

IN THE MATTER OF
DURHAM'S BUSINESS COLLEGE ET AL.

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

Docket 7500. Complaint, May 21, 1959—Decisions, Oct. 6, 1959

Consent orders requiring Texas distributors of a correspondence course in civil and criminal investigation, operating under the name of "Central Detective Academy," to cease making in advertising and through salesmen false claims concerning employment, demand, and wages for graduates of said courses, limitation and selection of enrollees, competency of instructors, organization, status and size of business, qualifications or status of its salesmen, and the independent status of two wholly owned collection agencies.

Mr. Terral A. Jordan for the Commission.

No appearances for the respondents.

INITIAL DECISION BY LOREN H. LAUGHLIN, HEARING EXAMINER

The Federal Trade Commission (sometimes also hereinafter referred to as the Commission) issued its complaint herein on May 21, 1959, charging the above-named respondents with having violated the provisions of the Federal Trade Commission Act in certain particulars.

On August 25, 1959, there was submitted to the undersigned hearing examiner of the Commission for his consideration and approval "Agreements Containing Consent Orders To Cease And Desist," which had been entered into by and between Elmond F. Gau, individually and as an officer of said corporate respondent, and Harburd E. Tarpley, an individual trading and doing business as Central Detective Academy, and counsel supporting the complaint, under date of August 14, 1959, subject to the approval of the Bureau of Litigation of the Commission, which had subsequently duly approved the same.

On due consideration of such 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:

1. Respondent, Durham's Business College, is a corporation existing and doing business under and by virtue of the laws of the State of Texas. It formerly traded and did business as Central Detective Academy. Respondent Elmond F. Gau is an individual and is president of said corporate respondent. He also trades and does business

as All Purpose Acceptance Company and General Purpose Acceptance Company. Respondents' office and principal place of business is located at Room 1219, Texas National Bank Building in the City of Houston, State of Texas. Respondent Harburd E. Tarpley, is an individual trading and doing business as Central Detective Academy with his office and principal place of business located at 2020 Live Oak Street, in the City of Dallas, Texas.

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. These agreements dispose of all of this proceeding as to said respondents Durham's Business College, Elmond F. Gau and Harburd E. Tarpley. It is stipulated and agreed for the purposes of this proceeding that on or about August 5, 1957, respondent Durham's Business College sold and transferred the ownership and management of the business conducted under the style of Central Detective Academy to respondent Harburd E. Tarpley and that since that time said Harburd E. Tarpley has had no connection whatsoever with Durham's Business College. It is accordingly agreed that the complaint insofar as it relates to respondent Harburd E. Tarpley in connection with respondent Durham's Business College should be dismissed.

It is further stipulated and agreed that the complaint should be dismissed as to respondents Howard G. Patterson and J. S. Talbert for the reasons set forth in the attached affidavit by Elmond F. Gau which is made a part hereof and incorporated herein.

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 orders to cease and desist entered in accordance with these agreements.

5. The record on which the initial decisions and the decisions of the Commission shall be based shall consist solely of the complaint and these agreements.

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 that they have violated the law as alleged in the complaint.

Order

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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. 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 "Agreements Containing Consent Orders To Cease And Desist," said agreements are hereby approved and accepted and are ordered filed if and when said agreements 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 respondents herein; that the complaint states legal causes 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 agreements is appropriate for the just disposition of all 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 Durham's Business College, a corporation, and its officers, and Elmond F. Gau, individually and as an officer of said corporate respondent, and also trading and doing business as All Purpose Acceptance Company and General Purpose Acceptance Company, or under any other name, and Harburd E. Tarpley, an individual trading and doing business as Central Detective Academy, or under any other name, 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, including a course of study and instruction in civil and criminal investigation, or the supplies and equipment used in connection therewith, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or indirectly, that:

1. Persons completing said course of study and instruction in civil and criminal investigation will be employed by respondents or that employment will be secured by respondents for such persons as civil or criminal investigators; or that persons completing said courses of study and instruction will be employed by respondents or employment will be secured by respondents for such persons in any occupation or profession unless such is the fact;

2. There is a great demand by persons, firms or corporations to employ persons completing said course of instruction in civil and criminal investigation as civil or criminal investigators; or that the demand or need for persons completing said courses of study and instruction is greater than it is in fact;

3. Persons completing said course of study and instruction in civil and criminal investigation will be employed by respondents or employment will be secured by respondents for such persons as civil or criminal investigators at wages of \$4.00 per hour; or that persons completing said courses of study and instruction will be employed by respondents or employment will be secured by respondents at wages or other compensation greater than will be in fact paid to such persons;

4. The number of persons accepted for enrollment in said course of study and instruction in civil and criminal investigation is limited or restricted; or that enrollment in said courses is limited or restricted to a degree greater than is the fact;

5. Persons accepted for enrollment in said course of study and instruction in civil and criminal investigation are specially selected; or that persons accepted for enrollment in said courses of study and instruction are specially selected unless such is the fact;

6. Persons enrolled in said course of study in civil and criminal investigation perform their studies under the tutelage and guidance of persons trained, competent and proficient in the art of teaching and in the profession of civil and criminal investigation; or that persons enrolled in said courses of study and instruction are under the tutelage and guidance of persons possessing experience, training or other qualifications different or greater than is the fact;

7. Central Detective Academy is or has been a division of a college or institution of higher learning; or that said courses of study and instruction are offered by an organization having an academic status or affiliation different or greater than is the fact;

8. Central Detective Academy is the largest institution in the United States for the instruction and training of civil and criminal investigators; or that said courses of study and instruction are offered by an organization of a size or status different or greater than is the fact;

9. Persons offering said course of study in civil and criminal investigation for sale are civil or criminal investigators; or that persons offering said courses of study and instruction for sale have any training, experience, qualifications or status other or different from that which they have in fact;

10. All Purpose Acceptance Company or General Purpose Acceptance Company are independent or separate organizations from the said business enterprise operated under the name of Central Detective Academy or are innocent purchasers for value of the promissory notes executed by enrollees in said course of instruction in civil and criminal investigation; or that any collection agency is an independent or separate organization or an innocent purchaser for value of promissory notes executed by enrollees in said courses of instruction when it is in fact owned, operated or controlled by respondents.

It is further ordered, That the complaint, insofar as it relates to respondent Harburd E. Tarpley in connection with respondent Durham's Business College be, and the same hereby is, dismissed and that the complaint be, and the same hereby is, dismissed as to respondents Howard G. Patterson and J. S. Talbert.

DECISIONS OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Section 3.21 of the Commission's Rules of Practice, the initial decisions of the hearing examiner shall, on the 6th day of October, 1959, become the decisions of the Commission; and, accordingly:

It is ordered, That respondents Durham's Business College, a corporation, Elmond F. Gau, individually and as an officer of said corporate respondent, and Harburd E. Tarpley, an individual trading and doing business as Central Detective Academy, shall, within sixty (60) days after service upon them of these orders, file with the Commission reports in writing, setting forth in detail the manner and form in which they have complied with the orders to cease and desist.

IN THE MATTER OF

MARKS FURS, INC., ET AL.