Syllabus

IN THE MATTER OF

UNIVERSAL RADIO-VISION TRAINING CORP. ET AL.

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

Docket 5626. Complaint, Dec. 7, 1948—Decision, May 15, 1950

Where a corporation, three officers thereof, and its "Superintendent of Instruction," who controlled and formulated its advertising policy, including the acts and practices below described; engaged in conducting correspondence courses of instruction for home study in the theory of radio and television, and in promoting the sale thereof through field agents who personally approached their prospects, and through newspapers published in California, Kansas, and Louisiana, and others published and circulated throughout the United States, and in leaflets, circulars, form letters and cards, printed contracts, and other mediums; in their said advertising, directly and by implication—

(*a*) Represented that said corporation was a successor of the American Institute of Technology and had been in continuous operation since 1934; the facts being there was no connection whatever between said American Institute of Technology of Detroit, and their school, which was incorporated in California in 1946;

(*b*) Represented that any one with a liking for radio, electronics, and television might become part of said industry and be assured of high-paying positions therein; that men and women from 17 to 50 might successfully train for and become certified technicians in the electronic industry; and that there should be millions of high-paid jobs for personnel trained in electronics;

The facts being that while the study of electronics and allied subjects requires a minimum of high-school training and special aptitude, they enrolled numerous individuals who were in nowise qualified, as the soliciting individuals knew; their course was confined to the teaching of theory and was wholly insufficient properly to prepare and train one as a technician in the field concerned, in which practical training and experience is required to qualify anyone; and the representation as to prospective public jobs available not only grossly exaggerated the number, but misleadingly implied that their graduates would be qualified for any position in the electronic field at a higher salary;

(*c*) Represented that the course included the building of testing equipment for the purpose of performing home laboratory experiments, and that the equipment therefor was furnished by them; when in fact they furnished no equipment of any kind to students other than the 100 lessons which comprised the course; and

Where said corporation and individuals—

(*d*) Represented personally through their field agents and officers that graduates might earn from $125 to $325 weekly and up to $700 a month in the television industry; and that their course properly prepared students to obtain and hold lucrative positions in the electronics industry, including broadcasting, public address systems, and sound;

The facts being that the electronic industry would not employ persons who had not had practical training or experience of from 3 to 5 years; no graduate of their school could qualify as other than an apprentice; and the wages paid to apprentice employees were substantially less than the minimum amount represented by them as being paid to graduates;

(*e*) Represented as aforesaid that graduates became certified radio technicians and that they were qualified to make such certification; and that graduates might be certified as radio technicians by the Federal Communications Commission through their branch offices;

The facts being that they had not been empowered by any State or national or educational organization to certify their students as technicians, nor did said Commission so certify graduates; said students did not become technicians in radio electronics; and the diploma issued to that effect was not recognized in the industry as evidence of proper qualification therefor; and

(*f*) Falsely represented that the Bell Telephone Co. and other large electronic organizations employed graduates of their school at the beginning salary of $500 a month;

The fact being that neither said company nor any other firm engaged in the radio, television, and electronics industry was employing their graduates; all employees engaged in the electronic industry are subject to the rules and regulations established by the trade unions in said industry; and generally no persons can be employed who have not had from 3 to 5 years apprentice training in said trade unions;

With effect of misleading and deceiving many members of the purchasing public into the erroneous belief that such representations were true, and thereby causing a substantial portion of the public to purchase their said course of instruction, and with capacity and tendency so to mislead and deceive:

Held, That such acts and practices, under the circumstances set forth, were all to the prejudice and injury of the public and constituted unfair and deceptive acts and practices in commerce.

Mr. William L. Pencke for the Commission.

Mr. Frederick I. Frischling, of Los Angeles, Calif., for respondents.

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 Universal Radio-Vision Training Corp., a corporation, and Earl G. Hopkins, Hyram W. Haueter, and Charles L. Turly, individually and as officers of Universal Radio-Vision Training Corp., and Benjamin P. Scott, individually and as superintendent of instruction of said corporation, hereinafter referred to as respondents, have violated the provisions of said act and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent, Universal Radio-Vision Training Corp., is a California corporation, with its office and principal place of busi-

ness located at 1025–7 North Highland Avenue, Hollywood, Calif. Respondents, Earl G. Hopkins, Hyram W. Haueter, and Charles L. Turly, are individuals and officers of the corporate respondent, Universal Radio-Vision Training Corp., and as such officers, together with Benjamin P. Scott, acting as superintendent of instruction, they are responsible for and control and formulate and have controlled and formulated the advertising policies of said corporate respondent, including the acts and practices hereinafter described. The business address of each of the said individual respondents is the same as that shown above for the corporate respondent.

Respondents are now, and since March 14, 1946, have been engaged in conducting a correspondence school, and in selling and distributing in commerce between and among the various States of the United States and in the District of Columbia courses of instruction for home study in the theory of radio and television. They have caused and are causing printed courses of instruction in said subjects, when sold, to be transported from their place of business in the State of California to student enrollees, who are the purchasers thereof, at their respective addresses in other States of the United States and in the District of Columbia.

Respondents maintain and at all times mentioned herein have maintained a course of trade in said courses of instruction in commerce between and among the various States of the United States and in the District of Columbia.

PAR. 2. In the course and conduct of their business in commerce as aforesaid, and for the purpose of enrolling prospective students and thereby promoting the sale of their said courses of instruction, respondents, through field agents, who personally approach their prospects, and also by means of advertisements inserted and caused by respondents to be inserted in newspapers published in the States of California, Kansas, Louisiana, and other newspapers published and circulated throughout the United States, and in leaflets, circulars, form letters and card, printed contracts and other mediums, distributed through the United States mails, have made and are making numerous false, deceptive, and misleading statements and representations with respect to the advantages and benefits which the purchasers of their said course of instruction could expect to receive. Among and typical of such false and misleading statements and representations so used by the respondents are the following:

History of Universal Radio-Vision Training Corporation (formerly American Institute of Technology, Detroit, Michigan).

American Institute of Technology founded by B. P. Scott in 1934 and licensed by State of Michigan in 1935.

Hundreds of students have been trained by American Institute of Technology and placed in nearly every broadcasting station in Michigan, as well as several with State police net in Michigan and other States . . .

Reopened in Hollywood as Universal Training Corporation in February, 1946 . . .

If you like RADIO, ELECTRONICS and TELEVISION—and are anxious to secure a better job with MORE PAY—this letter will interest you . . . YOU, TOO, may become a part of this new and fast-growing industry, an industry which should offer millions of HIGH PAID jobs to personnel trained in this work.

We are selecting MEN and WOMEN NOW to be trained as certified radio, electronic and television technicians.

Wanted! Men and women 17 to 50, to train now as certified technicians in F. M. radio and television.

Training will not interfere with your present position.

You learn by building your own testing equipment, and by performing 50 home laboratory experiments. Equipment furnished.

Television! Today's most promising new field of opportunity, offers excellent pay for trained personnel. Wanted, immediately, men and women to train now as certified radio and television technicians—broadcasting, public address systems and sound.

Through personal representations made by field agents and officers of respondent corporation, respondents further represent that graduates may earn from $125 to $325 weekly, and up to $700 a month in the television industry; that students having enrolled and subscribed for said course of study may discontinue the same at any time without being required to pay the balance of tuition fees which may be due; that graduates may be certified as radio technicians by the Federal Communications Commission through their branch offices; that the Bell Telephone Co. and other large electronic organizations employ graduates of respondents' school at a beginning salary of $500 a month; that respondents' school gives more actual training in 9 months than may be received at the Massachusetts Institute of Technology in 4 years; that graduates become certified radio technicians and that respondents are qualified to make such certification.

PAR. 3. Through the use of the statements and representations hereinabove set forth, and many others of similar import and effect, respondents represent, directly and by implication, that the corporate respondent, Universal Radio-Vision Training Corp., is a successor of the American Institute of Technology and has been in continuous operation since 1934; that anyone with a liking for radio, electronics, and television may become part of said industry and be assured of high paid positions therein; that men and women from the ages of 17 to 50 may successfully train for and become certified technicians in the electronic industry; that the studies may be pursued without interfering with any other work done by students, and that the course of study includes the building of testing equipment for the purpose of

performing home laboratory experiments, and the equipment therefor is furnished by respondents; that graduates may be assured of earning anywhere from $125 a week to $700 a month in the television industry; that said course of study properly prepares said students to enable them to obtain and hold lucrative positions in the electronics industry, including broadcasting, public address systems, and sound; that students may discontinue said course of study at any time without being obligated to pay the balance of the tuition fee; that respondents' school is recognized as having authority to certify its graduates as radio technicians, and that the Federal Communications Commission, through its branch offices, certifies respondents' graduates as radio technicians; that prominent firms in the electronic and radio industry employ respondents' graduates at salaries beginning at $500 a month; that said course of study is superior to the work offered by Massachusetts Institute of Technology, and that students may be trained in less time through respondents' course than by attending standard residence schools.

PAR. 4. The aforesaid statements and representations are grossly exaggerated, false, and misleading. In truth and in fact, respondents' course in electronics, radio, and television is confined to the teaching of theory in said subject and is wholly insufficient to properly prepare and train one as a technician in said fields. Substantial practical training and experience is required to qualify anyone as a technician and respondents' course of study can offer no more than a fundamental theoretical knowledge of electronics.

The representation that respondents' business was established in 1934 as the American Institute of Technology and implying that the school has been operated continuously, is wholly false and misleading. There is no connection whatever between said American Institute of Technology of Detroit, Mich., and respondents' present school, which was incorporated in the State of California in 1946.

The representation that there should be millions of high paid jobs to personnel trained in electronics is not only grossly exaggerated with respect to the number of jobs actually available, but also misleadingly implies that respondents' graduates would be qualified for any position in the electronic field at a high salary.

Respondents' students do not become certified technicians in radio electronics, and the diploma issued to that effect is not recognized in the electronic industry as evidence of proper qualification for certified radio technicians; and respondents have not been empowered by any State or national or educational organization to certify their students as technicians. Neither will the Federal Communications Commis-

sion, either directly or through any branch office, certify any of respondents' graduates as radio technicians.

The representation that said course of study may be pursued during the spare time of the student and will not interfere with other activities and may be completed within 2 years time is unwarranted and misleading. The subject of electronics requires not only special aptitude, but is so intricate that no average student could possibly master said subject by studying in his or her spare time within a period of 2 years and become qualified to hold a position as radio technician or similar position requiring a thorough knowledge of electronics.

The representation that equipment is furnished for home laboratory experiments is false in that no equipment of any kind is furnished to students, other than the 100 lessons comprising the course.

The representations that students may earn from $125 weekly, to $700 monthly, are false. The electronic industry will not employ persons who have not had practical training or experience of from 3 to 5 years, and no graduate of respondents' school could qualify as other than an apprentice; and the wages paid to apprentice employees are substantially less than the minimum amounts represented by the respondents as being paid to graduates. Neither the Bell Telephone & Telegraph Co., nor any other firm engaged in the radio, television, and electronics industry is employing respondents' graduates. Moreover, all employees engaged in the electronic industry are subject to the rules and regulations established by the trade unions in said industry, and generally no persons can be employed who have not had from 3 to 5 years' apprentice training in said trade unions. Although the study of electronics and allied subjects requires a minimum of high-school training and special aptitude, respondents have enrolled numerous individuals who are in no wise qualified, either by education or aptitude, to pursue said course, respondents knowing, at the time of soliciting said students, that they had no such qualifications.

PAR. 5. The statements, representations, and implications made and caused to be made by respondents, as set forth herein, have had and now have the tendency and capacity to, and do, mislead and deceive many members of the purchasing public into the erroneous and mistaken belief that such statements, representations, and implications are true, and because of such erroneous and mistaken belief, cause a substantial portion of the public to purchase respondents' said course of instruction.

PAR. 6. The aforesaid acts and practices of respondents, as herein alleged, are all to the prejudice and injury of the public and constitute unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission, on December 7, 1948, issued and subsequently served its complaint in this proceeding on the respondents named in the caption hereof, charging them with the use of unfair and deceptive acts and practices in commerce within the intent and meaning of said act. After the issuance of said complaint and the filing of respondents' answer thereto, the Commission, by order entered herein, granted respondents' motion for permission to withdraw their answer and substitute in lieu thereof an answer admitting all of the material allegations of facts set forth in the complaint and waiving all intervening procedure and further hearings as to said facts, which substitute answer was duly filed in the office of the Commission. Thereafter, this proceeding regularly came on for final hearing before the Commission on said complaint and substitute answer, and the Commission, having duly considered the matter and being now fully advised in the premises, finds that this proceeding is in the interest of the public and makes this its findings as to the facts and its conclusion drawn therefrom.

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent, Universal Radio-Vision Training Corp., is a California corporation, with its office and principal place of business located at 1025–7 North Highland Avenue, Hollywood, Calif. Respondents Earl G. Hopkins, Hyram W. Haueter, and Charles L. Turley are individuals and officers of the corporate respondent, Universal Radio-Vision Training Corp., and as such officers, together with Benjamin P. Scott, acting as superintendent of instruction, they are responsible for and control and formulate and have controlled and formulated the advertising policies of said corporate respondent, including the acts and practices hereinafter described. The business address of each of the said individual respondents is the same as that shown above for the corporate respondent.

Respondents are now, and since March 14, 1946, have been, engaged in conducting a correspondence school and in selling and distributing in commerce between and among the various States of the United States and in the District of Columbia courses of instruction for home study in the theory of radio and television. They have caused and are causing printed courses of instruction in said subjects, when sold, to be transported from their place of business in the State of California to student enrollees, who are the purchasers thereof, at their respective

addresses in other States of the United States and in the District of Columbia.

Respondents maintain and at all times mentioned herein have maintained a course of trade in said courses of instruction in commerce between and among the various States of the United States and in the District of Columbia.

PAR. 2. In the course and conduct of their business in commerce as aforesaid, and for the purpose of enrolling prospective students and thereby promoting the sale of their said course of instruction, respondents, through field agents, who personally approach their prospects, and also by means of advertisements inserted and caused by respondents to be inserted in newspapers published in the States of California, Kansas, and Louisiana, and other newspapers published and circulated throughout the United States, and in leaflets, circulars, form letters and cards, printed contracts, and other mediums, distributed through the United States mails, have made and are making numerous false, deceptive, and misleading statements and representations with respect to the advantages and benefits which the purchasers of their said course of instruction could expect to receive. Among and typical of such false and misleading statements and representations so used by the respondents are the following:

History of Universal Radio-Vision Training Corporation (formerly American Institute of Technology, Detroit, Michigan).

American Institute of Technology founded by B. P. Scott in 1934 and licensed by State of Michigan in 1935.

Hundreds of students have been trained by American Institute of Technology and placed in nearly every broadcasting station in Michigan, as well as several with State police net in Michigan and other States . . .

Reopened in Hollywood as Universal Training Corporation in February, 1946 . . .

If you like RADIO, ELECTRONICS and TELEVISION—and are anxious to secure a better job with MORE PAY—this letter will interest you . . . YOU, TOO, may become a part of this new and fast-growing industry, an industry which should offer millions of HIGH PAID jobs to personnel trained in this work.

We are selecting MEN and WOMEN *NOW* to be trained as certified radio, electronic and television technicians.

Wanted! Men and women 17 to 50, to train now as certified technicians in F. M. radio and television.

You learn by building your own testing equipment, and by performing 50 home laboratory experiments. Equipment furnished.

Television! Today's most promising new field of opportunity, offers excellent pay for trained personnel. Wanted, immediately, men and women to train now as certified radio and television technicians—broadcasting, public address systems and sound.

Through personal representations made by field agents and officers of respondent corporation, respondents further represent that graduates may earn from $125 to $325 weekly, and up to $700 a month in the television industry; that graduates may be certified as radio technicians by the Federal Communications Commission through their branch offices; that the Bell Telephone Co. and other large electronic organizations employ graduates of respondents' school at a beginning salary of $500 a month; that graduates become certified radio technicians and that respondents are qualified to make such certification.

PAR. 3. Through the use of the statements and representations hereinabove set forth, and many others of similar import and effect, respondents represent, directly and by implication, that the corporate respondent, Universal Radio-Vision Training Corp., is a successor of the American Institute of Technology and has been in continuous operation since 1934; that anyone with a liking for radio, electronics, and television may become part of said industry and be assured of high-paid positions therein; that men and women from the ages of 17 to 50 may successfully train for and become certified technicians in the electronic industry; that the course of study includes the building of testing equipment for the purpose of performing home laboratory experiments, and the equipment therefor is furnished by respondents; that graduates may be assured of earning anywhere from $125 a week to $700 a month in the television industry; that said course of study properly prepares said students to enable them to obtain and hold lucrative positions in the electronics industry, including broadcasting, public address systems, and sound; that respondents' school is recognized as having authority to certify its graduates as radio technicians, and that the Federal Communications Commission, through its branch offices, certifies respondents' graduates as radio technicians; and that prominent firms in the electronic and radio industry employ respondents' graduates at salaries beginning at $500 a month.

PAR. 4. The aforesaid statements and representations are grossly exaggerated, false, and misleading. In truth and in fact, respondents' course in electronics, radio, and television is confined to the teaching of theory in said subject and is wholly insufficient to properly prepare and train one as a technician in said field. Substantial practical training and experience is required to qualify anyone as a technician and respondents' course of study can offer no more than a fundamental theoretical knowledge of electronics.

The representation that respondents' business was established in 1934 as the American Institute of Technology and implying that the school has been operated continuously is wholly false and misleading.

There is no connection whatever between said American Institute of Technology of Detroit, Mich., and respondents' present school, which was incorporated in the State of California in 1946.

The representation that there should be millions of high-paid jobs to personnel trained in electronics is not only grossly exaggerated with respect to the number of jobs actually available, but also misleadingly implies that respondents' graduates would be qualified for any position in the electronic field at a high salary.

Respondents' students do not become certified technicians in radio electronics, and the diploma issued to that effect is not recognized in the electronic industry as evidence of proper qualification for certified radio technicians; and respondents have not been empowered by any State or national or educational organization to certify their students as technicians. Neither will the Federal Communications Commission, either directly or through any branch office, certify any of respondents' graduates as radio technicians.

The representation that equipment is furnished for home laboratory experiments is false in that no equipment of any kind is furnished to students, other than the 100 lessons comprising the course.

The representations that students may earn from $125 weekly to $700 monthly are false. The electronic industry will not employ persons who have not had practical training or experience of from 3 to 5 years, and no graduate of respondents' school could qualify as other than an apprentice; and the wages paid to apprentice employees are substantially less than the minimum amounts represented by the respondents as being paid to graduates. Neither the Bell Telephone & Telegraph Co. nor any other firm engaged in the radio, television, and electronics industry is employing respondents' graduates. Moreover, all employees engaged in the electronic industry are subject to the rules and regulations established by the trade-unions in said industry, and generally no persons can be employed who have not had from 3 to 5 years' apprentice training in said trade-unions. Although the study of electronics and allied subjects requires a minimum of high-school training and special aptitude, respondents have enrolled numerous individuals who are in nowise qualified, either by education or aptitude, to pursue said course, respondents knowing, at the time of soliciting said students, that they had no such qualifications.

PAR. 5. The statements, representations, and implications made and caused to be made by respondents, as set forth herein, have had and now have the tendency and capacity to, and do, mislead and deceive many members of the purchasing public into the erroneous and mistaken belief that such statements, representations, and implications

are true, and because of such erroneous and mistaken belief, cause a substantial portion of the public to purchase respondents' said course of instruction.

CONCLUSION

The aforesaid acts and practices of respondents, as herein found, are all to the prejudice and injury of the public and constitute unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission and the answer of the respondents thereto, in which answer the respondents admitted all of the material allegations of facts set forth in the complaint and waived all intervening procedure and further hearings as to said facts, and the Commission having made its findings as to the facts and its conclusion that the respondents have violated the provisions of the Federal Trade Commission Act:

It is ordered, That the corporate respondent, Universal Radio-Vision Training Corp., a California corporation, and its officers, agents, representatives, and employees, and the individual respondents, Earl G. Hopkins, Hyram W. Haueter, Charles L. Turly, and Benjamin P. Scott, and their agents, representatives, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale, or distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act, of courses of study and instruction, do forthwith cease and desist from representing by any means, directly or indirectly:

(1) That their business of conducting a correspondence school was established in 1934, or in any other year prior to that in which it was actually established;

(2) That their correspondence school is a successor to, or has any connection with, the American Institute of Technology, of Detroit, Mich.

(3) That the course of study and instruction sold by them is sufficient to properly prepare and train men and women as technicians in the electronic industry;

(4) That equipment for performing home laboratory experiments is furnished to students;

(5) That graduates of their correspondence school become certified radio technicians, or that respondents have any authority to certify graduates of their correspondence school as radio technicians;

(6) That the Federal Communications Commission, either directly or through any branch office, will certify graduates of respondents' correspondence school as radio technicians;

(7) That graduates of their correspondence school are qualified to fill highly paid positions in the electronic industry;

(8) That graduates of their correspondence school may earn amounts in excess of the wages currently being paid in the electronic industry to apprentice employees;

(9) That prominent firms in the electronic industry employ graduates of respondents' correspondence school.

It is further ordered, That respondents shall, within 60 days after service upon them of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

NATIONAL TEA COMPANY AND NATIONAL TEA COMPANY—STANDARD GROCERY DIVISION

COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION OF SUB-SEC. (f) OF SEC. 2 OF AN ACT OF CONGRESS APPROVED OCT. 15, 1914, AS AMENDED BY AN ACT APPROVED JUNE 19, 1936

Docket 5648. Complaint, Apr. 7, 1949—Decision, May 15, 1950

Where a corporation engaged in the operation of some 700 retail grocery stores in Chicago, and 48 stores in Indianapolis, and in purchasing in interstate commerce, as thus engaged, from various sellers numerous food and grocery items for resale, in competition with others similarly engaged—

Adopted and pursued purchasing policies and practices which were knowingly designed and intended to induce, and which did induce, from a number of sellers, discriminatory prices favorable to it in its purchases of the aforesaid merchandise, and which included, as illustrative, its advertised "Multi-Million Dollar Profit-Sharing Plan," pursuant to which (and following prior arrangements solicited from a number of its sellers), it issued books of coupons of a designated cash value when used and applied to the purchase of the merchandise depicted thereon, which it redeemed and delivered to the respective sellers whose merchandise had been concerned in said transactions, so that the latter might reimburse it through paying to it the coupons' designated cash value;

With the result that it purchased the food and grocery items involved therein at prices below the sellers' customary prices, and was enabled to and did resell said merchandise below the retail prices usually obtained by it and by its competitors;

Effect of which discriminations in price, so induced and received by it, was and might be to substanaially lessen competition in the line of commerce in which said sellers and its competitors were engaged, and to injure, destroy, or prevent competition with said sellers and with it in the resale of food and grocery items and similar merchandise of like grade and quality:

Held, That such acts and practices, under the circumstances set forth, constituted violations of Sec. 2 (f) of the Clayton Act, as amended by the Robinson-Patman Act.

Mr. Eldon P. Schrup for the Commission.

Kirkland, Fleming, Green, Martin & Ellis, of Chicago, Ill., for respondents.

COMPLAINT

The Federal Trade Commission having reason to believe that the parties respondent named in the caption hereof and hereinafter more particularly designated and described, since June 19, 1936, have violated and are now violating the provisions of section 2 of the Clayton Act, as amended by the Robinson-Patman Act approved June 19, 1936