

IN THE MATTER OF
RADIO-TELEVISION TRAINING SCHOOL, INC., ET AL.

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

Docket 7824. Complaint, Mar. 11, 1960—Decision, Nov. 5, 1960

Consent order requiring a Los Angeles correspondence school to cease using numerous false claims in advertising and by salesmen to sell three courses—known as Radio-Television Technician, Industrial Electronics, and Arts and Production—including, among others, misrepresentations of earnings, employment opportunities, school placement service, and approval by U.S. Veterans Administration, as in the order below indicated.

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 Radio-Television Training School, Inc., a corporation, and Bertram A. Knight, Gloria N. Knight and Pearl B. Knight, individually and as officers 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:

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PARAGRAPH 1. Respondent Radio-Television Training School, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its office and principal place of business located at 5100 South Vermont Avenue, Los Angeles, California.

Respondents Bertram A. Knight, Gloria N. Knight and Pearl B. Knight are individuals and officers of the corporate respondent Radio-Television Training School, Inc. Said individual respondents formulate, direct and control the policies and practices of said corporate respondent. Their business address is the same as that shown above for the corporate respondent.

All of said respondents have cooperated and acted together in the performance of the acts and practices hereinafter set forth.

PAR. 2. Respondents Radio-Television Training School, Inc., and its officers are now, and for several years last past have been, engaged in the business of conducting a correspondence school and in selling and distributing, between and among the various states of the United States and in the District of Columbia, three courses of instruction for home study, known as Radio-Television Technician, Industrial Electronics, and Arts and Production. They have caused, and are now causing, these courses of instruction in said subjects, when sold, to be transported from their place of business in the State of California to purchasers thereof at their respective locations in other states of the United States and in the District of Columbia, and have maintained, and now maintain, a course of trade in said courses of instruction in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 3. Respondents are, and at all times mentioned herein have been, in substantial competition, in commerce, with other corporations, firms and individuals engaged in the sale of similar courses of instruction.

PAR. 4. In the course and conduct of their business as aforesaid, and for the purpose of enrolling prospective students and thereby promoting the sale of their said courses of instruction in radio and television and in electronics, respondents, through advertisements inserted and published in newspapers and periodicals having general circulation throughout the United States; in pamphlets, leaflets, circulars, form letters, cards, printed contracts and other media distributed through the United States mail; through oral representations made by their salesmen, and by other means and media, have made, and are now making, numerous statements with respect to the nature of their Radio-Television Technician and Industrial Electronics courses of instruction and the advantages and benefits which

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the purchasers thereof will receive. Among and typical of such statements, but not limited thereto, are the following:

Reliable

MEN WANTED

in this Area

To Qualify as Operators of RTS

Approved TV—RADIO—ELECTRONICS

Repair Shops

NO EXPERIENCE NEEDED—WE TRAIN YOU

We sponsor and finance you in

your own profitable business full or part time.

This Bona Fide offer may be your

Big Opportunity. Apply Today—Open

for limited time only

ELECTRONICS is easy to learn the RTS Way.

RTS Lessons are written in easy to understand language.

Unskilled MEN TO TRAIN FOR ELECTRONICS.

NO EXPERIENCE NEEDED.

NO HIGH SCHOOL DIPLOMA NEEDED.

Get into this Fifteen Billion Dollar TV-Electronics field now while top pay jobs are open.

Even those with very limited education have had no difficulty whatever understanding the RTS Lessons.

An Appeal To Every Man 18 to 55.

You are needed in Industrial Electronics.

NO EXPERIENCE NECESSARY.

YOU CAN WRITE YOUR OWN TICKET IF YOU GET IN NOW.

Who ... Me? Yes ... You!

If I could put you into a top job in the brand new growing field of electronics ... could you fill the job? These jobs pay more money per year than most people make in two. There's work with:

Electric Timers

Application of Photo Cells

High Frequency Heating

Geiger Counters

X-Ray

Radar

Computers

Telemetering

Microwaves

Practical work gives you the necessary Basic Experience you will need.

R.T.S. makes it possible for you to get easy practical training in Radio-Television Electronics.

Here are wide-open opportunities in the new field of Industrial Electronics

* * * This great new industry is literally screaming for trained personnel!

* * * it's our responsibility to train men for the industry.

We want men all over the country * * *. No experience is necessary! No high school diploma is necessary for you to take part in the RTS Emergency Manpower Training Program.

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FIRST COME—FIRST SERVED

This is a wide open field * * * the demand for trained technicians has never been satisfied * * * Now you have the opportunity to get into this rich and waiting field in a matter of months.

UNLIMITED JOB OPPORTUNITIES OPEN TO YOU AS AN RTS TRAINED ELECTRONIC TECHNICIAN.

(Followed by a list of 62 positions under the headings: INDUSTRIAL ELECTRONICS, ELECTRIC CONTROLS, AVIATION RADIO, RECEIVER DESIGN AND MANUFACTURING MERCHANDISING, RADIO AND TV SERVICING, PUBLIC ADDRESS SYSTEMS, POLICE RADIO.)

National Electronics Companies want and need RTS Graduates.

Unless you are now making over \$600 PER MONTH you can't afford not to invest in this training.

Correspondence schools better than classrooms.

The famous RTS Business Plan to which each graduate of this course is entitled.

R.T.S. will finance all your equipment.

Radio Television Training School was established in 1922 * * *.

Leads the way with big new improved Radio and Television Kits (with depiction of kits and tubes).

This is our "Guided Futures Program". It can prepare you for an important position in the industry or a business of your own.

Prepare for a better job as an electronics technician.

YOU CAN QUALIFY.

You can join the new army of Electronic Technicians and prosper.

Electronics Easily Mastered.

Unlimited Opportunities for You.

RTS Balanced Training Prepares You.

PAR. 5. Through the use of the aforesaid statements, and others of similar import not specifically set forth, with respect to their Radio-Television Technician and Industrial Electronics Courses, respondents represent that:

1. Respondents offer employment in the Radio, Television and Electronics industries.

2. Electronics is easy to learn and persons without a high school education can successfully complete said courses of instruction without difficulty.

3. Respondents' said courses provide all the necessary instruction and experience to qualify persons who have completed them for top positions in the radio, television and electronics fields.

4. There is a shortage in the field of Industrial Electronics for persons with the training provided by respondents' said courses of instruction.

5. National electronic firms will employ persons who have completed respondents' said courses of instruction.

6. Persons who complete said courses of instruction are assured of employment in the radio, television and electronics fields and will be able to earn more than \$600.00 a month in such employment.

7. Respondents' said courses give superior training to that provided by classroom instruction.

8. Respondents furnish complete radio and television sets in kit form to those who purchase said courses of instruction.

9. The R.T.S. Business Plan is available to all persons who complete respondents' said courses of instruction and wish to open a radio and television shop.

10. Respondents will fully finance the cost of all necessary equipment and supplies for a radio or radio and television shop under their R.T.S. Business Plan.

11. Respondents have been training persons in the radio field since 1922.

Respondents' salesmen, in soliciting the sale of the Radio-Television Technical and Industrial Electronics courses, repeat, in substance, the statements made in the foregoing advertisements and in addition represent that:

1. The courses are approved by the United States Veterans Administration and the cost thereof will be paid by the Federal Government for qualified Veterans.

2. Respondents will place persons who complete said courses in jobs.

3. The student may discontinue the course at any time, without obligation to make further payments for the course.

4. If the prospective student does not enroll at the time of the salesman's visit, the salesman cannot return at a later date to enroll the prospect and the opportunity to purchase the course will be lost.

PAR. 6. The aforesaid statements and representations are grossly exaggerated or false, misleading and deceptive. In truth and in fact:

1. Respondents' offer is not an offer of employment. Its sole purpose is to interest prospects in the purchase of their said courses of instruction.

2. Electronics is not easy to learn and persons without a high school education find it difficult to successfully complete said courses of instruction.

3. Respondents' said courses of instruction do not provide all of the necessary instruction and experience to qualify persons who have completed them for top positions in the radio, television and electronics fields. Most employers require considerable practical experience in addition to such information as may be obtained from the courses.

4. There is no shortage in the field of Industrial Electronics for persons with the training provided by respondents' said courses of instruction.

5. Most national electronic firms will not employ persons because they have completed said courses of instruction.

6. There is no assurance that persons who complete said courses of instruction will be able to secure employment in the radio, television or electronics fields. If such employment is secured, it usually will be at substantially less than \$600.00 a month.

7. Respondents' said courses of instruction do not give superior training to that provided by classroom instruction.

8. Respondents do not furnish complete radio and television kits in connection with their said courses of instruction as such kits do not contain tubes.

9. The R.T.S. Business Plan is not available to all persons who complete respondents' said courses of instruction. On the contrary, credit ratings satisfactory to respondents must be furnished.

10. Respondents do not fully finance the cost of necessary equipment and supplies for a radio or radio and television shop under their R.T.S. Business Plan, as a substantial amount must be paid by the person who wishes to open a shop under this Plan.

11. Respondents have not been training persons in radio since 1922.

12. Respondents' said courses are not approved by the United States Veterans Administration and the cost thereof will not be paid by the Federal Government for qualified Veterans.

13. Respondents do not operate a placement service. The only effort made by respondents to secure employment for persons who have completed said courses of instruction is to write a letter to prospective employers.

14. Respondents require payment for the entire course in most cases even though the course is discontinued.

15. It is not necessary for the prospective student to enroll at the time of the salesman's call as the salesman will return if there is a prospect of a sale. Moreover, said courses may be purchased at any time by mail.

PAR. 7. Respondents have also made, in the manner set forth in Paragraph Four hereof, numerous statements and representations with regard to their Radio and Television Arts and Production Course of Instruction. Among and typical of such statements and representations, but not limited thereto, are the following:

Here's the Best and Quickest Way you can Qualify AT HOME for a big paying career in SHOW BUSINESS.

... HOME STUDY Prepares for Exciting Careers Such As: Emcee, Radio and TV Writer, Make-up Artist, Costume Designer, Cameraman, Announcer, Radio-TV Director, Commentator, Disc Jockey, and many others. ... Cameraman, Emcee, Film Editors, and dozens more draw fabulous pay. ... Prepare At Home—in spare time with course recommended by stars.

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In brief, RTS training prepares you for a job in any field of "show business" whether it is in Radio, Television, Motion Pictures, Legitimate Theatre, or "Little Theatre", or Small Type groups.

PREPARE AT HOME FOR THE CAREER OF YOUR CHOICE . . . FOR YOU CAN PREPARE for a Show Business career through Home Study—easily, conveniently, and at MUCH LOWER COST than similar training in a school you attend personally.

Will you allow me, and the whole RTS organization, to help you achieve your dreams of a career in Show Business. Perhaps here in Hollywood—or, if you prefer, in a Radio or TV Station nearer your home.

R.T.S. Training will help you qualify for one of the following well paying and important jobs in Radio and Television Arts and Production: Disc Jockey, Emcee, Fashion Consultant, TV Writer, Floor Manager, TV Directing, Film Editor, Scenic Designer, Commentator, Make-up Artist, TV Cameraman, Producer, Microphone Room Operator, Announcing, Acting, Radio Writer, Costuming, Dolly Pusher, Production Assistant, Casting Director, Programming, Artist.

Radio and Television Industry Needs You.

Fantastic Salaries—Life of Glamour in World's Most Exciting Careers * * *

Prepare at home—in spare time with course recommended by Stars.

Practically everything it is possible to teach is covered.

The fantastic growth of television has brought a sky rocketing demand for talent and skill in every phase of Radio TV Arts and Production.

We have been training ambitious people by correspondence since 1922 (36 years!).

We have designed your course to include a strong foundation knowledge of voice improvement, Radio and TV Announcing, Acting, Writing, Theatrical Make-up, Camera Technique, Costume Designing and Set Designing.

This course is designed to prepare you for "SHOW BUSINESS" and show business in a BIG MONEY field.

Your show business opportunity might be just around the corner.

BE PREPARED . . . ENROLL NOW
PLACEMENT ASSISTANCE

The most comprehensive and complete course of its kind available today * * * complete instruction.

Job Placement Guidance.

Your future in this field can be virtually unlimited!

RTS is the key to TOP PERFORMANCE in Arts and Production.

RTS can give you the training you need now.

PAR. 8. Through the use of the aforesaid statements, and others of the same import not specifically set forth, respondents represent, directly or by implication, with respect to their Radio and Television Arts and Production Course of Instruction, that:

1. There are unlimited job opportunities in Radio and Television Arts and Production.

2. Upon completion of the said course, a person will be properly prepared and trained for success in the fields of radio and television show business.

3. There is a big demand in the radio and television industries for those who complete said course.

4. Persons completing said course of instruction will obtain jobs paying unusually large salaries.

5. Respondents maintain a placement service.

6. Respondents' said course has brought success to many persons in the radio and television fields.

Respondents' salesmen, in soliciting the sale of the said Arts and Production Course, repeat, in substance, the statements made in the foregoing advertisements and in addition represent that:

1. Respondents will place persons completing said course of instruction in high paying jobs.

2. If the prospective student does not enroll at the time of the salesman's visit, the salesman cannot return at a later date to enroll the prospect and the opportunity to purchase the course would be lost.

PAR. 9. The aforesaid statements and representations with respect to respondents' Radio and Television Arts and Production Course are grossly exaggerated or false, misleading and deceptive. In truth and in fact:

1. Job opportunities in Radio and Television Arts and Production are few.

2. Persons who complete said course are not properly prepared or trained for success in any of the fields of radio or television as practical experience is required in addition to such training as may be afforded by respondents' said course.

3. There is little demand in the radio or television industries for those who complete said course.

4. There is no assurance that persons who complete said course of instruction will obtain jobs and if jobs are obtained they will usually be with small radio or television stations with modest salaries.

5. Respondents do not maintain a placement service. The only effort made by them in connection with securing jobs is to write letters to prospective employers.

6. Comparatively few of those who have completed respondents' said course have had success in the radio or television fields.

7. Respondents do not ordinarily place persons completing said course of instruction in jobs paying any salaries.

8. It is not necessary for the prospective student to enroll at the time of the salesman's call as the salesman will return if there is any prospect of a sale. Moreover, said course may be purchased by mail at any time.

PAR. 10. The use by respondents of the aforesaid statements and representations and the acts and practices engaged in by them, as aforesaid, have had, and now have, the tendency and capacity to

mislead and deceive members of the purchasing public into the erroneous belief that said statements and representations were true and to induce the purchase of respondents' said courses of instruction on account thereof. As a result, substantial trade in commerce has been, and is being, unfairly diverted to respondents from their competitors and substantial injury has been, and is being, done to competition in commerce.

PAR. 11. The aforesaid acts and practices of respondents, as herein alleged, were, and are, all to the prejudice and injury of the public and of respondents' competitors and constituted, and now constitute, unfair and deceptive acts and practices and unfair methods of competition, in commerce, within the intent and meaning of the Federal Trade Commission Act.

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

Mr. Burnett L. Essey, of Los Angeles, Calif., for respondents.

INITIAL DECISION BY LOREN H. LAUGHLIN, HEARING EXAMINER

The Federal Trade Commission (sometimes also hereinafter referred to as the Commission) on March 11, 1960, issued its complaint herein, charging the above-named respondents with having violated the provisions of the Federal Trade Commission Act in certain particulars.

On September 20, 1960, there was submitted to the undersigned hearing examiner of the Commission for his consideration and approval an "Agreement Containing Consent Order To Cease And Desist," which had been entered into by and between respondents and counsel for both parties, under date of September 6, 1960, subject to the approval of the Bureau of Litigation of the Commission, which had subsequently duly approved the same.

On due consideration of such agreement, the hearing examiner finds that said agreement, both in form and in content, is in accord with § 3.25 of the Commission's Rules of Practice for Adjudicative Proceedings, and that by said agreement the parties have specifically agreed to the following matters:

1. Respondent Radio-Television Training School, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its office and principal place of business located at 5100 South Vermont Avenue, Los Angeles, California.

Respondents Bertram A. Knight, Gloria N. Knight and Pearl B. Knight are individuals and officers of the corporate respondent Radio-Television Training School, Inc. Said individual respondents formulate, direct and control the policies and practices of said

corporate respondent. Their address is the same as that of the corporate respondent.

2. Respondents admit all the jurisdictional facts alleged in the complaint and agree that the record may be taken as if findings of jurisdictional facts had been duly made in accordance with such allegations.

3. This agreement disposes of all of this proceeding as to all parties.

It is agreed that subparagraphs 4, 5 and 11 of Paragraphs Five and Six, and subparagraph 6 of Paragraphs Eight and Nine of the Complaint herein may be dismissed on the grounds that the evidence now available is insufficient to substantiate the allegations set out therein.

4. Respondents waive:

(a) Any further procedural steps before the hearing examiner and the Commission;

(b) The making of findings of fact or conclusions of law; and

(c) All of the rights they may have to challenge or contest the validity of the order to cease and desist entered in accordance with this agreement.

5. The record on which the initial decision and the decision of the Commission shall be based shall consist solely of the complaint and this agreement.

6. This agreement shall not become a part of the official record unless and until it becomes a part of the decision of the Commission.

7. This agreement is for settlement purposes only and does not constitute an admission by respondents that they have violated the law as alleged in the complaint.

8. The following order to cease and desist may be entered in this proceeding by the Commission without further notice to respondents. When so entered it shall have the same force and effect as if entered after a full hearing. It may be altered, modified or set aside in the manner provided for other orders. The complaint may be used in construing the terms of the order.

Upon due consideration of the complaint filed herein and the said "Agreement Containing Consent Order To Cease And Desist," said agreement is hereby approved and accepted and is ordered filed if and when said agreement shall have become a part of the Commission's decision. The hearing examiner finds from the complaint and the said agreement that the Commission has jurisdiction of the subject matter of this proceeding and of the persons of each of the respondents herein; that the complaint states legal causes for complaint under the Federal Trade Commission Act against each

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of the respondents, both generally and in each of the particulars alleged therein; that this proceeding is in the interest of the public; that the following order as proposed in said agreement is appropriate for the just disposition of all the parties in this proceeding as to all of the parties hereto; and that said order, therefore, should be and hereby is entered as follows:

It is ordered, That respondent Radio-Television Training School, Inc., a corporation, and its officers, and respondents Bertram A. Knight, Gloria N. Knight and Pearl B. Knight, individually and as officers of said corporation, and respondents' representatives, agents 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 their courses of instruction known as Radio-Television Technician and Industrial Electronics, or any other courses of instruction containing substantially the same material, do forthwith cease and desist from representing, directly or by implication, that:

1. Respondents offer employment in the Radio, Television or Electronic industries;
2. Electronics is easy to learn, unless limited to basic electronics as taught in respondents' course;
3. All persons without a high school education can successfully complete said courses of instruction without difficulty;
4. Said courses provide the necessary instruction and experience to qualify persons for top positions in the Radio, Television or Electronics fields;
5. There is any assurance that persons who complete said courses of instruction will find employment in the Radio, Television or Electronics fields;
6. Persons who have completed respondents' said courses will be able to earn \$600.00 a month or more as a starting salary, or will be able to earn any amount in excess of the amount that is usually and customarily earned by said persons;
7. Respondents' said courses give superior training to that provided by classroom instruction;
8. Respondents furnish complete radio and television kits in connection with said courses of instruction, unless said kits contain the necessary tubes;
9. Respondents' R.T.S. Business Plan is available to all persons who complete said courses of instruction, unless all the terms and conditions necessary for participation in said Plan are clearly set forth;

10. Said courses are approved by the United States Veterans Administration, or that the cost thereof will be paid by the Federal Government for qualified veterans;

11. Respondents will place persons who complete said courses in jobs;

12. Persons purchasing said courses may discontinue them at any time without obligation to make any further payments;

13. There is any limitation as to the time when such courses may be purchased.

It is further ordered, That respondent Radio-Television Training School, Inc., a corporation, and its officers, and respondents Bertram A. Knight, Gloria N. Knight and Pearl B. Knight, individually and as officers of said corporation, and respondents' representatives, agents 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 their course known as Radio and Television Arts and Production, or any other course of instruction containing substantially the same material, do forthwith cease and desist from representing, directly or by implication, that:

1. Opportunities in Radio and Television Arts and Production are unlimited or that such opportunities are greater than actually exist;

2. Upon completion of said course, a person will be trained properly for success in any of the fields of radio or television show business;

3. There is a big demand in the radio or television business for persons who complete said course or that the demand is in excess of that which actually exists;

4. Persons completing said course will obtain jobs paying high salaries or that the salaries for jobs that may be obtained are in excess of those actually paid;

5. Respondents maintain a placement service;

6. Respondents place persons completing said course of instruction in jobs;

7. There is any limitation as to the time when said course may be purchased.

It is further ordered, That subparagraphs 4, 5, and 11 of Paragraphs 5 and 6 and subparagraph 6 of Paragraphs 8 and 9 of the complaint be, and the same hereby are, dismissed.

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 5th day

of November 1960, become the decision of the Commission; and, accordingly:

It is ordered, That respondents Radio-Television Training School, Inc., a corporation, and Bertram A. Knight, Gloria N. Knight and