

IN THE MATTER OF
CENTRAL TRAINING INSTITUTE, INC., ET AL.

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

Docket 6167. Complaint, Feb. 5, 1954—Decision, Aug. 24, 1954

Order requiring a corporation and its president in Oklahoma City, selling a correspondence course intended to prepare students for examinations for U. S. Civil Service positions, to cease making a variety of misrepresentations by means of circulars and postal cards and through direct statements of sales agents, including such claims as that their business was connected with the U. S. Government or Civil Service Commission and their sales agents Government representatives; that completion of the course assured and guaranteed enrollees U. S. Civil Service employment in locations selected by them; that hundreds of such Civil Service Jobs were available and their course necessary to persons desiring to obtain them; etc.

Before *Mr. William L. Pack*, hearing examiner.

Mr. William L. Pencke for the Commission.

Dudley, Duwall & Dudley, of Oklahoma City, Okla., for respondents.

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 August 24, 1954, the initial decision in the instant matter of hearing examiner William L. Pack, as set out as follows, became on that date the decision of the Commission.

INITIAL DECISION BY WILLIAM L. PACK, HEARING EXAMINER

The complaint in this matter charges respondents with the use of certain unfair and deceptive acts and practices in violation of the Federal Trade Commission Act. After the filing of respondents' answer to the complaint, a stipulation of facts was entered into by counsel supporting the complaint and counsel for respondents, which rendered unnecessary the holding of any hearings for the reception of evidence. The filing of proposed findings and conclusions and oral argument before the hearing examiner having been waived, the matter now comes on for final consideration on the merits.

Respondent Central Training Institute, Inc., is a corporation organized and existing under the laws of the State of Oklahoma, with its principal office and place of business at 216 North Broadway, Okla.

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homa City, Oklahoma. Respondent S. R. Holton is President of the corporation and formulates its policies and controls and manages all of its affairs.

Respondents are engaged in the sale of a course of study and instruction intended for preparing students for examination for certain positions in the United States Civil Service, the course of study being pursued by correspondence through the United States mails. The business is interstate in character, the course being sold by respondents to numerous persons residing in various States of the United States other than Oklahoma. Respondents are thus engaged in commerce as that term is defined in the Federal Trade Commission Act.

In soliciting sales for their course of study respondents use postal cards, circular letters and other advertising material, all of which is distributed among prospective students either through the mails or through sales agents who call on such prospects. One of the pieces of material used, a postal card, reads as follows:

WANTED
MEN
and
WOMEN

Ages 18 to 50

To Prepare for
CIVIL SERVICE EXAMS
"Salaries to \$5,400.00 yearly to start
General Preparation for
CIVIL SERVICE EXAMS.

Thousands of Men and Women Needed

Permanent Civil Service Jobs offer you security, opportunity for advancement, vacations, sick leave, and pensions are worth your effort to obtain.

Men and Women—ages 18 to 50—can prepare NOW FOR Civil Service jobs. A high school education is not always necessary. Listed below are a few of the hundreds of different jobs that are under Civil Service.

Mail Carriers	Stenographers
Postal Clerks	Typists
Custom Service	Storekeepers
Ass't. Meat Inspectors	Forest Service
Guards	Watchman
Agriculture	Immigration Service
Public Health Service	Border Patrol
Accounts and Auditors	Timekeepers
Cashiers	Warehousemen
Clerks	Railway Mail Clerks

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Internal Revenue Service
Animal Industry
Messenger
Storekeeper—Gauger

Deputy Officers
Deputy Zone Collectors
and many others

In circular letters addressed to prospects, representations are made to the effect that the addressee is "asking for information concerning the possibilities for you to prepare for some phase of activity under Civil Service"; that a representative, thoroughly trained in his duties, will make a personal call concerning the addressee's qualifications for Civil Service training, and that such representative is prepared to accept "your enrollment provided your qualifications are satisfactory"; and that the representative's credentials bear the official gold seal of the Central Training Institute. These circular letters are signed by respondent S. R. Holton as "Director of Public Relations." Respondents also request prospective purchasers to execute an analysis chart entitled

Personal Information—Form 7—The information furnished will help in determining, in our opinion, your eligibility for Civil Service preparation and may direct you to the position where you are best fitted.

This chart contains, among other inquiries, questions pertaining to physical defects, financial circumstances, citizenship, government service, and personal habits.

The enrollment contract executed by purchasers of the course of study has contained, among other provisions, the following:

The Central Training Institute, Inc., agrees that in the event you take an examination and are one of the fifteen (15) making the highest grade or rating during the year, you take a government examination, THAT THE ENTIRE AMOUNT OF TUITION PAID BY YOU WILL BE REFUNDED.

The use of this provision, however, was discontinued by respondents prior to the issuance of the Commission's complaint.

Through the use of this advertising material respondents have represented, directly or by implication:

1. That their business is a branch of or connected with the United States Government or the United States Civil Service Commission.
2. That all Civil Service positions are permanent.
3. That hundreds of different jobs, including those specifically listed on such postal card, are available and that starting salaries are as high as \$5,400 a year.
4. That respondent Central Training Institute and its sales agents are qualified to determine the qualifications of applicants for Civil Service positions.

5. That such analysis chart will enable respondents to determine the applicant's eligibility for Civil Service preparation and the position for which he is best fitted.

6. That the corporate respondent maintains a Department of Public Relations, headed by a director.

7. That any student who is one of fifteen persons making the highest rating in Civil Service examinations held in one year will have refunded to him the entire amount of tuition paid to respondents.

Respondents' sales agents have in a substantial number of instances made to prospective purchasers the following oral representations:

1. That the Central Training Institute, Inc., is connected with or is a branch of the United States Civil Service or some other agency of the United States Government.

2. That respondents' sales agents are representatives or employees of the United States Civil Service or have some connection therewith.

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

4. That after completion of the course of study, enrollees are assured of immediate employment in the U. S. Civil Service in locations selected by them.

5. That persons must take respondents' course of study in order to obtain Civil Service positions, or that such positions are difficult to obtain without the taking of such course.

6. That prospective purchasers of the course are especially selected, or that the prospect is the only person from a large number of applicants.

7. That respondents' sales agents are vocational advisers.

8. That the sales agent's time is limited and that unless a prospect enrolls immediately he will lose his opportunity to do so.

In some instances sales agents have rushed prospective customers into signing the enrollment contract without affording them sufficient opportunity to read and understand the terms of the contract and to consider the advisability of executing it.

These representations made by respondents through their advertising material or through their sales agents were false and misleading. Actually, neither respondents nor any of their agents are connected in any manner whatever with the United States Civil Service or any other agency of the United States Government. Although appointments to government positions are generally permanent, many current appointments are on a temporary basis and there are many circumstances under which employees may be sep-

arated from the service. Most of the positions specifically listed on respondents' postal card as being available, are not open to applicants generally but are either restricted to persons of veteran status or require special physical and educational qualifications and practical experience.

Positions in the Postal Service are restricted to persons living within the area of a given post office. No examinations have been announced for the position of storekeeper and gauger for years and none is contemplated. Positions in the Customs Service are restricted to men only, and most of the positions in that service are open only to veterans. Positions in the Immigration, and Border Patrol Services are restricted to veterans and require special training. Examinations for the positions in Forest Service have not been announced for a number of years, and moreover such positions require special qualifications and training. Other positions listed on the postal card require experience as one of the qualifications for employment. Generally speaking, the starting salaries for the positions listed are substantially less than \$5,400.00 per year.

Applicants for Civil Service examinations are not required to take respondents' course of study in order to qualify for such examinations. Respondents' sales agents are not vocational advisers and are not qualified to determine the aptitude or qualifications (as distinguished from eligibility) for employment in the United States Civil Service. The use by respondent Holton of the term "Director of Public Relations" serves further to create the impression on the part of prospective students that there is some connection between respondents and the United States Government.

The filling out of the analysis chart referred to above will not enable respondents or their sales agents to determine the eligibility of applicants for Civil Service examinations. Many of the questions propounded in the chart are in no way related to the study of the basic course of instruction sold by respondents, and certain of the questions in the chart, particularly those with respect to personal habits and government service, simulate questions asked by the United States Civil Service Commission and tend to further the impression that respondents have some connection with the Civil Service. The provision formerly appearing in respondents' enrollment contract to the effect that fifteen students making the highest grade or rating during the year in which they took their Civil Service examinations would have their entire tuition refunded by respondents, implied that respondents were advised of the ratings or grades received by applicants taking Civil Service examinations. Actually, the United States

Civil Service Commission does not publish grades made by applicants and respondents had no knowledge of such grades.

The completion of respondents' course of study does not per se make enrollees eligible for appointment, nor assure them of appointment, to United States Civil Service positions immediately after completing respondents' course of study or at any time, or in a location selected by such enrollees. There is no requirement by the United States Civil Service Commission that applicants for positions take respondents' course of instruction in order to qualify them for Civil Service examinations or positions, nor is it difficult for persons having taken and passed Civil Service examinations to obtain a position without having taken respondents' course. Prospective purchasers of the course are not especially selected but respondents, generally speaking, sell the course to any person solicited who is willing and able to pay for it. Nor do prospects lose the opportunity to enroll because respondents' sales agents may be pressed for time and may not return for further solicitation. A large number of prospects solicited by such salesmen live in rural or farming areas where information regarding Civil Service and the methods of obtaining employment therein is not readily available.

It further appears that the misrepresentations of respondents' salesmen were made without the knowledge, consent or authority of respondent Holton; that in engaging salesmen respondent Holton endeavors to inquire into their record and past performance, and after employing them gives them specific instructions regarding representations to be made to prospects, which instructions include specific warnings not to represent, directly or by implication, that respondents' school is in any manner connected with the United States Government or that the sales agent is so connected. The salesmen are further instructed not to promise positions in the Civil Service, or to state to prospects that they will be employed by the Government immediately after taking and passing an examination. Respondent Holton has also followed up these instructions by requiring a signed statement from prospective purchasers to the effect that they understand fully that the salesman is not connected with the Government, that the school has no connection therewith, and that they have not been promised positions. The salesmen have also been instructed to give each prospect full opportunity to read the enrollment contract and the statement referred to above. Further, all prospects are given a copy of the enrollment agreement at the time it is executed.

The complaint also raises the issue of the use of the word "Institute" in the name of the corporate respondent. On this issue, the

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facts are that respondent Holton operates a resident business school in Oklahoma City under the name Central Business College, which school includes a faculty qualified to teach commercial subjects, including fundamental principles of accounting and business law. It is the intention of respondent Holton to operate both the resident school and the Civil Service extension training under one corporate name, to wit, Central Training Institute, Inc., and the faculty now employed in the resident school will also participate in the operation of the extension training. If the name Central Business College is continued, such use will be only for the purpose of preserving the good will of resident students. The resident school will not constitute a separate entity but will, as stated above, be merged with the Civil Service extension training. In the circumstances, it is concluded that no adequate basis exists for requiring deletion of the word "Institute" from the corporate name.

CONCLUSIONS

The use by respondents of the misrepresentations set forth above has the tendency and capacity to mislead and deceive a substantial portion of the public with respect to respondents and their school and course of instruction, and the tendency and capacity to cause such members of the public to purchase such course of instruction as a result of the erroneous and mistaken belief so engendered. Respondents' acts and practices are therefore to the prejudice 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 Central Training Institute, Inc., a corporation, and its officers, and respondent S. R. Holton, individually, and 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 course of study, do forthwith cease and desist from representing, directly or by implication:

1. That respondents or their school have any connection with the United States Civil Service Commission or any other agency of the United States Government.
2. That respondents' sales agents are representatives or employees

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of the United States Civil Service Commission or any other government agency or have any connection therewith.

3. 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.

4. That respondents can assure or guarantee positions in the United States Civil Service; or that students may obtain positions immediately after completing said course.

5. That it is necessary for persons seeking civil service positions to take respondents' course of study in order to qualify for or obtain such positions; or that it is difficult to obtain such positions without taking said course.

6. That any Civil Service position which requires appointees to have veterans status or special physical, mental, educational or experiential qualifications, is generally available.

7. That respondents have information regarding the grades awarded to applicants who have passed Civil Service examinations.

8. That vacancies exist in any United States Civil Service position contrary to the fact; or that the number of positions available or vacant in said service or any branch thereof is greater than is actually the fact.

9. That the starting salary for any United States Civil Service position is greater than it is in fact.

10. That respondents' sales agents are vocational advisers or qualified to determine the aptitude or qualification of any person for any Civil Service position.

11. That respondents maintain a Department of Public Relations or any other organizational division unless such is the fact.

12. That all appointments to United States Civil Service positions are permanent; or otherwise misrepresenting in any manner the conditions and limitations of employment in said Civil Service.

13. That the time for enrollment as a student for said course of study is limited.

14. That prospective purchasers of respondents' course of instruction are especially selected.

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 August 24, 1954].

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IN THE MATTER OF

ED HAMILTON FURS, INC., OF OREGON, ET AL.

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

Docket 6159. Complaint, Feb. 2, 1954—Decision, Aug. 26, 1954

Consent settlement order requiring furriers in Portland, Oreg., and Seattle, Wash., to cease violating the Fur Products Labeling Act and the Federal Trade Commission Act through failing to label fur products as required and through advertising falsely as to prices, quality, value of their products, etc.

Before *Mr. Abner E. Lipscomb*, hearing examiner.

Mr. Charles S. Cox for the Commission.

Mr. George W. Mead, of Portland, Oreg., for respondents.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Ed Hamilton Furs, Inc., of Oregon, a corporation, Ed Hamilton Furs, Inc., of Washington, a corporation, and Ed Hamilton and Elizabeth Hamilton, individually and as officers of said corporations, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulgated under the Fur Products Labeling 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 Ed Hamilton Furs, Inc., of Oregon is a corporation organized, existing and doing business by virtue of the laws of the State of Oregon with its office and principal place of business located at 910 S. W. Morrison Street, City of Portland, State of Oregon; respondent Ed Hamilton Furs, Inc., of Washington, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Washington with an office and principal place of business located at 1522 Fifth Avenue, City of Seattle, State of Washington. Individual respondent Ed Hamilton is president of respondent Ed Hamilton Furs, Inc., of Oregon, a corporation, and respondent Ed Hamilton Furs, Inc., of Washington, a cor-