.

What I tried to do was to show you how you could break into the big money class; how you could make—not \$5, or \$6, or \$7 a day but \$10, or \$15, or \$20 a day, and do it every day, week in and week out.

I tried to make clear to you that in electricity salaries of \$30, or \$40, or \$50 a week were just starting salaries, that trained men earn more, much more—\$70 to \$200 a week and that they don't even have to work half as hard.

The Cooke trained man is the big pay man—everywhere and always.

The enrollment blank used by respondent since January, 1929, has in big letters at the top "Here's the quick way to big pay!"

PAR. 6. Students who complete respondent's electrical courses and go into electrical work generally seek employment with persons, firms, or corporations engaged in some branch of electrical work and

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do work generally coming under the classification of construction, maintenance or operation of electrical equipment. The kind and character of jobs which students of respondent get and which respondent obtains for its students are such as mechanic with concerns like the Brown-Lipe Gear Co. of Syracuse, N. Y., assistant station shift operator with concerns like the Northwestern Public Service Co. of Mitchell, S. Dak., automotive electrical work with concerns like the Wisconsin Power & Light Co. of Fond du Lac, Wis., employee in the substations with concerns like the British Columbia Electric Railway Co. of Vancouver, B. C., which employees must be members of the local union of the International Brotherhood of Electrical Workers, and electrician with concerns like the Commonwealth Edison Co. of Chicago, Ill.

The wages paid by large employers of men, including men with special training in electrical work, is illustrated by the wages paid by the Commonwealth Edison Co. of Chicago. The Commonwealth Edison Co. is the largest public utility concern in the Middle West. The company employs about 50 college trained engineers each year selecting them from the leading engineering schools of the country. Some of these men are engaged on electrical installation, maintenance, and operation work. These men are taken on at \$120 per month, and after six months are raised to \$130 a month, and after a year to \$150 per month. At the end of two years they are earning from \$175 to \$180 per month and at the end of three years from \$190 to \$220 a month with the average close to \$200 per month. After four years some of them are getting as much as \$250 per month with possibly a few at \$275 per month, and after a period of five years with the company those who have made good would be earning around \$300 to \$325 per month.

This concern also employs electricians who are not college graduates but who are engaged in electrical installation, maintenance, and operation of work, which class includes the graduates of trade schools and correspondence schools. Such a man with no practical experience would start in the construction or maintenance departments at from 50 cents to 60 cents an hour. 191 hours constitutes a month's work. If in addition to the trade school or correspondence school courses, the man had some practical experience, he might be employed at 70 cents an hour. An apprentice operator, who must be a high school graduate or the equivalent, starts at \$115 a month. A lineman is started at 51 cents an hour and is stepped up as he progresses, usually in two or three months, being examined between each grade, each grade having two or three rates. He is stepped up from 51 cents to a maximum of \$220 a month over a

period of from six to eight years. It would take a man that time to get \$220 per month unless he is very unusual.

Electricians employed by the Commonwealth Edison Co., graduates of correspondence or grade schools, after they have been with the company for a period of a year, in either outside or inside work, in maintenance, installation, or operation, would probably be getting 10 to 15 cents an hour higher than their starting rate. The exceptional man might be as much as 20 cents higher, but this would be very unusual. After they have been with the company for two years they would be getting from 20 cents to 25 cents higher than the starting rate. And after being with the company three years another 10 cents would be added to their rate. There are four grades in the class of linemen and the wages in these four grades run from 51 cents an hour, the starting rate, to \$220 a month. The maximum for inside work is \$1.10 an hour. In the substations the apprentice starts at \$115 a month. The assistant operator in the substation is paid \$140 a month, this is the first job in which a man is required to do any operating and the station operator in the smallest stations or the least important stations gets \$145 a month, while the chief operators in the largest stations get \$200 a month, which is the maximum rate for station operators. In addition the man is given \$10 a month bonus for each five years service with the company with a limit of \$50 on that bonus, and thus the maximum that a man could earn in the best stations as an operator after twenty-five years service would be \$250 a month. It would take from eight to nine years of service to become chief operator in one of these stations.

The average man employed by the company as an electrician would never get into a position where he could earn with the company as much as \$3,000 a year and it would take an unusual or exceptional man starting with the company as an electrician easily seven or eight years to get into a place where he could earn as much as \$3,000 a year with the company. The rates of wages and salaries paid by this company are approximately the same as the rates of good concerns throughout the country.

This concern has as employees 67 of respondent's graduates and former students. These men have been with the Commonwealth Edison Co. for an average length of time of 3 years and 3 months with an average wage of \$154.39 per month and a maximum wage of \$235 per month and a minimum wage of \$98.80 per month, and a maximum period of service of 6 years and 9 months and a minimum period of service of 1 year and 3 months. The average starting salary of these employees was \$108.84 per month with a maximum of \$151.67, per month and a minimum of \$40.56 per month.

Many of the students who have taken respondent's courses in practical electricity have written letters to it or its predecessor, Chicago Engineering Works, recommending the course of instruction and the benefits received therefrom. Of the letters so received only about 2,000, a small percentage, give definite information as to the amount of money the writer of the letter is making in electrical work. The amounts which such former students, graduates, or undergraduates of respondent's courses of instruction, are making, according to the statements contained in such letters, range from \$25 per week to \$5,000 per year with a few in excess of \$5,000 per year. Most of the former students or graduates of respondent's courses of instruction who are apparently making more than \$3,000 per year are engaged in some branch of the electrical business on their own account. From such letters it appears that \$3,000 per year is greatly in excess of the average earned by graduates or former students of respondent's courses of instruction.

PAR. 7. The wages paid to electrical workers in Chicago who are members of the Brotherhood of Electrical Workers is shown by the testimony of Mr. Fee, financial secretary of the Electrical Workers Union No. 9. Mr. Fee testified that operators get from \$165 a month up to possibly \$300 a month at the one station generating power which the local controls. Linemen are paid the highest wages on contract work and an apprentice lineman on such work gets \$9 a day. He must serve as an apprentice four years. When he becomes a journeyman lineman his scale is \$13 a day. The journeyman lineman on other than contract work gets \$11.68 a day. The day consists of eight hours. The operators at power stations make more money than do the journeymen linemen because the linemen do not work every day. A foreman of this union gets from \$300 to \$315 a month. Forty-four hours constitutes a week with this union. Ordinarily a man is a member of the union for a period of from five to ten years beyond the apprentice stage before he becomes a foreman. The union does not require that a foreman shall have technical education or be an expert electrician. It merely looks to his ability to handle men, get the work out of them, \$60 to \$200 per week, \$3,000 to \$10,000 per year, are not the average earnings of a trained man in the industry, but are earnings which only the very exceptional can attain and then only after years of labor. A very few, if any, of the students or graduates of respondent's courses earn between \$3,000 and \$10,000 a year. Such figures are far in excess of the earnings of the ordinary or average student or graduate of such courses.

PAR. 8. From the middle of 1928 until the latter part of January, 1929, respondent used enrollment blanks upon which it stamped in green ink the words:

**REDUCED PRICE. NOTE BIG PRICE REDUCTION
YOU SAVE \$32**

These enrollment blanks as originally printed set out the price of respondent's complete course as \$129.50. A line was drawn through this figure and the figure \$97.50 substituted in green ink. On the original printing a sentence read:

Special price for full cash in advance, only
\$104.50—You save \$25

A line was drawn through the figures \$104.50 and \$25 and above these figures was stamped in green ink \$82.75 and \$14.75, respectively. The price for respondent's full and complete course of instruction was and had been \$97.50 and it was not and had no intention of selling its course at any other price. Thus respondent represented to prospective students that they would secure a reduction of \$32 when in fact \$97.50 was the regular and full price at which the respondent was and had been selling its complete course.

PAR. 9. In its advertisements and literature respondent makes the following kind and character of representations:

With this special course I will send you six outfits of electrical material worth \$25, outfits of testing instruments, tools, or materials, the equipment you will need to start—without one cent of additional cost. This is another EXTRA-ORDINARY feature of my course. But I want my boys to succeed—and I spare no pains to have them do so. If you get your enrollment to me at once, you will secure not only these easy terms, but all six outfits, absolutely without extra expense. * * * You will note that the enrollment blank also covers special complete courses in drafting, radio and automotive work, all of which you receive without additional cost, provided you enroll AT ONCE.

I give you six big complete electrical outfits, including tools, motor and materials for experimental and spare time work—no extra charge.

Tools for spare time work free to everyone of my students. These I give absolutely FREE of all extra charge to everyone of my students.

All materials given—so you can earn as you learn.

This picture shows only a part of these six outfits—complete outfits contain nearly fifty articles—all free to students.

I show you how to do this work, how to get it and what to charge. I even give you the tools and materials * * * I want to make it just as easy as I can for you to obtain my training. That's why I offer to enroll you as a Cooke student and give you my entire course with all the extra features described in the column at the right of this page, for the small sum of only 17 cents a day * * *. I give six complete, practical working outfits absolutely free to my students. No other home study school has an electrical laboratory. I give my students free use of my great \$5,000 laboratory, with free accommodations in Chicago while they are experimenting here in the laboratory.

I give you my complete auto electricity course—no extra cost! Worth \$50—now free to student.

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That copy, however, is absolutely free—just another new and added feature to the world famous L. L. Cooke training.

Six wonderful electrical working outfits given to students. No extra charge.

The tools and other commodities and things furnished by respondents are parts of and are regularly included in the complete course covered by the tuition fee. They are not free or a gratuity from respondent.

PAR. 10. Respondent in its advertisements and literature states and represents that L. L. Cooke gives to students personal and direct instruction. All correspondence, except that relating to collection, is signed with name of L. L. Cooke and bears the initials L. L. C., indicating that it was dictated by L. L. Cooke. All of respondent's correspondence and literature is written in the first person, as if dictated or prepared by Mr. Cooke personally. Mr. Cooke is featured all through respondent's literature by name and picture. Throughout respondent's literature and advertisements are such statements as the following:

Let me—L. L. Cooke teach you **ELECTRICITY** * * *. Thousands of my boys are now making \$3,500 to \$10,000 a year.

I ask this because there are things taken up in that letter, about what I propose to do personally, to help you—that naturally wouldn't and couldn't be covered in any book. So please, as a favor to me, read the letter that I have written you before you start to read my book.

I know how progress is made in this new profession—and I will stand behind you—helping you with a world of practical experience. When problems come up, when decisions have to be made, when questions of policy and action on your part have to be answered, and answered right, I will be right there—whenever you need me to help you. I want you to be a credit to yourself—and me. I want you to **RISE**, quickly and high. So I stand right at your elbow, so to speak—to help you whenever you need help. This service, which I supply because I know better than you do at present what you need to make a big success, begins right from the start and continues after I have polished you into a Self-Confident Electrical Craftsman.

MY PERSONAL HELP AND SUPERVISION IN ALL OF YOUR STUDY AND WORK, not only while you are a student but for years afterwards—as long as you need me.

I set no limit on the time required to finish my course. I work with you constantly to see that you learn right.

I'll not only teach you electricity until you are a fully qualified electrical expert, capable of handling any kind of electrical work, but I'll stand by you and help you until you have climbed to the very top of the ladder and need my help no more.

There won't be a chance for you to fail, because I'll be working right along with you on every lesson, explaining everything that you don't understand, answering your questions, advising you, guiding you,—giving you the full benefit of my twenty years of practical experience.

So fill in and sign the enclosed enrollment blank, attach to it a money order or check for \$5, send it to me personally (using the envelope I am enclosing), and we'll get started at once. Your partner for success, **L. L. Cooke**.

My methods are simple, easy, and quick, I don't waste your time. In a few short months under my personal supervision you will learn more than you could in several years in ordinary teaching. Just half an hour or an hour a day for a short time is all you need. The busiest man can find time to put in on my lessons. And it is time well spent, for it means hundreds of dollars more each year in your pay envelope.

Your progress is carefully watched. If you go too fast for your own good, however, I'll catch you at it. I don't want a man to cram this work. I want him to know it. On the other hand, if you are doing unusually good work, you will be helped along with hearty encouragement. We are on the still hunt for geniuses. So show a flash of something unusual once in a while and you need not be surprised if some morning you get a special delivery letter from me containing good news.

I pride myself on being a maker of big pay men. My greatest pleasure comes by helping men from the small pay lot, into the wonderful new profession of electricity.

I have traveled across the length and breadth of America. I have gone into the far corners of the world—China, Australia, South Africa. And wherever I have gone, I have seen opportunities by the thousands for men who know electricity. It is so everywhere. We are at the beginning of an electrical age, so great that it surpasses the wildest dreams of twenty-five years ago, when I was a young man first starting in my career.

Why I, a practical engineer, can so well teach you practical electricity. Being a college trained engineer, with over twenty years of good, hard, practical experience, and in close touch with the electrical industry, I know just the kind of training a man needs to make him a successful electrical man. And I give you this training. Not only do I teach you the theory of electricity, but I teach you, also, how to apply this knowledge in a practical way—in actual work. This is why my students are so practical, so successful, and so easily and quickly get into the ranks of big money makers in this work. In fact, I am ready to do practically any thing that is humanly possible for an instructor to do—just to make you a really big PAY man in electricity.

Then I am going to prove that to make Big Money in Electricity a man doesn't have to have a college education; he doesn't have to be a high school graduate; it isn't even necessary that he should have finished the grades. All that he needs is a knowledge of how to read and write.

My second guarantee is that I will teach you electricity by my own special workshop method, giving you the same work sheets and job tickets that have brought success and big pay to thousands of my students.

I personally Supervise Every Step of Your Training! My third guarantee is that every part of your instruction and student service will be personally supervised by me. In this way you will receive the full benefit of my twenty-five years of practical experience in the electrical profession. This guarantee is your protection. It means that when you enroll for L. L. Cooke training, you will receive my personal supervision both in your instruction and in the many student services I offer. You will learn the short-cuts I learned in a quarter century of world-wide engineering experience, and how to apply this knowledge in a practical way.

Respondent's money-back agreement is written in the first person and signed by L. L. Cooke. Respondent's enrollment blank, which is addressed to L. L. Cooke, contains among the things to which the

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student is entitled "Your personal help and supervision in all my studies and work." The training and instruction offered by respondent is not given directly or personally by L. L. Cooke but through employees and L. L. Cooke acts only in an advisory and executive capacity.

PAR. 11. Respondent, throughout its advertisements and literature, makes the following kind and character of statements and representations:

SATISFACTION OR YOUR MONEY BACK

I agree under bond to return every penny you pay me for tuition if, when you have finished my course, you are not satisfied that it was the best investment you ever made.

My guarantees have backing. I not only promise to give you the many things described in this book—I give you, when you enroll, an ironclad agreement, signed, sealed, and delivered to you, positively stating that if, after completing my course, you are not entirely satisfied in every way, every penny of your tuition will be promptly refunded. *And remember, a two-million dollar institution stands back of every statement and every guarantee I make.*

So sure am I that you can learn electricity—so sure am I that after studying with me you, too can get into the big-money class in electrical work, that I will guarantee under bond to return every single penny paid me in tuition, if, when you have finished my course, you are not satisfied it was the best investment you ever made.

The Chicago Engineering Works was incorporated in 1920. Its capital stock is \$2,000,000 and it owns all of the capital stock of respondent. It is merely a holding company and is not engaged in business or commerce of any kind. No outside person or third party is back of any of the promises or obligations of respondent or L. L. Cooke to students of the school, nor does L. L. Cooke or respondent put up any bond covering said promises or obligations. The so-called money-back agreement has been carried out by respondent whenever demand has been made by students therefor where such students have completed the prescribed course of instruction.

PAR. 12. Respondent, throughout its advertisements and literature, also makes the following kind and character of statements and representations:

However, knowing electricity is the easiest thing in the world if you are trained right, and Cooke training is not only right, but has been made so easy that any man can master it in a few short months * * *.

That means you learn electricity—right. And because my boys have learned electricity right, they are the big-pay men in the big-pay field.

So, my friend, if you would like to earn more money—if you would like to get into the big-pay class, and earn from \$60 to \$100 a week, don't hesitate any longer, you risk nothing, and it takes only a \$5 bill to start.

And isn't it worth it? Isn't it worth a whole basketful of \$5 bills just to know that within a year you should be earning more than \$60 a week—every week in the year?

All that you do need is enough ambition to spend half an hour a day of your spare time preparing for your future—in preparing for a job that will pay you from \$12 to \$30 a day **FOR THE BALANCE OF YOUR LIFE.**

Here is a profession brimming over with opportunities for you. There are more big electrical jobs open right now than there are trained men to fill them. Even ordinary dumb-bell electricians get good wages—\$8 to \$12 a day—but it is the trained men—trained as I will train you, who make the big money and get the big jobs.

And electricity is easy to learn. Age, lack of education or experience bar no man. All you need is training. With Cooke training behind you, you will find it easy to step out and earn \$12 to \$30 a day.

My course is **PRACTICAL.** As chief engineer of this great two-million dollar institution, and with over twenty years of actual engineering experience, I know exactly the facts a man must have to be a real electrical craftsman. I have been through the mill—handled big projects all over the world—I know how progress is made in electricity.

Electricity needs trained men. Electricity will pay the top price for men trained by me according to my methods.

Giant corporations have asked me to help. They want a certain type of man, trained by my methods. This type of man must be ambitious.

He must be willing to part with a half hour or so a day, in his spare time, for a few months, to master electricity under my simple, quick instructions.

He must be able to stand prosperity, so that salaries of \$70, \$80, \$100 a week and more, won't turn his head.

In fact, once an employer has hired Cooke trained men, he will never hire any other. He insists thereafter on a Cooke trained man.

A Cooke diploma means something. It means that the holder is master of his profession. It gives its owner opportunities that he never could get in any other way. It is recognized by employers everywhere as proof that the man whose name is on it has finished a thorough and practical training in electricity. It's worth thousands of dollars to any man—to you—for thousands of Cooke trained men earn \$3,500 to \$10,000 a year.

My course is all you need to become a big-pay man in any branch of electrical craftsman.

Every man has a big chance to make good in electricity. There are nowhere near enough men to fill the Big-Pay Jobs in this Big-Pay Field.

Chief Engineer Cooke has written a wonderful book about electricity, its opportunities for young men, and what these opportunities mean to you. It is printed in colors, has 64 pages and more than 100 pictures. It's the same book that started 10,000 other men on the road to big pay.

We are going to keep right on that path doing everything necessary and possible to help you along and into the ranks of the men who are earning \$3,500 to \$10,000 a year.

Cooke trained men earn \$12 to \$30 a day, \$70 to \$200 a week, \$3,500 to \$10,000 a year.

For twenty years after leaving college (Purdue University) Mr. Cooke was employed on the engineering staffs of the American Bridge Co., the Pressed Steel Car Co., and Milliken Bros. (the great international construction engineers), working in the United States, London, Hongkong, China, and Johannesburg, and Cape Town, South Africa. In these twenty years he gained an

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experience in electrical work—which seldom comes to the average engineer. This experience has made it possible for him to develop and perfect his wonderfully practical, up-to-date and successful course in electricity.

For the past ten years he has specialized in electrical training and has trained thousands of men—young and old—for big paying positions in electrical lines.

It takes the usual, ordinary and average student about eighteen months to finish respondent's complete course of instruction. Respondent's course of instruction consists of 70 regular lessons and about 125 special lessons.

PAR. 13. The statements, representations, and claims of respondent, as set out above, are false and misleading and have the capacity and tendency to and do mislead and deceive purchasers and prospective purchasers and cause many persons to purchase and enroll for respondent's course of instruction and divert students and prospective students away from competitors of respondent that do not make such false and misleading statements and representations.

CONCLUSION

The acts and practices of respondent set forth in the foregoing findings as to the facts constitute, under the circumstances therein stated, unfair methods of competition in commerce in violation of the provisions of an act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes."

ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission, answer of the respondent and testimony and agreed statement of facts filed herein, and the Commission having made its findings as to the facts and its conclusion that the respondent has been violating section 5 of an act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes",

It is now ordered, That respondent, L. L. Cooke School of Electricity, its officers, directors, agents, representatives, servants, and employees do cease and desist, directly or indirectly, by advertisement, circular letter, or otherwise, in commerce between and among the several States of the United States, or between any State and the District of Columbia, or between any State or the District of Columbia and any foreign country, or in the District of Columbia:

1. Representing in any way whatsoever earnings of a small percentage of the students or graduates of such school so as to make it appear that such earnings represent the average earnings of students

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or graduates of the school, or represent earnings of the ordinary or average student or graduate of said school.

2. Representing that upon the completion of respondent's course of instruction by correspondence the student or graduate will obtain a position paying a salary ranging from \$60 to \$200 a week, or \$3,000 to \$10,000 a year, or that students who take respondent's course of instruction are generally able to secure positions at or do earn salaries ranging from \$60 to \$200 per week or from \$3,000 to \$10,000 per year.

3. Representing that there is a great demand at high salaries for the services of persons trained by respondent or who have taken respondent's course of instruction.

4. Representing that the price at which its course of instruction is offered is a special or reduced price, or that it is lower than the ordinary and usual price received, when such is not the fact, or representing as special or extraordinary some feature of the course which is regularly and ordinarily included as a part of the course.

5. Representing that any article of merchandise or other thing or service is given or furnished free to students when the price or value of such article of merchandise or other thing or service is included in the price specified as the price of the course of instruction and paid by the student.

6. Representing that students are given personal instruction or attention by L. L. Cooke or anyone else when such instruction or service is not given directly and personally by such person but through agents.

7. Making exaggerated or false statements as to the experience and the equipment or qualifications of L. L. Cooke or other person connected with respondent.

8. Representing that its promises, agreements, or obligations are under bond unless, and until, it posts a bond, or bonds, to cover said promises, agreements, and obligations and in sufficient amount to indemnify against any default in said promises, agreements, or obligations.

9. Making exaggerated or misleading statements as to industrial conditions or the demand for men trained by respondent or through respondent's course of instruction.

10. Representing that any person, regardless of age or the amount of schooling or education and with just the ability to read and write, can and will within a few months be qualified as an expert electrician on all electrical matters by taking the correspondence course offered by respondent.

IN THE MATTER OF

FRANK W. ALTER, DOING BUSINESS UNDER THE
TRADE NAMES AND STYLES, ALTER & COMPANY, AND
EGYPTIAN GEM COMPANY

COMPLAINT (SYNOPSIS), FINDINGS, AND ORDER IN REGARD TO THE ALLEGED
VIOLATION OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 28, 1914

Docket 1860. Complaint, Aug. 6, 1930—Decision, Oct. 29, 1930

Where an individual engaged in the sale of rings, and other articles, to dealers and others, for resale to retailers and the public,

- (a) Made such statements in printed coupons furnished, sold and delivered to the retail trade and said others, and depicting such rings, as, "This coupon is worth \$2.50 to you—instead of spending fabulous sums in national publications this coupon is issued for savings thus effected and we pass it on to you. Present to dealer named below and you will receive our regular \$3 Egyptian diamond ring for 50 cents. A \$3 value for 50 cents", and through statements in other coupons similarly represented the transaction as "A \$5 value for \$1", "Worth \$4 to you", or "A \$6.50 value for \$1", "Worth \$5.50 to you", as the case might be; the facts being that the regular and reasonable price of said articles ranged from approximately 15 cents to 25 cents a piece and that the regular and reasonable value thereof was in no instance as much as \$3, \$5, \$5.50, or \$6.50, and said coupons had and represented only a false or fictitious value in connection with the purchase of such articles;
- (b) Described same in said coupons as "Egyptian diamond rings. Do not compare * * * with ordinary imitations", "* * * a genuine ring which stands the test of fire and the acid bath. I give absolutely free a one-half carat diamond stick pin with each purchase", etc., the facts being that instead of diamonds or precious stones or gems, pieces of plate glass or other glass, facet cut, or mined stones of small value, or imitations thereof, were set or mounted in said rings;
- (c) Held out a "2-year guarantee certificate with each purchase", in said coupons and furnished, sold, and delivered said "certificates of guarantee" along with said rings and coupons, offering new rings for any proving defective, and returned with "35 cents for postage charges" or "25 cents for postage, packing, and shipping", the facts being that postage charges amounted to 2 cents and cost of packing and shipping to not more than 3 cents, and that 25 cents or 35 cents afforded said individual a very large profit on each transaction, over and above said charges; with the result that members of the public were deceived into making new purchases from said individual instead of obtaining the articles at a nominal expense after paying cost of original purchase and nominal charges for postage or for postage, packing and shipping; and

Where said individual, in pursuance of a conspiracy, understanding and agreement with various persons to sell, and cause others to sell, to the public aforesaid articles, through false and deceptive practices and fraudulent representations, knowingly and intentionally employed and made in connection with sale of such articles, and in advertisements thereof in newspapers, and in said coupons and certificates,