

IN THE MATTER OF
FEDERAL COACHING INSTITUTE, INC. ET AL.

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

Docket 6056. Complaint, Nov. 3, 1952—Decision, Mar. 5, 1953

The term "registrar" implies the functions ordinarily incumbent upon officers of educational institutions employed and designated as "registrars."

Where a corporation and its president and general manager, engaged in the interstate sale and distribution of a correspondence course to prepare students for examinations for United States Civil Service positions; in advertising their said course through printed matter, including postal cards, distributed to prospective students—

- (a) Falsely represented and implied through the use of their corporate name, Federal Coaching Institute, Inc., that their business was a branch of or connected with the United States Government or the United States Civil Service Commission; and
- (b) Represented falsely that many positions in the United States Civil Service, including those specifically listed in their "Partial List of Civil Service Positions", were vacant, and were available to all applicants: that many thousands of permanent appointments were being made monthly; and that men and women were needed to fill said vacancies and were wanted by the U. S. Government to prepare for Civil Service positions, which might be obtained through it;
- (c) Represented that examinations would be held for the various aforesaid positions in the vicinity of the residence of the applicant; that instructions were being given for preparatory training for civil service if the applicant could qualify; that starting salaries were as high as \$4479 a year and that experience was usually unnecessary; and that the specifications as to age, education, and starting salaries set forth in said "Partial List" were in accordance with the requirements of the Civil Service Commission;

The facts being that starting salaries were, in many instances, substantially less than stated; there were, among positions listed, a substantial number that do require experience; their information with respect to requirements, starting salaries, etc., was inaccurate and misleading in that many positions were restricted to veterans or required special qualifications or experience; and in the case of a number of the listed positions, no examination had been announced for many years;

- (d) Represented as aforesaid that checking their said list would enable prospective students to determine for what positions they were qualified, and that their "field registrars" were qualified and competent to advise prospects as to their qualifications for positions in the Civil Service;

The facts being that their salesmen or so-called "registrars" did not exercise the functions implied by the term, were employed on a commission basis to sell their courses, and were not qualified to so advise prospective students;

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- (e) Falsely implied through stating on said postal card: "Preparatory Training for Civil Service" "INSTRUCTIONS NOW BEING GIVEN IF YOU QUALIFY," "Dept. of Education," "Examinations will be held in your vicinity", together with their aforesaid corporate name, that they were authorized or designated by the Civil Service Commission to qualify and prepare applicants for the taking of Civil Service examinations; and

Where said corporation and individual, in carrying on their said business through sales agents or representatives whom they designated as "registrars" or "field registrars"—

- (f) Falsely represented through oral statements and representations made by their said agents to prospects that said corporation was connected with the United States Government or some agency thereof, including the Civil Service Commission; that said agents were representatives or employees of said Commission or had some official connection therewith; that completion of said course made enrollees eligible for appointment to, or assured them or guaranteed them of, United States Civil Service positions, and that to obtain such positions enrollees must take their course of study; and that examinations given by them were examinations for specific position in the Civil Service;
- (g) Represented falsely as aforesaid that, unless a prospect enrolled for a course at the time the agent called, the opportunity would be lost forever; that enrollees would obtain such Civil Service positions immediately or within a few days after successfully completing said courses; and that they might obtain employment at or near their homes—
- (h) Represented falsely as aforesaid that enrollees who did not have the experience, mental or educational qualifications or veterans' status required in many positions for which they offered training, might nevertheless find employment in such positions;

The facts being that respondents had no authority or power to waive such requirements;

- (i) Falsely represented that enrollment contracts were cancelled if no deposit had been made on the tuition fee or if the enrollees desired to discontinue their course or were dissatisfied or had changed their minds, and that the Chamber of Commerce and the Better Business Bureau of St. Louis recommended their business;
- (j) Falsely represented in connection with their use of a so-called free scholarship offer that "hundreds have received free scholarships"; that "over \$25,000 have been paid to students under said offer"; and that said "free scholarship checks are mailed each year just before Christmas, and are very acceptable at that season of the year";

The facts being they had no free scholarship offer; and

- (k) Represented and implied through collection letters sent out in the name of "Individual's Credit Bureau" that said Bureau was an independent organization engaged in collecting accounts generally, notwithstanding the fact it was operated by them solely for the purpose of collecting their own delinquent accounts:

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.

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Before *Mr. John Lewis*, hearing examiner.
Mr. William L. Pencke for the Commission.

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 Federal Coaching Institute, Inc., a corporation, and Robert P. Narup, individually and as an officer of Federal Coaching Institute, Inc., hereinafter referred to as respondents, have violated the provisions of the 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 Federal Coaching Institute, Inc., is a corporation organized and existing under the laws of the State of Missouri, with its principal office and place of business at Grant State Bank Building, 4914 Gravois Avenue, St. Louis, Missouri.

Respondent Robert P. Narup is an individual and president and general manager of said corporation, and as such formulates the policies and controls and manages all of the affairs of said corporation. His principal office and place of business is the same as that of the corporate respondent.

PAR. 2. For more than one year last past, respondents have been and are now engaged in the sale and distribution of a course of study and instruction intended for preparing students thereof for examination for certain civil service positions under the United States Government, which said course is pursued by correspondence through the medium of the United States mails. Respondents, in the course and conduct of said business, cause said course of study and instruction to be transported from their place of business in the State of Missouri to, into and through States of the United States other than Missouri to the purchasers thereof located in such other States. There has been at all times mentioned herein a course of trade in said course of instruction so sold and distributed by respondents in commerce between and among the various States of the United States, and said course of trade has been and is substantial.

PAR. 3. In connection with the sale of said course of study and instruction respondents have made and are making use of printed advertising matter distributed to prospective students in States other than the State of Missouri, in and by which numerous representations have been and are made in regard to said course of study and matters and things connected therewith. Typical of such representations,

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made on postal cards distributed to "rural, Star route or Post Office Box holders," are the following:

I AM VERY MUCH INTERESTED IN CIVIL SERVICE

Please send Full Information and List of Positions

CAN YOU QUALIFY FOR A

U. S. GOVERNMENT JOB!

BIG STARTING SALARIES

AS HIGH AS \$4479 YEARLY TO START

Preparatory

Men Women

Training for

Ages 17 to 50

Civil Service

Examinations will be held in your vicinity

Many thousands of permanent appointments are being made

each month throughout the country

EXPERIENCE USUALLY UNNECESSARY

INSTRUCTIONS NOW BEING GIVEN IF YOU QUALIFY

You can prepare immediately in your spare time at home for a big government position

Dept. of Education

Federal Coaching Institute.

Respondents also disseminate to prospective purchasers of their said course of study a "Partial List of Civil Service Positions" containing statements as to age, education and starting salaries with respect to positions in the postal law enforcement, clerical, accounting, custodian and other services, and following direction:

Check this list slowly and carefully. Note the age and educational requirements. In this way you can select those positions you think you are fitted for. Our field Registrar will let you know whether or not you can qualify. . . . The Registrar may determine you are best fitted for some position not listed. Should that be the case he will let you know.

Typical of the representations made in said "Partial List of Civil Service Positions" are the following:

<i>Positions</i>	<i>Age</i>	<i>Starting salaries up to</i>
Post Office Clerk.....	18-48	\$3, 850
Railway Postal Clerk.....	18-35	4, 050
City Mail Carrier.....	18-48	3, 850
Inspector of Customs.....	21-44	3, 600
Customs Guard.....	21-49	3, 351
Storekeeper-Gauger.....	23-60	4, 100
Messenger.....	18-25	2, 469
Business Machine Operator.....	18-53	2, 730
Stenographer-Typist.....	18-53	3, 727
Accounting and Auditing Assistant.....	18-53	3, 727
Junior Professional Assistant.....	18-35	3, 800

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<i>Positions</i>	<i>Age</i>	<i>Starting salaries up to</i>
Student Nurse.....	18-30	1, 800
Hospital Attendant.....	18-45	2, 172
Jr. Observer in Meteorology.....	18-35	3, 250
Customs Patrol Inspector.....	21-36	3, 601
Border Patrolman.....	21-35	4, 480
Junior Custodial Officer.....	21-45	3, 024
Verifier, Opener, and Packer.....	21-44	3, 210
Federal Guard.....	18-50	2, 430
Police Officer.....	21-33	3, 780
Forest and Field Clerk.....	21-50	2, 730

PAR. 4. By means of the foregoing representations and others similar thereto but not herein specifically set out, and by the use of the corporate name Federal Coaching Institute Inc., respondents represent and imply that their said business is a branch of, or connected with, the United States Government or the U. S. Civil Service Commission; that many positions in the United States Civil Service are vacant including those specifically listed in said Partial List of Civil Service Positions, and are available to all applicants; that many thousands of permanent appointments are made monthly; that men and women are needed to fill said vacancies and are wanted by the United States government to prepare for civil service positions, and that said positions may be obtained through respondent, Federal Coaching Institute, Inc.; that examinations will be held for such positions in the vicinity of the residence of the applicant; that instructions are now being given for preparatory training for civil service if the applicant can qualify; that starting salaries are as high as \$4479 a year, and that experience is usually unnecessary; that the specifications as to age, education and starting salaries set forth in said Partial List of Civil Service Positions are in accordance with the requirements of the U. S. Civil Service Commission pertaining thereto; that checking said list will enable prospective students to determine for what positions they are qualified, and that respondents' so-called field registrars are qualified and competent to advise said prospects as to their qualifications for positions in the civil service. The statements on said postal cards "Preparatory training for Civil Service," "Instructions now being given if you qualify," "Dept. of Education," "Examinations will be held in your vicinity" together with the name "Federal Coaching Institute" imply that respondents are authorized or designated by the U. S. Civil Service to qualify and prepare applicants for the taking of civil service examinations.

PAR. 5. In the course and conduct of said business as aforesaid, respondents employ sales agents or representatives, designated reg-

istrars or field registrars, who call on prospective purchasers; and by means of oral statements and representations made by said sales agents, respondents represent and imply to prospective students and purchasers of their said courses of study:

1. That Federal Coaching Institute, Inc., is connected with the U. S. Civil Service or the United States Government, or some agency thereof;

2. That respondents' said sales agents are representative or employees of the U. S. Civil Service or have some official connection therewith;

3. That the completion of said course of study makes enrollees eligible for appointment to, or assures them of, or guarantees U. S. Civil Service positions;

4. That enrollees must take respondents' course of study in order to obtain Civil Service positions;

5. That unless a prospect enrolls for said course at the time respondents' sales agent calls, the opportunity for enrolling would be lost forever.

6. That the examinations given by respondents are examinations for specific positions in the Civil Service;

7. That enrollees will receive Civil Service positions immediately or within a few days after successfully completing said courses;

8. That enrollees may obtain employment at or near their homes, or within a short distance therefrom;

9. That enrollees who do not have the experience, physical, mental or educational qualifications, or veterans' status required in many positions for which respondents offer training, may nevertheless find employment in such positions;

10. That enrollment contracts are cancelled if no payment has been made as a deposit on the tuition fee, or if enrollees decide to discontinue said course or are dissatisfied or have changed their minds;

11. That the Chamber of Commerce and the Better Business Bureau of St. Louis recommend respondents' business.

PAR. 6. All of said statements, representations, implications and practices are grossly exaggerated, false and misleading. In truth and in fact, while there are opportunities for employment in government service, the statement that many thousands of permanent appointments are made every month is grossly exaggerated, the rate of appointments since December 1, 1950, being very small and not expected to increase. The U. S. Civil Service Commission does not advertise for men and women to fill government positions or that vacancies exist in government service. Respondents cannot secure positions for their students in the U. S. Civil Service. The starting salaries for positions

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listed by respondents are, in many instances, substantially less than stated. While there are many positions in which experience is not required, there are among the positions listed by respondents a substantial number that do require experience as one of the qualifications.

The information with respect to Civil Service positions and their requirements as to age, education and starting salaries contained in said "Partial List of Civil Service Positions" is wholly inaccurate, insufficient and misleading. Many of said positions are not open to applicants generally but are restricted to persons with veterans' status or require special physical or educational qualifications or practical experience; and no examinations have been announced for many years in a number of positions listed by respondents.

Neither respondents nor any of their officers, agents or salesmen are connected in any manner whatsoever with the U. S. Civil Service, the United States Government, nor any agency thereof. Students having completed respondents' course of study are not eligible for any position in the Civil Service by reason of that fact, and any assurance, promise or guarantee to that effect made by respondents' salesmen is false. Respondents accept enrollments at any time and the opportunity to enroll is not lost if a prospect fails to enroll at the time of the salesman's call. There is no requirement by the Civil Service Commission for applicants to take respondents' course of instruction in order to qualify for civil service examinations or positions; examinations given by respondents to their students as part of said course of study are not examinations for specific positions in civil service and do not obviate the necessity of taking civil service examinations; enrollees who have completed respondents' course, or who have taken and passed a civil service examination, will not in most instances be placed immediately, or in a short time, in a Civil Service position, the time of actual employment depending on a number of factors, such as availability of eligible persons in the several Civil Service districts, the rating of eligibles, veterans' preferences, and other conditions over which neither respondents nor applicants have any control; and respondents can neither determine the time and place of examination nor the place of employment. Applicants for Civil Service positions must comply with all regulations and requirements pertaining to qualifications for said positions, and respondents have no authority or power to waive such requirements and cannot place applicants in positions regardless of whether or not said applicants possess the necessary qualifications.

Respondents do not cancel contracts entered into by purchasers of said course, regardless of the reasons given by said purchasers.

Neither the Better Business Bureau of St. Louis nor the Chamber of Commerce of St. Louis has ever endorsed or recommended respondents to any person or to the purchasing public generally.

The term registrar implies the functions ordinarily incumbent upon officers of educational institutions employed and designated as registrars. Respondents' salesmen do not exercise that function and the use of said terms with respect to them is misleading. Said salesmen are employed on a commission basis to sell said courses of instruction and are not qualified by training or experience to advise prospective students as to their qualifications for civil service positions or availability of employment in the U. S. Civil Service.

PAR. 7. Respondents, in collecting or attempting to collect delinquent accounts arising in connection with their business, send out collection letters in the name of Individual's Credit Bureau, thereby representing and implying that said Individual's Credit Bureau is an independent organization engaged in the business of collecting accounts generally. In truth and in fact, said so-called Bureau is not an independent collection agency but is operated by respondents solely for the purpose of collecting their own delinquent accounts.

PAR. 8. The use of the words "Federal" and "Institute" in the corporate name of Federal Coaching Institute, Inc., under which respondents' business is conducted, is misleading in that they imply some official government connection, which is contrary to the fact and the word "Institute" further implies the operation of a resident institution of learning with a staff of competent, experienced and qualified educators offering instruction in philosophy, the arts, sciences and other subjects of higher learning.

In truth and in fact, respondents do not operate an "Institute" in the accepted sense of that term. Respondents offer no training or instruction in philosophy, the arts, sciences, or other learned subjects. No basic, thorough or competent instruction is given in residence in any subject of learning by competent and qualified educators. The subject matters in which respondents' students are prepared are not of the extent properly to be included in the term of higher education. Respondents' course of study is given exclusively by correspondence and consists of a series of lessons on a general information type of Civil Service examination.

PAR. 9. Respondents, in connection with the sale of said course of study, used a so-called free scholarship offer, which provided that in case a student had studied respondents' lessons diligently, had paid in full for the course and was among the 25 highest on the United States Government Civil Service examination, the full amount paid for the course would be returned to him. Said offer included the representation that "hundreds have received free scholarships" and that "over

\$25,000 have been paid to students under said offer"; that said "free scholarship checks are mailed each year just before Christmas, and are very acceptable at that season of the year." In truth and in fact, respondents have no free scholarship offer, and the representation that hundreds of their students received scholarships and that the sum of \$25,000, or any other substantial amount, had been paid out to students is false.

PAR. 10. The use by respondents of the statements and representations aforesaid has had, and now has, the tendency and capacity to and does confuse, mislead and deceive members of the public into the erroneous and mistaken belief that such statements and representations are true, and to induce them to purchase respondents' course of study and instruction in said commerce on account thereof.

PAR. 11. 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.

DECISION OF THE COMMISSION

Pursuant to Rule XXII of the Commission's Rules of Practice, and as set forth in the Commission's "Decision of the Commission and Order to File Report of Compliance", dated March 5, 1953, the initial decision in the instant matter of hearing examiner John Lewis, as set out as follows, became on that date the decision of the Commission.

INITIAL DECISION BY JOHN LEWIS, HEARING EXAMINER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission on November 3, 1952, issued and subsequently served its complaint in this proceeding upon respondents Federal Coaching Institute, Inc., a corporation, and Robert P. Narup, individually and as an officer of said corporation, charging them with the use of unfair and deceptive acts and practices in commerce in violation of the provisions of said Act. The "Notice" portion of said complaint provided that the failure of said respondents to file answer within the time therein provided and the failure to appear at the time and place fixed for hearing would be deemed to authorize the Commission, and the above-named hearing examiner, without further notice, to find the facts to be as alleged in the complaint and to issue an order to cease and desist in the form set forth in said notice. The said respondents failed to file an answer to the complaint herein and, subsequent to the expiration of the time for filing said answer, advised the above-named hearing examiner that they did not intend to appear at the time and place of hearing. Pursuant to notice duly given, a

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hearing was thereafter held before the above-named hearing examiner, theretofore duly designated by the Commission. Upon the failure of said respondents to appear and show cause at said hearing, the attorney in support of the complaint moved that the hearing be closed and that hearing examiner proceed, in due course, to find the facts to be as alleged in the complaint and issue an order to cease and desist in the form set forth in the "Notice" portion of the complaint. Said motion was granted and the hearing was thereupon closed. Thereafter, the proceeding regularly came on for final consideration by the said hearing examiner upon the complaint and said motion of the attorney in support of the complaint; and said hearing examiner having duly considered the record herein, finds that this proceeding is in the interest of the public and, pursuant to Rules V and VIII of the Rules of Practice of the Commission, makes the following findings as to the facts, conclusion drawn therefrom, and order:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent Federal Coaching Institute, Inc., is a corporation organized and existing under the laws of the State of Missouri, with its principal office and place of business at Grant State Bank Building, 4914 Gravois Avenue, St. Louis, Missouri.

Respondent Robert P. Narup is an individual and is the president and general manager of said corporation, and as such formulates the policies and controls and manages all of the affairs of said corporation. His principal office and place of business is the same as that of the corporate respondent.

PAR. 2. For more than one year last past, respondents have been and are now engaged in the sale and distribution of a course of study and instruction intended for preparing students thereof for examination for certain civil service positions under the United States Government, which said course is pursued by correspondence through the medium of the United States mails. Respondents, in the course and conduct of said business, cause said course of study and instruction to be transported from their place of business in the State of Missouri to, into and through States of the United States other than Missouri to the purchasers thereof located in such other States. There has been at all times mentioned herein a course of trade in said course of instruction so sold and distributed by respondents in commerce between and among the various States of the United States, and said course of trade has been and is substantial.

PAR. 3. In connection with the sale of said course of study and instruction respondents have made and are making use of printed advertising matter distributed to prospective students in States other

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than the State of Missouri, in and by which numerous representations have been and are made in regard to said course of study and matters and things connected therewith. Typical of such representations, made on postal cards distributed to "rural, Star route or Post Office Box holders," are the following:

I AM VERY MUCH INTERESTED IN CIVIL SERVICE
Please send Full Information and List of Positions
CAN YOU QUALIFY FOR A
U. S. GOVERNMENT JOB!
BIG STARTING SALARIES
AS HIGH AS \$4479 YEARLY TO START

Preparatory
Training for
Civil Service

Men Women
Ages 17 to 50

Examinations will be held in your vicinity
Many thousands of permanent appointments are being made
each month throughout the country

EXPERIENCE USUALLY UNNECESSARY
INSTRUCTIONS NOW BEING GIVEN IF YOU QUALIFY

You can prepare immediately in your spare time at home for
a big government position

Dept. of Education

Federal Coaching Institute

Respondents also disseminate to prospective purchasers of their said course of study a "Partial List of Civil Service Positions" containing statements as to age, education and starting salaries with respect to positions in the postal, law enforcement, clerical, accounting, custodial and other services, and following direction:

Check this list slowly and carefully. Note the age and educational requirements. In this way you can select those positions you think you are fitted for. Our field Registrar will let you know whether or not you can qualify. . . . The Registrar may determine you are best fitted for some position not listed. Should that be the case he will let you know.

Typical of the representations made in said "Partial List of Civil Service Positions" are the following:

<i>Positions</i>	<i>Age</i>	<i>Starting Salaries up to</i>
Post Office Clerk-----	18-48	\$3,850
Railway Postal Clerk-----	18-35	4,050
City Mail Carrier-----	18-48	3,850
Inspector of Customs-----	21-44	3,600
Customs Guard-----	21-49	3,351
Storekeeper-Gauger -----	23-60	4,100
Messenger -----	18-25	2,469
Business Machine Operator-----	18-53	2,730

<i>Positions</i>	<i>Age</i>	<i>Starting Salaries up to</i>
Stenographer-Typist -----	18-53	3,727
Accounting and Auditing Assistant-----	18-53	3,727
Junior Professional Assistant-----	18-35	3,800
Student Nurse-----	18-30	1,800
Hospital Attendant-----	18-45	2,172
Jr. Observer in Meteorology-----	18-35	3,250
Customs Patrol Inspector-----	21-36	3,601
Border Patrolman-----	21-35	4,480
Junior Custodial Officer-----	21-45	3,024
Verifier, Opener and Packer-----	21-44	3,210
Federal Guard-----	18-50	2,430
Police Officer-----	21-33	3,780
Forest and Field Clerk-----	21-50	2,730

PAR. 4. By means of the foregoing representations and others similar thereto but not herein specifically set out, and by the use of the corporate name Federal Coaching Institute, Inc., respondents represent and imply that their said business is a branch of, or connected with, the United States Government or the U. S. Civil Service Commission; that many positions in the United States Civil Service are vacant including those specifically listed in said Partial List of Civil Service Positions, and are available to all applicants; that many thousands of permanent appointments are made monthly; that men and women are needed to fill said vacancies and are wanted by the United States Government to prepare for civil service positions, and that said positions may be obtained through respondent, Federal Coaching Institute, Inc.; that examinations will be held for such positions in the vicinity of the residence of the applicant; that instructions are now being given for preparatory training for civil service if the applicant can qualify; that starting salaries are as high as \$4,479 a year, and that experience is usually unnecessary; that the specifications as to age, education and starting salaries set forth in said Partial List of Civil Service Positions are in accordance with the requirements of the U. S. Civil Service Commission pertaining thereto; that checking said list will enable prospective students to determine for what positions they are qualified, and that respondents' so-called field registrars are qualified and competent to advise said prospects as to their qualifications for positions in the civil service. The statements on said postal cards "Preparatory training for Civil Service," "Instructions now being given if you qualify," "Dept. of Education," "Examinations will be held in your vicinity" together with the name "Federal Coaching Institute" imply that respondents

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are authorized or designated by the U. S. Civil Service to qualify and prepare applicants for the taking of civil service examinations.

PAR. 5. In the course and conduct of said business as aforesaid, respondents employ sales agents or representatives, designated registrars or field registrars, who call on prospective purchasers; and by means of oral statements and representations made by said sales agents, respondents represent and imply to prospective students and purchasers of their said courses of study:

1. That Federal Coaching Institute, Inc., is connected with the U. S. Civil Service or the United States Government, or some agency thereof;

2. That respondents' said sales agents are representatives or employees of the U. S. Civil Service or have some official connection therewith;

3. That the completion of said course of study makes enrollees eligible for appointment to, or assures them of, or guarantees U. S. Civil Service positions;

4. That enrollees must take respondents' course of study in order to obtain Civil Service positions;

5. That unless a prospect enrolls for said course at the time respondents' sales agent calls, the opportunity for enrolling would be lost forever;

6. That the examinations given by respondents are examinations for specific positions in the Civil Service;

7. That enrollees will receive Civil Service positions immediately or within a few days after successfully completing said courses;

8. That enrollees may obtain employment at or near their homes, or within a short distance therefrom;

9. That enrollees who do not have the experience, physical, mental or educational qualifications, or veterans' status required in many positions for which respondents offer training, may nevertheless find employment in such positions;

10. That enrollment contracts are cancelled if no payment has been made as a deposit on the tuition fee, or if enrollees decide to discontinue said course or are dissatisfied or have changed their minds;

11. That the Chamber of Commerce and the Better Business Bureau of St. Louis recommend respondents' business.

PAR. 6. All of said statements, representations, implications and practices are grossly exaggerated, false and misleading. In truth and in fact, while there are opportunities for employment in Government service, the statement that many thousands of permanent appointments are made every month is grossly exaggerated, the rate of appointments since December 1, 1950, being very small and not expected to increase. The U. S. Civil Service Commission does not

advertise for men and women to fill Government positions or that vacancies exist in Government service. Respondents cannot secure positions for their students in the U. S. Civil Service. The starting salaries for positions listed by respondents are, in many instances, substantially less than stated. While there are many positions in which experience is not required, there are among the positions listed by respondents a substantial number that do require experience as one of the qualifications.

The information with respect to Civil Service positions and their requirements as to age, education and starting salaries contained in said "Partial List of Civil Service Positions" is wholly inaccurate, insufficient and misleading. Many of said positions are not open to applicants generally but are restricted to persons with veterans' status or require special physical or educational qualifications or practical experience; and no examinations have been announced for many years in a number of positions listed by respondents.

Neither respondents nor any of their officers, agents or salesmen are connected in any manner whatsoever with the U. S. Civil Service, the United States Government, nor any agency thereof. Students having completed respondents' course of study are not eligible for any position in the Civil Service by reason of that fact, and any assurance, promise or guarantee to that effect made by respondents' salesmen is false. Respondents accept enrollments at any time and the opportunity to enroll is not lost if a prospect fails to enroll at the time of the salesman's call. There is no requirement by the Civil Service Commission for applicants to take respondents' course of instruction in order to qualify for civil service examinations or positions; examinations given by respondents to their students as part of said course of study are not examinations for specific positions in civil service and do not obviate the necessity of taking civil service examinations; enrollees who have completed respondents' course, or who have taken and passed a civil service examination, will not in most instances be placed immediately, or in a short time, in a Civil Service position, the time of actual employment depending on a number of factors, such as availability of eligible persons in the several Civil Service districts, the rating of eligibles, veterans' preferences, and other conditions over which neither respondents nor applicants have any control; and respondents can neither determine the time and place of examination nor the place of employment. Applicants for Civil Service positions must comply with all regulations and requirements pertaining to qualifications for said positions, and respondents have no authority or power to waive such requirements and cannot place applicants in positions regardless of whether or not said applicants possess the necessary qualifications.

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Respondents do not cancel contracts entered into by purchasers of said course, regardless of the reasons given by said purchasers.

Neither the Better Business Bureau of St. Louis nor the Chamber of Commerce of St. Louis has ever endorsed or recommended respondents to any person or to the purchasing public generally.

The term registrar implies the functions ordinarily incumbent upon officers of educational institutions employed and designated as registrars. Respondents' salesmen do not exercise that function and the use of said terms with respect to them is misleading. Said salesmen are employed on a commission basis to sell said courses of instruction and are not qualified by training or experience to advise prospective students as to their qualifications for Civil Service positions or availability of employment in the U. S. Civil Service.

PAR. 7. Respondents, in collecting or attempting to collect delinquent accounts arising in connection with their business, send out collection letters in the name of Individual's Credit Bureau, thereby representing and implying that said Individual's Credit Bureau is an independent organization engaged in the business of collecting accounts generally. In truth and in fact, said so-called Bureau is not an independent collection agency but is operated by respondents solely for the purpose of collecting their own delinquent accounts.

PAR. 8. The use of the words "Federal" and "Institute" in the corporate name of Federal Coaching Institute, Inc., under which respondents' business is conducted, is misleading in that they imply some official government connection, which is contrary to the fact and the word "Institute" further implies the operation of a resident institution of learning with a staff of competent, experienced and qualified educators offering instruction in philosophy, the arts, sciences and other subjects of higher learning.

In truth and in fact, respondents do not operate an "Institute" in the accepted sense of that term. Respondents offer no training or instruction in philosophy, the arts, sciences, or other learned subjects. No basic, thorough or competent instruction is given in residence in any subject of learning by competent and qualified educators. The subject matters in which respondents' students are prepared are not of the extent properly to be included in the term of higher education. Respondents' course of study is given exclusively by correspondence and consists of a series of lessons on a general information type of Civil Service examination.

PAR. 9. Respondents, in connection with the sale of said course of study, used a so-called free scholarship offer, which provided that in case a student had studied respondents' lessons diligently, had paid in full for the course and was among the 25 highest on the United States Government Civil Service examination, the full amount paid for

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the course would be returned to him. Said offer included the representation that "hundreds have received free scholarships" and that "over \$25,000 have been paid to students under said offer"; that said "free scholarship checks are mailed each year just before Christmas, and are very acceptable at that season of the year." In truth and in fact, respondents have no free scholarship offer, and the representation that hundreds of their students received scholarships and that the sum of \$25,000, or any other substantial amount, had been paid out to students is false.

PAR. 10. The use by respondents of the statements and representations aforesaid has had, and now has, the tendency and capacity to and does confuse, mislead and deceive members of the public into the erroneous and mistaken belief that such statements and representations are true, and to induce them to purchase respondents' course of study and instruction in said commerce on account thereof.

CONCLUSION

The aforesaid acts and practices of respondents, as hereinabove 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

It is ordered, That respondent, Federal Coaching Institute, Inc., a corporation, and its officers, and Robert P. Narup, individually and as an officer of said corporation, and the respondents' agents, representatives, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act, of a course of study and instruction intended for preparing students thereof for examination for Civil Service positions under the United States Government, or any similar courses of study, do forthwith cease and desist from:

1. Using the word "Institute" or any abbreviation or simulation thereof as a part of respondents' trade or corporate name, or as a part of the name of the respondents' school.

2. Representing directly or by implication through the use of the word "Federal" or any other term of similar import or meaning or any abbreviation or simulation thereof as a part of corporate or trade name that respondents have any connection with the United States Government or any branch or agency thereof.

3. Representing directly or by implication:

- (a) That respondents or their business have any connection with

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the United States Civil Service Commission or any other branch or agency of the United States Government.

(b) That respondents' sales agents and representatives are employees of the United States Civil Service Commission or any other government agency or have any connection therewith.

(c) That positions in said Civil Service may be obtained through respondents' school.

(d) That starting salaries for positions in the United States Civil Service are greater than they are in fact.

(e) That Civil Service positions requiring experience or certain physical, mental or educational qualifications or veterans' status may be obtained by persons not meeting such requirements.

(f) That it is necessary that persons seeking Civil Service positions take respondents' course of study in order to obtain such positions.

(g) That the completion of respondents' course of study assures students of positions in the United States Civil Service or makes them eligible for appointment to such positions.

(h) That the number of positions available in the United States Civil Service is greater than is actually the fact.

(i) That unless prospective students enroll for respondents' course of study at the time of the visit of respondents' sales agent, they will forever lose the opportunity to do so.

(j) That the examinations given by respondents relate to specific positions in the United States Civil Service.

(k) That persons who have qualified for appointment to positions may select their place of employment.

(l) That respondents will cancel enrollment contracts at the instance of the students.

(m) That any organization or individual recommends or endorses respondents' school unless such is the fact.

(n) Through the use of the designation "Registrar" for their salesmen or otherwise that the individuals employed by respondents to sell their course are anything other than salesmen.

(o) That respondents' sales agents are qualified to advise prospective students concerning their qualifications for United States Civil Service positions.

(p) That the name Individual Credit Bureau, or any other name used by respondents for the purpose of collecting money due them, is that of a separate or independent organization.

(q) That scholarships or other advantages are awarded, contrary to the fact.

4. Misrepresenting in any manner the positions, salaries and opportunities for employment in the United States Civil Service to purchasers and prospective purchasers of respondents' course of study.

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ORDER TO FILE REPORT OF COMPLIANCE

It is ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist [as required by said declaratory decision and order of March 5, 1953].

Complaint

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IN THE MATTER OF

MILLER & LIBOW, INC. ET AL.

COMPLAINT, DECISION, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914, AND OF AN ACT OF CONGRESS APPROVED OCT. 14, 1940

Docket 6057. Complaint, Nov. 3, 1952—Decision, Mar. 12, 1953

Where a corporation and its two officers, engaged in the manufacture and interstate sale and distribution of wool products as defined in the Wool Products Labeling Act—

- (a) Misbranded certain ladies' coats in that they were not stamped, tagged or labeled as required by said Act and the Rules and Regulations promulgated thereunder; and
- (b) Misbranded certain of said coats in that they were labeled or tagged as containing "100 percent Wool" zip-in or removable linings, notwithstanding the fact that said interlinings were not wool as defined by said Act but were composed of reclaimed and reprocessed wool fibers, together with substantial quantities of miscellaneous fibers other than wool:

Held, That such acts and practices, under the circumstances set forth, were in violation of the Wool Products Labeling Act and the Rules and Regulations promulgated thereunder, and constituted unfair acts and practices in commerce.

Before *Mr. Everett F. Haycraft*, hearing examiner.

Mr. George E. Steinmetz for the Commission.

Mr. Milton J. Levy, of New York City, for respondents.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission having reason to believe that Miller & Libow, Incorporated, a corporation, and Robert Libow and M. L. Miller, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Miller & Libow, Inc., is a corporation organized and existing under and by virtue of the laws of the State of New York, and respondents Robert Libow and M. L. Miller are the president and the secretary treasurer, respectively, of the said respondent corporation. Respondents Robert Libow and M. L. Miller direct