

IN THE MATTER OF

KANSAS CITY COLLEGE OF AUTOMATION, INC., ET AL.

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

Docket C-1099. Complaint, Aug. 18, 1966—Decision, Aug. 18, 1966

Consent order requiring a Kansas City, Mo., business training school to cease making false offers of employment, exaggerated earning claims, and other misrepresentations to sell its resident and correspondence courses in data processing skills.

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 Kansas City College of Automation, Inc., a corporation, and Bobbie Paul Miles, individually and as an officer 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:

PARAGRAPH 1. Respondent Kansas City College of Automation, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Missouri, with its principal office and place of business located at 3230 Main Street, Kansas City, Missouri.

Respondent Bobbie Paul Miles is an individual and an officer of said corporation. He formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

Respondents advertise under the names of "Job Opportunities" and "IBM Machine Training." Furthermore, said corporate re-

spondent was initially incorporated under the name of College of Automation, Inc., and operated and did business under such name until some months last past when the present corporate name was adopted.

PAR. 2. Respondents are now, and have been for more than two years last past, engaged in the offering for sale, sale and distribution of courses of instruction intended to prepare students thereof for employment as IBM key punch machine, machine tabulation, and computer operators and programmers. Said courses are pursued by correspondence through the United States mail, as well as by resident training at the school.

PAR. 3. In the course and conduct of their business, respondents have caused their courses of study and instruction to be sent from their place of business, located in the State of Missouri, to, into and through States of the United States other than the State of origin, to purchasers thereof located in such other States. Respondents also utilize the services of salesmen who call on prospective purchasers of the courses of instruction located in States other than the State of Missouri. There has been at all times mentioned herein a substantial course of trade in commerce in said courses of study and instruction as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business, at all times mentioned herein, respondents have been in substantial competition in commerce, with corporations, firms and individuals in the sale of courses of study and instruction.

PAR. 5. In the course and conduct of their business, as aforesaid, respondents have caused to be published in newspapers distributed through the United States mail and by other means to prospective purchasers in the several States in which respondents do business, advertisements in the "Help Wanted" columns of such newspapers stating "SEE IBM AD ON ENTERTAINMENT PAGE," with a display advertisement on the entertainment page of such newspaper of which the following are typical and illustrative, but not all inclusive:

WANTED TRAINEES

Men and Women are urgently needed to train as

IBM

Machine Operators

Need not interfere with your present job.

If you qualify, training can be financed.

Write for

Complaint

70 F.T.C.

JOB OPPORTUNITIES

Box c/o This Newspaper

Please Include Your Telephone Number

WANTED TRAINEES

Men and Women are urgently needed to train as
IBM

Computer Programmers and Machine Operators

Need not interfere with your present job.

If you qualify, training can be financed.

Write to:

IBM MACHINE TRAINING

Box c/o This Newspaper

Please Include Your Telephone Number

PAR. 6. By and through the use of the statements appearing in the advertisements referred to in Paragraph Five hereof, respondents represent, directly or by implication, that inquiries are solicited for the ultimate purpose of offering employment to qualified applicants, who will be trained to operate various IBM machines.

PAR. 7. In truth and in fact, inquiries are not solicited for the purpose of offering employment to qualified applicants, but for the sole purpose of obtaining leads to prospective purchasers of respondents' courses of instruction.

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

PAR. 8. In the course and conduct of their business, as aforesaid, and for the purpose of inducing the sale of their courses of instruction, respondents have made certain statements and representations by means of brochures and promotional material and by oral statements of their salesmen and representatives, directly or by implication, to prospective purchasers of said courses of instruction. Typical and illustrative, but not all inclusive of said statements and representations are the following:

1. Respondents provide a placement service which will guarantee or assure to each graduate a job as an operator of the kind of machine on which they are trained by respondents.

2. A graduate of the school will be placed in a job in the geographical area of his choice.

3. Persons completing respondents' course in IBM Key Punch operation will thereby have the training and experience necessary to enable them to earn starting salaries of from \$90 to \$100 per week or \$3.50 per hour or \$300 to \$500 or more a month or various other equally high amounts.

4. Persons completing respondents' course in computer programming will thereby receive the training and experience necessary to enable them to earn starting salaries of \$475 to \$500 a month or \$600 per month or \$800 per month or various other equally high amounts.

5. Students will receive resident training on the newest and most up-to-date IBM machines.

6. Each student enrolled in Key Punch Operation will have his own machine reserved for him for resident training.

7. The school has the IBM 1401 Data Processing System of machines available for resident training for students enrolling in their "1401 Computer Programing" courses.

8. Each student enrolled in the school's Key Punch course will receive 60 (or 90) hours of actual machine practice.

9. Respondents' school utilizes all of the two story and basement building in which it is located as depicted in a picture contained in advertising and promotional material displayed to prospective students.

10. Students may utilize the facilities of the school's dormitory and cafeteria.

11. The size of resident training classes is limited to 10, 15 or similar limited numbers; that there will be a teacher for each student, or that there is one teacher for each 10 students.

PAR. 9. In truth, and in fact:

1. The placement service provided by respondents does not in fact find jobs as operators of the kinds of machines on which they have trained for all graduates desiring such assistance. In actual practice, many graduates are not placed at all, and many others find jobs in the automation field, or in other lines of work, solely as a result of their own efforts.

2. Respondents place few, if any, graduates of their school in jobs in the geographical area of their choice.

3. Persons completing respondents' course in IBM Key Punch Operation do not receive the training and experience required to enable them to earn starting salaries of from \$90 to \$100 per week, or \$3.50 per hour, or \$300 to \$500 or more a month, or like amounts, but typically receive substantially less.

4. Persons completing respondents' course in computer programming do not receive the training and experience required to enable them to earn starting salaries of from \$475 to \$500 a month, or like amounts but typically receive substantially less.

5. The IBM machines used by respondent for resident training

are not in all instances the newest, most up-to-date models of such machines.

6. Each student during resident training does not have an individual machine reserved for him, but typically, students must take turns for an opportunity to practice on the machines available.

7. The school does not have available for use in training, any of the three machines shown in their previous brochure or the five machines shown in their latest brochure as comprising the "IBM 1401 Data Processing System."

8. As the result of various factors, including, but not limited to such factors as the size and number of classes assembled at one time and the limited facilities and equipment available, not all students enrolled in respondents' Key Punch courses actually receive 60 (or 90) hours of actual machine practice, but many receive substantially less.

9. Respondents' school utilizes only a portion of the first floor and basement of the building shown in said photographs and drawings and none of the second floor of such building.

10. Respondents do not provide either a cafeteria or dormitory for use of resident students.

11. The sizes of resident classes are not limited to 10 or 15 students, and typically classes are substantially in excess of such numbers. Likewise, there is not one teacher provided for each student or one teacher for each 10 students, and in a typical class, the ratio between students and teachers is substantially greater.

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

PAR. 10. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices, has had, and now has, the tendency and capacity 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 numbers of courses of study and instruction by reason of said erroneous and mistaken belief.

PAR. 11. The aforesaid acts and practices of the 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 Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Deceptive Practices proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

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

The Commission, having reason to believe that the respondents have violated the Federal Trade Commission Act, and having determined that complaint should issue stating its charges in that respect hereby issues its complaint, accepts said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Kansas City College of Automation, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Missouri, with its office and principal place of business located at 3230 Main Street, Kansas City, Missouri.

Respondent Bobbie Paul Miles is an officer of said corporation and his address is the same as that of said corporation.

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 Kansas City College of Automation, Inc., a corporation, and its officers, and Bobbie Paul Miles, individually and as an officer of said corporation, and respondents' agents, representatives 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 instruction in key

punch machine operation, tabulating machine operation, computer programming or any other subject in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

A. Representing, directly or by implication that:

1. Inquiries are solicited for the purpose of offering employment to qualified applicants: *Provided, however,* That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that a bona fide offer of employment was made;

2. Respondents' placement service will guarantee or assure the placement of graduates in jobs for which they have been trained, or will find them jobs in the geographical areas of their choice; or misrepresenting in any manner their ability or their facilities for assisting graduates of their courses in finding employment;

3. Persons completing respondents' courses will earn starting or average salaries in excess of salaries actually and customarily paid to persons of like age, experience and training; or misrepresenting in any manner, the earnings which will be realized by persons completing said courses of instruction;

4. Respondents have available for use in training students machines or equipment of a stated make or brand; model, type or kind, age or number: *Provided, however,* That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that machines or equipment as represented is available to each student being trained thereon;

5. Training of a certain number of hours or other period of time on specified machines or equipment is afforded: *Provided, however,* That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that the represented training is in fact afforded;

6. Respondents' school occupies all of the building in which it is located; is larger than it in fact is; or that such school provides or has available physical facilities not in fact available;

7. Respondents' classes are limited to specified maximum numbers of students or to certain ratios between instructors and students: *Provided, however,* That in

any enforcement proceeding instituted hereunder it shall be a defense for respondents to establish that the size of classes and student-instructor ratios are as represented.

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.
