
IN THE MATTER OF
RAILROAD COMMUNICATIONS TRAINING CENTER
ET AL.

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

Docket C-1084. Complaint, July 8, 1966—Decision, July 8, 1966

Consent order requiring a Pueblo, Colo., school for telegraphers to cease using false employment offers, exaggerated earning claims and other misrepresentations to sell its course in telegraphy and allied subjects.

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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 Railroad Communications Training Center, a partnership, and Mrs. Vera J. Chostner and Thomas J. Gray, individually and as partners trading and doing business as Railroad Communications Training Center, and J. E. Chostner, individually and as manager of said partnership, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Railroad Communications Training Center is a partnership with its principal office and place of business located at 218 West 4th Street, Pueblo, Colorado.

Respondents Mrs. Vera J. Chostner and Thomas J. Gray are individuals and partners trading and doing business as Railroad Communications Training Center. Respondent J. E. Chostner is the husband of respondent Mrs. Vera J. Chostner and is the manager of respondent Railroad Communications Training Center. Said individual respondents formulate, direct and control the acts and practices of respondent Railroad Communications Training Center, including the acts and practices hereinafter set forth. The address of all the individual respondents is the same as that of the respondent Railroad Communications Training Center.

PAR. 2. Respondents are now, and for more than two years last past have been, engaged in the advertising, offering for sale and sale of courses of training and instruction in telegraphy and allied subjects to prepare students thereof for employment as railroad telegraphers, station agents and kindred positions.

PAR. 3. In the course and conduct of their business, respondents cause, and have caused, to be sent, through the United States mails and by various other means, to persons located in States other than the State of Colorado, letters, advertising circulars and other printed material pertaining to respondents' course of training and instruction. Respondents cause their sales representatives to visit prospective purchasers of said course in various States other than the State of Colorado for the purpose of soliciting enrollments in respondents' course and thereby cause purchasers of their said course to come to respondents' place of busi-

ness in the State of Colorado for the purpose of attending the course. In the course of their enrollment of purchasers of respondents' course, said sales representatives transmit enrollment contracts, checks and other commercial instruments through the United States mails and by other means to respondents' place of business in the State of Colorado from various other States. Respondents maintain, and at all times mentioned herein have maintained, a substantial course of trade in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business, and for the purpose of inducing the sale of their course of training and instruction, respondents have published, and caused to be published, in newspapers distributed through the United States mails and by other means, advertisements of which those hereinafter set forth are typical but not all inclusive. Said advertisements have appeared in the "help wanted" and other columns of newspapers.

RAILROAD APPRENTICESHIP. Wanted, young men 17½ to 29 to train for Railroad Communications. For qualifying interview, Write Box Y-162 Arkansas Gazette. Give age, race, name, phone, home location.

* * * * *

RAILROADS ARE HIRING. Men from this area 17½ to 29 needed at once to train for railroad agents, operators positions, \$400 to \$450 monthly. Write P. O. Box 294, Oklahoma City, State, address, education and phone.

PAR. 5. By and through the use of advertisements such as those set forth in Paragraph Four hereof, respondents represent, directly or by implication, that employment is being offered and that respondents' business is that of a railroad company or that respondents are affiliated with a railroad company.

In truth and in fact, employment is not being offered and neither is respondents' business that of a railroad company nor are respondents affiliated with a railroad company. Respondents' business is that of a school and the real purpose of the advertisements is to secure leads to prospective purchasers of respondents' course of training and instruction.

Therefore, the aforesaid representations were, and are, false, misleading and deceptive.

PAR. 6. In the course and conduct of their business, respondents cause their sales representatives to visit prospective purchasers of respondents' course for the purpose of soliciting enrollments. In the course of their solicitation of prospective purchasers, said

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representatives have represented, directly or by implication, through verbal statements, that:

1. Persons completing respondents' course of training and instruction in railroad communications will thereby be qualified for and will obtain employment as a railroad station agent or telegrapher or in similar positions without further training and experience.

2. Persons completing respondents' said course and obtaining employment with a railroad will receive a starting salary of \$400 per month or more.

3. Persons completing respondents' said course are guaranteed or otherwise assured of employment with a railroad as a station agent or telegrapher or in similar positions.

4. Persons enrolling in respondents' course who require temporary employment to defray their expenses while attending respondents' school in Pueblo are assured of employment sufficient for that purpose.

PAR. 7. In truth and in fact:

1. Persons completing respondents' course of training and instruction in railroad communications are not thereby qualified for and will not obtain employment as a railroad station agent or telegrapher or in similar positions without further training and experience. Persons completing respondents' course who may secure employment with a railroad are usually hired as apprentices and are required to serve a period of time as such before being considered eligible to fill positions such as station agent or telegrapher.

2. Persons completing respondents' course who may obtain employment with a railroad do not receive a starting salary of \$400 per month or more. Such persons are usually hired as apprentices, if at all, and as such their starting salaries are substantially less than \$400 per month.

3. Persons completing respondents' course are not guaranteed or otherwise assured of employment with a railroad in any position.

4. Persons enrolling in respondents' course who require temporary employment to defray their expenses while attending respondents' school in Pueblo are not assured of employment sufficient for that purpose.

Therefore, the statements and representations as set forth in Paragraph Six hereof were, and are, false, misleading and deceptive.

PAR. 8. In the conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals engaged in the sale of courses of training and instruction in the same or similar subjects as those sold by respondents.

PAR. 9. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondents' courses by reason of said erroneous and mistaken belief.

PAR. 10. 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 methods of competition in commerce, and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereof with violation of the Federal Trade Commission Act, and the respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondents of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as set forth in such complaint, and waivers and provisions as required by the Commission's rules; and

The commission, having considered the agreement, hereby accepts same, issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Railroad Communications Training Center is a partnership with its office and principal place of business located at 218 West 4th Street, in the city of Pueblo, State of Colorado.

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Respondents Mrs. Vera J. Chostner and Thomas J. Gray are individuals and partners in said Railroad Communications Training Center. Respondent J. E. Chostner is the husband of Mrs. Vera J. Chostner and is the manager of the Railroad Communications Training Center. Their address is the same as that of the partnership.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Railroad Communications Training Center, a partnership, and Mrs. Vera J. Chostner and Thomas J. Gray, individually and as partners trading and doing business as Railroad Communications Training Center or under any other name or names, and J. E. Chostner, individually and as manager of Railroad Communications Training Center, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of courses of study and training in railroad communications or any other subject, trade or vocation, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

(1) Publishing or causing to be published advertisements in the "help wanted" columns of newspapers or representing, directly or by implication, in any other manner or by any other means, that employment is being offered when the real purpose is to obtain leads to prospective purchasers of respondents' courses of study and training.

(2) Representing, directly or by implication, that respondents' business is that of a railroad company or that respondents are affiliated with a railroad company; or misrepresenting the nature of respondents' business in any other manner.

(3) Representing, directly or by implication, that persons completing respondents' course of training and instruction in railroad communications will thereby be qualified for and will obtain employment as a railroad station agent, telegrapher or in similar positions without further training and experience.

(4) Representing, directly or by implication, that persons completing respondents' said course who obtain employment

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with a railroad will receive a starting salary of \$400 per month or more; or misrepresenting in any other manner the earnings to be achieved by persons completing respondents' courses of study and instructions.

(5) Representing, directly or by implication, that persons completing respondents' said course are guaranteed or otherwise assured of employment with a railroad as a station agent or telegrapher or in similar positions; or misrepresenting in any other manner the opportunities for employment afforded persons completing respondents' said course.

(6) Representing, directly or by implication, that persons enrolling in respondents' said course who require temporary employment to defray their expenses while attending respondents' resident school are assured of employment sufficient for that purpose; or misrepresenting in any other manner the assistance furnished students in securing employment while attending respondents' resident school.

It is further 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 this order.