

Decision

IN THE MATTER OF
PACIFIC NORTHERN AIR COLLEGE, INC., ET AL.

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

Docket 7182. Complaint, July 11, 1958—Decision, Nov. 27, 1958

Consent order requiring a Seattle, Wash., seller of a correspondence and residence course in "Specialized Airlines Training" to cease advertising falsely in newspapers that it was offering jobs, and making a variety of other false claims concerning job opportunities and salaries for graduates, and the employment assistance and caliber of training it provided; and to cease using the word "college" in its trade name and describing its salesmen as "registrars."

Mr. John J. McNally and Mr. Ames W. Williams for the Commission.

Mr. Frank C. Trunk, of Seattle, Wash., for respondents.

INITIAL DECISION BY LOREN H. LAUGHLIN, HEARING EXAMINER

The Federal Trade Commission (sometimes also hereinafter referred to as the Commission) on July 11, 1958, issued its complaint herein, charging the above-named respondents with having violated the provisions of the Federal Trade Commission Act, and the respondents were duly served with process.

On October 1, 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," which had been entered into by and between respondents and the attorneys for both parties, under date of September 24, 1958, 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 Pacific Northern Air College, Inc., is a corporation organized and doing business under the laws of the State of Washington. Respondents Lee Thompson and Peggy Christian Thompson are individuals and are officers of corporate respondent. The principal office and place of business of said corporate

Decision

55 F.T.C.

and individual respondents in 317 Wall Street, in the City of Seattle, State of Washington.

2. Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission, on July 11, 1958, issued its complaint in this proceeding, against respondents, and a true copy was thereafter duly served on respondents.

3. Respondents 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.

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

5. 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.

6. 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.

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

8. 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.

9. 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," the latter is hereby approved, accepted and ordered filed. The hearing examiner finds from the complaint and the said "Agreement Containing Consent Order to Cease and Desist" that the Commission has jurisdiction of the subject matter of this proceeding and of the persons of each of the respondents herein;

793

Order

that the complaint states a legal cause for complaint under the Federal Trade Commission Act, against each 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 of the issues in this proceeding as to all of the parties hereto; and that said order therefore should be, and hereby is, entered as follows:

ORDER

It is ordered, That respondents Pacific Northern Air College, Inc., a corporation, and its officers, and Lee Thompson and Peggy Christian Thompson, as individuals 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 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;

(d) That the great majority of graduates of respondents' courses have been employed by commercial airlines by virtue of completing such courses 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 there is a great demand for graduates of respondents' schools or courses, or otherwise misrepresenting the demand for such graduates;

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

(i) That part time employment assuring sufficient remunera-

Decision

55 F.T.C.

tion to defray living expenses is secured by respondents for students while attending their residence school;

(j) That respondents' school is adequately equipped to teach the subjects covered by such courses of instruction;

(k) That respondents' school is connected or affiliated with commercial airlines;

(l) That the starting salaries for the positions covered by such courses are from \$260 to \$300 a month, or otherwise misrepresenting the starting salary for any position so covered;

(m) That on-the-job training with airlines or at airports would constitute part of residence school training or is otherwise available to respondents' students;

2. Using the word "college," or any other word of similar meaning either alone or in conjunction with other words as a part of their corporate name or representing in any manner that the corporate respondent constitutes a college or school of higher learning;

3. Using the word "Registrars" 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 27th day of November 1958, become the decision of the Commission; and, accordingly:

It is ordered, That respondents, as named in the caption hereof, 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.

Decision

IN THE MATTER OF
AMERICAN TELEVISION, INC., ET AL.ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT

Docket 6724. Complaint, Feb. 11, 1957—Decision, Nov. 28, 1958

Order dismissing without prejudice complaint charging two affiliated sellers in Chicago with using bait advertising and other misrepresentations to sell television sets, for the reason that all assets of the companies had been sold under the direction of the bankruptcy court and their charters dissolved.

Mr. Edward F. Downs and Mr. Garland S. Ferguson for the Commission.

Mr. Michael Gesas, of Chicago, Ill., for American Television, Inc.

Mr. I. Harvey Levinson, of Chicago, Ill., for deForest-Sanabria Corporation, U. A. Sanabria, and Helen G. Sanabria.

INITIAL DECISION BY JOHN B. POINDEXTER, HEARING EXAMINER

On February 11, 1957, the Federal Trade Commission issued its complaint in the above entitled and numbered proceeding, alleging that American Television, Inc., a corporation, deForest-Sanabria Corporation, a corporation, U. A. Sanabria and Helen G. Sanabria, individually and as officers of said corporations, hereinafter called respondents, had violated the provisions of the Federal Trade Commission Act by the use of bait advertising and other deceptive claims to sell their television sets.

After service of the complaint, counsel for each of the respondents have, from time to time, filed motions requesting extension of time to answer the complaint and postponement of the initial hearing on the ground that the respondent American Television, Inc. was a debtor in a bankruptcy proceeding, No. 56-B-2089, then pending in the United States District Court for the Northern District of Illinois, Eastern Division, seeking an adjustment with creditors under Chapter 11 of the Bankruptcy Act. Said motions were granted.

Counsel for the respondents U. A. Sanabria and Helen G. Sanabria have filed a motion, supported by the affidavit of respondent U. A. Sanabria, requesting that the complaint be dismissed without prejudice on the ground that, *inter alia*, all of the assets