

Decision

IN THE MATTER OF
NORTHWEST AIR COLLEGE, INC., ET AL.CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT

Docket 7091. Complaint, Mar. 20, 1958—Decision, Sept. 25, 1958

Consent order requiring two officers of corporations selling correspondence and residence courses in Spokane and Seattle, Wash., in "Specialized Airlines Training" purporting to prepare enrollees for employment in commercial airline positions, to cease using deceptive employment offers and other misrepresentations concerning their schools, opportunities for students, etc., in advertising in newspapers and periodicals and through commission sales agents who followed up leads to interested prospects.

A similar order issued in default against the two schools and other officials, became final Nov. 11, 1958, herein, p. 712.

Before *Loren H. Laughlin*, hearing examiner.

Mr. John J. McNally for the Commission.

Matt L. Alexander, Esq., of Spokane, Wash., for Anna M. Searle, individually and as an officer of the corporations.

Mr. John W. Mc Bride, for himself, individually and as an officer of the corporations.

INITIAL DECISION AS TO RESPONDENTS
JOHN W. MC BRIDE AND ANNA M. SEARLE

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

On July 28, 1958, 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 entered into by and between respondent Anna M. Searle, her counsel, and counsel supporting the complaint, under date of July 2, 1958, and a like agreement entered into by and between respondent John W. Mc Bride and counsel supporting the complaint under date of July 21, 1958. Both of said agreements were subject to the approval of the Bureau of Litigation of the Commission, which had subsequently duly approved each of them.

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The said agreements are identical except as to the respective respondents signatory thereto.

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

The agreement signed on July 2, 1958, identifies respondent Anna M. Searle as an individual and as an officer of corporate respondents Northwest Air College, Inc., and American Air College and Training School, Inc., with her post office address at North 1803 Normandie, Spokane, Wash. The agreement signed on July 21, 1958, identifies respondent John W. Mc Bride as an individual and as an officer of the same corporate respondents, but with his post office address as 2916 South Hatch, Spokane, Wash. Both agreements provide:

1. Pursuant to the provisions of the Federal Trade Commission Act, the Commission, on March 20, 1958, issued its complaint in this proceeding against each of the respondents named therein and a true copy was thereafter duly served on them.

2. Respondents signatory to the agreements admit all of 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. These agreements dispose of all of this proceeding with respect to respondents signatory thereto.

4. Respondents signatory to these agreements 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 these agreements.

5. The record on which this initial decision and the decision of the Commission shall be based shall consist solely of the complaint and these agreements as to respondents signatory thereto.

6. These agreements shall not become a part of the official record unless and until they become a part of the decision of the Commission.

7. These agreements are for settlement purposes only and do not constitute an admission by respondents signatory thereto that they have violated the law as alleged in the complaint.

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8. The following order to cease and desist may be entered in this proceeding by the Commission without further notice to respondents signatory to these agreements. 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 two agreements containing consent orders to cease and desist, said agreements are hereby approved and accepted and are ordered filed if and when they shall have become a part of the Commission's decision. The hearing examiner finds from the complaint and the said agreements that the Commission has jurisdiction of the subject matter of this proceeding and of the persons of each of the respondents signatory to said agreements; that the complaint states legal causes for complaint under the Federal Trade Commission Act against each of said respondents, both generally and in each of the particulars alleged therein; that this proceeding is in the interest of the public; and that the orders proposed in said agreements are appropriate for the just disposition of all the issues in this proceeding as to the parties signatory to the said agreements, and that the provisions of said orders, therefore, should be and hereby are entered as follows:

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It is ordered, That respondents Anna M. Searle and John W. Mc Bride, individually and as officers of corporate respondents Northwest Air College, Inc., and American Air College and Training School, Inc., 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 courses of study or instruction, do forthwith cease and desist from:

1. Representing, directly or by implication:

- (a) That employment is being offered when, in fact, the purpose is to obtain purchasers of such courses of study or instruction
- (b) That positions are open or will be available to those who complete such courses, unless such is the fact;
- (c) That persons who complete such courses are thereby qualified for employment by commercial airlines;

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(d) That thousands of persons have been employed by commercial airlines by virtue of completing such course; or otherwise misrepresenting the actual number of graduates who have been so employed;

(e) That respondents provide a placement service to the extent that any significant number of graduates of such courses are placed in positions with commercial airlines by respondents;

(f) That 17-year-old persons are ordinarily employed by commercial airlines, or otherwise misrepresenting the ages at which persons are ordinarily so employed;

(g) That Northwest Air College, Inc., or American Air College and Training School, Inc., are recognized or accredited by the State of Washington; or otherwise misrepresenting the accredited status of any firm or institution commercially engaged in the sale of courses of instruction;

(h) That there is a great demand for graduates of respondents' schools or courses, or otherwise misrepresenting the demand for such graduates;

(i) That such courses are sold only to selected persons;

(j) That part-time employment is obtained by respondents for resident students;

(k) That prompt enrollment in respondents' resident schools is necessary because of limited class room space; or for any other reason, that is not the fact;

(l) That scholarships are available for selected students;

(m) That respondents' schools are adequately equipped to teach the subjects covered by such courses of instruction;

(n) That respondents' schools are connected or associated with commercial airlines;

(o) That the starting salaries for the positions covered by such courses are from \$275 to \$300 a month, or otherwise misrepresenting the starting salary for any position so covered;

(p) That respondents' schools are centrally located or that the living facilities are supervised;

(q) That only two students are required to share a room in the living facilities, or otherwise misrepresenting the number of students that are required to share a room;

(r) That a swimming pool is provided for the use of students;

(s) That fraternity or sorority houses are established at the schools;

2. Using the word "college," or any other word of similar meaning either alone or in conjunction with other words as a

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part of the corporate name of either of the corporate respondents; or of any other firm or corporation commercially engaged in the sale of courses of instruction; or representing in any manner, directly or by implication, that either of the corporate respondents or any firm or corporation commercially engaged in the sale of courses of instruction, is a college or constitutes a school of higher learning;

3. Using the word "Registrar" in designating or referring to respondents' salesmen.

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 25th day of September 1958, become the decision of the Commission; and, accordingly:

It is ordered, That respondents Anna M. Searle and John W. Mc Bride, individually and as officers of corporate respondents Northwest Air College, Inc., and American Air College and Training School, Inc., 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.

IN THE MATTER OF
THEODORE F. CRANDALL
TRADING AS INTERSTATE BUSINESS AND
PROPERTY EXCHANGE COMPANY

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

Docket 7109. Complaint, Apr. 7, 1958—Decision, Sept. 25, 1958

Consent order requiring an individual in St. Louis, engaged in selling newspaper advertising in connection with the sale of business and other properties, to cease representing falsely—by means of post cards, in contracts, by statements of its agents, and otherwise—that his “Confidential Report of Buyers” was published and circulated monthly and was a list of buyers for specific properties with cash available for purchases thereof; that his “Statewide Buyers’ Guide” was the foremost publication of its kind in the country and was sent to a large number of leading real estate brokers who would sell the listed properties; and that properties of advertisers would be sold within a specified time, lacking which there would be no charge for advertising; and to cease representing falsely, through use of his trade name, by statements of his solicitors and otherwise, that he was engaged in the sale and exchange of real estate and other property.

John W. Brookfield, Jr., Esq., in support of the complaint.
Kramer & Chused, of St. Louis, Mo., for respondent.

INITIAL DECISION BY JAMES A. PURCELL, HEARING EXAMINER

The complaint in this proceeding, issued April 7, 1958, charges the respondent Theodore F. Crandall, an individual, trading and doing business as Interstate Business and Property Exchange Company, with violation of the Federal Trade Commission Act in connection with the offering for sale or sale of advertising in his publication “Statewide Buyers’ Guide” and other publications. The office and principal place of business of respondent is located at 315 North 7th Street, St. Louis, Mo.

After the issuance of said complaint respondent on July 1, 1958, entered into an agreement for a consent order with counsel in support of the complaint, disposing of all of the issues in this proceeding, which agreement was duly approved by the director and assistant director of the Bureau of Litigation of the Federal Trade Commission. It was expressly provided in said agreement that the signing thereof is for settlement purposes only and does