

# FEDERAL TRADE COMMISSION DECISIONS

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FINDINGS AND ORDERS, JULY 1, 1956, TO JUNE 30, 1957

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IN THE MATTER OF

JAMES N. McCORVEY TRADING AS  
NORTH AMERICAN TRAINING CENTER

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

*Docket 6532. Complaint, Mar. 21, 1956—Decision, July 3, 1956*

Consent order requiring an individual in Washington, D.C., selling a correspondence course intended to prepare students for examinations for certain U.S. Civil Service positions, to cease representing on postal cards and circulars and through his sales agents and their credentials that he and his agents were connected with the U.S. Government or the Civil Service Commission, that Civil Service jobs were available and guaranteed to persons completing the course, and that his course must be taken to obtain Civil Service positions, among other things.

*Mr. Morton Nesmith* for the Commission.

*Mr. S. Benjamin Cohen*, of Washington, D.C., for respondent.

INITIAL DECISION BY ROBERT L. PIPER, HEARING EXAMINER

The Federal Trade Commission issued its complaint against the above-named respondent on March 21, 1956, charging him with having violated the Federal Trade Commission Act by making false and misleading representations concerning his correspondence course to prepare students for United States Civil Service examinations. In lieu of submitting answer to the complaint, respondent appeared by counsel and entered into an agreement, dated May 4, 1956, containing a consent order to cease and desist, disposing of all the issues in this proceeding without hearing, which agreement has been duly approved by the Director of the Bureau of Litigation. Said agreement has been submitted to the undersigned, heretofore duly designated to act as hearing examiner herein, for his consideration in accordance with Section 3.25 of the Rules of Practice of the Commission.

## Order

53 F.T.C.

Respondent, pursuant to the aforesaid agreement, has admitted all of the jurisdictional allegations of the complaint and agreed that the record may be taken as if findings of jurisdictional facts had been duly made in accordance with such allegations. Said agreement further provides that respondent waive all further procedural steps before the hearing examiner or the Commission, including the making of findings of fact or conclusions of law and the right to challenge or contest the validity of the order to cease and desist entered in accordance with such agreement. It has also been agreed that the record herein shall consist solely of the complaint and said agreement, that the agreement shall not become a part of the official record unless and until it becomes a part of the decision of the Commission, that said agreement is for settlement purposes only and does not constitute an admission by respondent that he has violated the law as alleged in the complaint, that said order to cease and desist shall have the same force and effect as if entered after a full hearing and may be altered, modified or set aside in the manner provided for other orders, and that the complaint may be used in construing the terms of the order.

This proceeding having now come on for final consideration on the complaint and the aforesaid agreement containing the consent order, and it appearing that the order and agreement cover all of the allegations of the complaint and provide for appropriate disposition of this proceeding, the same are hereby accepted and ordered filed upon becoming part of the Commission's decision pursuant to Sections 3.21 and 3.25 of the Rules of Practice, and the hearing examiner accordingly makes the following findings, for jurisdictional purposes, and order:

1. Respondent is an individual trading and doing business under the name of North American Training Center, whose principal place of business was formerly located at Suite 625-626, Tower Building, 1401 K Street NW., Washington, D.C., but whose principal place of business now is P.O. Box 225, 902 Burlington Street, in the City of Opa-Locka, State of Florida.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent hereinabove named. The complaint states a cause of action against said respondent under the Federal Trade Commission Act, and this proceeding is in the interest of the public.

## ORDER

*It is ordered,* That respondent, James N. McCorvey, individually and doing business under the name of North American Training Center, or under any other name, and respondent's representatives,

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## Order

agents 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 courses of study and instruction, do forthwith cease and desist from:

1. Representing, directly or by implication:

(a) That there are vacancies for any United States Civil Service positions when such vacancies do not exist.

(b) That positions in the United States Civil Service which may be open are available to all persons.

(c) That positions in the United States Civil Service which are restricted to any group or otherwise restricted or require certain qualifications, are open, unless such restrictions and qualifications are clearly set forth.

(d) That respondent has an instructional department, or representing or implying that he operates an educational institution.

(e) That the starting salary, or any other salary, that may be received by persons receiving a Civil Service appointment is higher than is the fact.

(f) That respondent, his school, his agents or representatives, or anyone of them has any connection with the United States Civil Service Commission, any agency thereof, or any other agency of the United States Government.

(g) That respondent's sales agents are paid irrespective as to whether or not prospective student enrolls for the training.

(h) That prospective students or purchasers of respondent's course of study are especially recommended or selected.

(i) That completion of respondent's course of instruction makes persons eligible for appointment to, or assures them of or guarantees United States Civil Service positions.

(j) That upon completion of said course of study persons may obtain employment in Civil Service at or near their home, within a short distance therefrom, or at any other certain location.

(k) That respondent's course of study must be taken and completed in order to obtain Civil Service positions or such positions are more difficult to obtain without having taken such course.

(l) That prospective students lose the opportunity to enroll for respondent's course of study unless they enroll at the time of the first visit of respondent's agent or representative.

(m) That persons taking respondent's course of study may be exempt from, or delayed from, induction into military service.

2. Using the word "registrar" or any word of similar import to designate or describe respondent's agents or representatives; or

otherwise representing that respondent's agents or representatives perform the functions usually performed by officers of educational institutions known as registrars.

3. Soliciting, procuring, or accepting contracts for respondent's course of study, without permitting prospects to read the same over fully and thoroughly so as to fully understand the terms thereof.

4. Using sales material upon which appear prominently "CONFIDENTIAL REPORT," "CREDENTIAL," and "WASHINGTON" when contacting prospective students, or using any other material indicating that respondent or his agents are connected with the United States Government or any agency thereof, or that the purpose of the call by the salesman is to verify the record of the prospect.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Section 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall on the 3rd day of July 1956, become the decision of the Commission; and, accordingly:

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

## Decision

IN THE MATTER OF  
CLIFFORD E. RICE ET AL. TRADING AS  
RETAIL BOARD OF TRADE ET AL.

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

*Docket 6214. Complaint, June 18, 1954—Decision, July 6, 1956*

Order requiring operators of a collection agency in Chicago—who secured business through solicitors furnished with contract forms for listing delinquent accounts by retailers, professional men, etc., in various States, for collection—to cease representing falsely through use of the name “Retail Board of Trade” that they were an organization of retailers; representing falsely, through statements of solicitors and by means of contract forms, that there would be no charge if no collections were made on an account, that the maximum fee charged for their services was 50%, and that fees would be charged only against an account on which collections were made; and representing falsely, through statements in form letters requesting information and through prominent use thereon of the term “Liquidation,” that it was to the debtor’s financial advantage to reply, or that information provided by the employer would be to the employee’s financial advantage; that their organization was a credit rating agency; or that field investigators would be sent to debtors’ homes and neighbors unless the information requested was furnished.

*Mr. John W. Brookfield, Jr.*, for the Commission.

*Mr. Mark J. Satter*, of Chicago, Ill., for respondents.

INITIAL DECISION BY LOREN H. LAUGHLIN, HEARING EXAMINER

The complaint in this proceeding in substance alleges violations of the provisions of the Federal Trade Commission Act by respondents in that in the course of their operation of a collection agency, said respondents have made various false, misleading and deceptive representations in interstate commerce to the prejudice and injury of the public. All of the respondents filed joint answer admitting their status and relationship *inter sese* but either by denials or by pleas of new matter in avoidance have challenged those allegations of the complaint which charge violations of the Federal Trade Commission Act. The disputed issues were contested on hearing by all respondents.

This initial decision sustains the complaint generally against all respondents and the order issued herein follows that which was included in the notice attached to the complaint, except that it is not directed against the respondent Clifford E. Rice, who died *pendente lite*, and as to whom this proceeding is therefore dismissed.