

ORDER AS MODIFIED HEREBY.

IN THE MATTER OF
UNITED ELECTRONICS LABORATORIES, INC., ET AL.

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

Docket 7820. Complaint, Mar. 11, 1960—Decision, Aug. 23, 1960

Consent order requiring operators of a correspondence school in Louisville, Ky., to cease making—in "Men Wanted" columns of newspapers and other advertising and by canvassers—such false claims as unwarranted employment opportunities, exaggerated earnings, special selection of students, limited enrollment, and other misrepresentations to sell a home-study and residence course in electronics technician training.

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 United Electronics Laboratories, Inc., a corporation, and Wirth L. Rector, Arthur W.

Grafton and Oliver S. Hammer, individually and as officers 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 United Electronics Laboratories, Inc. is a corporation organized and existing under the laws of the State of Kentucky, with its office and principal place of business located at 3947 Park Drive, Louisville 16, Ky. Individual respondents Wirth L. Rector, Arthur W. Grafton and Oliver S. Hammer are officers of the corporate respondent. They formulate, direct and control the acts, policies and practices of the said corporate respondent, including the acts and practices hereinafter set forth.

PAR. 2. The respondents are now, and for some time last past have been, engaged in the sale and distribution of a combined correspondence and residence course of study in electronics technician training. The curriculum, pursued in part through the medium of the United States mails, consists of some one hundred home study assignments in either color television or applied electronics and four weeks of residence training at the respondents' place of business in Louisville, Ky.

Said respondents in the course and conduct of their business have caused, and now cause, the correspondence portion of said course of study to be transported from their place of business in Louisville, Ky., to purchasers thereof located in various other states and maintain and have maintained a course of trade in commerce, as "commerce" is defined in the Federal Trade Commission Act. Their volume of business in such commerce has been and is substantial.

PAR. 3. In the course and conduct of their business as hereinbefore described, respondents make and have made, published, and caused to be published a variety of statements in various newspapers and periodicals, and by pass out cards, direct mailing pieces and canvassers, of which the following examples are typical, but not exclusive:

UNSKILLED MEN
of employable age—To qualify for
ELECTRONIC EMPLOYMENT
Studio Engr. * Automation * Micro Waves Radar * Missiles *
Computers * Etc.

When thoroughly qualified this man will be offered a permanent, interesting and substantial paying position as a certified ELECTRONICS TECHNICIAN.

National firm will select several capable men to train for responsible positions in the electronic industry. Must be ambitious, mechanically inclined, good health and habits. Must be willing to follow instructions and to devote

Complaint

57 F.T.C.

six hours each week training locally by working with practical electronic equipment under supervision and guidance of our Engineers, with arrangements made so that it will not interfere with your present job.

If you wish to discuss your qualifications with our Personnel Representative and have a sincere desire to enter electronic employment, fill in and mail to:
United Electronics Laboratories, Box X-83, Columbus Citizen, 34 N. Third St.

* * *

MEN WANTED

for Electronic Field From Area—Wages 125 per Week or Better

We will train personnel from this immediate area for jobs available soon. No previous experience necessary as those accepted will be trained under the supervision and guidance of our engineers. You will train and work on practical equipment. This will be arranged so as not to interfere with your present job.

Three Years Guaranteed Placement Service

If you wish to discuss your qualifications with our personnel representative fill in and mail to

Electronics

* * *

Men Needed For Electronic Work in this Area

For permanent employment, wages \$100 and up per week.

* * *

Opportunities Unlimited for Men and Women in Electronics Field,
Television Studio Field, Technical Television Field

No experience necessary. Employment training can be arranged for men and women who are not now qualified. Immediate openings for those thoroughly qualified. The demand is urgent! The opportunities are unlimited! If you are interested in these high paying, secure fields, now is the time to take action. Complete the attached card and mail today for details.

* * *

Employment Division—United Electronics and Television
Park Drive, Louisville 16, Kentucky

* * *

PAR. 4. By means of the statements appearing in said advertising material, respondents represent, directly or by implication, that such advertisements are offers of employment.

PAR. 5. Said statements and representations are false, misleading and deceptive. In truth and in fact, said advertisements are not offers of employment, but are published for the purpose of obtaining purchasers for the respondents' course in electronics technician training.

PAR. 6. Respondents employ commission sales agents who call upon the leads established through the means described above and endeavor to sell respondents' course of study. Respondents furnish said sales agents with various kinds of printed material for use in soliciting students.

PAR. 7. By means of oral statements made by their sales agents and statements contained in the aforesaid printed material furnished

to said sales agents and used by them in soliciting the sale of said course of study, respondents represent and imply:

1. That the school is selective and that enrollees must qualify for admission by examination, references, etc.
2. That beginning salaries for electronic technicians trained by respondents range from \$90 to \$160 per week.
3. That the school has only a limited number of openings available to new students.
4. That employment for graduates is guaranteed.

PAR. 8. The aforesaid statements and representations were, and are, false, misleading and deceptive. In truth and in fact,

1. Respondents do not select enrollees upon the exclusive basis of qualifications for undertaking the course of study but with few exceptions they will enroll all persons who agree to pay the requisite fee.
2. Starting salaries for electronic technicians trained by respondents are frequently less than those represented.
3. There is no limit as to the number of enrollees the respondents will accept.
4. While respondents attempt to find employment for those completing the course of study, they do not find employment for all of said persons.

PAR. 9. Respondents employ sales agents, which they designate as "personnel representatives" in the advertisements set out in paragraph 4, to sell their course of instruction upon a commission basis.

PAR. 10. Said designation is false, misleading and deceptive. Said commission salesmen are not personnel representatives that is, persons seeking prospects for employment as said advertisements represent or imply.

PAR. 11. Respondents, in the conduct of their business, are in competition, in commerce, with corporations, firms and individuals in the sale of courses of instruction covering the same or similar subjects as are covered by respondents' course.

PAR. 12. The use by respondents of the aforesaid false, misleading and deceptive statements and representations has had, and now has, the tendency and capacity to mislead a substantial portion of the purchasing public into the erroneous and mistaken belief that said statements and representations are true and into the purchase of a substantial number of said courses of instruction because of such erroneous and mistaken belief. As a result thereof, trade in commerce has been unfairly diverted to respondents from their competitors and injury has thereby been done to competition in commerce.

PAR. 13. The aforesaid acts and practices of respondents, as herein alleged, are all to the prejudice and injury of the public and of respondents' competitors and constituted and now constitute unfair and deceptive acts and practices and unfair methods of competition, in commerce, within the intent and meaning of the Federal Trade Commission Act.

Mr. Ames W. Williams for the Commission.

Mr. Arthur W. Grafton, for *Wyatt, Grafton & Sloss*, of Louisville, Ky., for respondents.

INITIAL DECISION BY LOREN H. LAUGHLIN, HEARING EXAMINER

The Federal Trade Commission (sometimes also hereinafter referred to as the Commission) on March 11, 1960, issued its complaint herein, charging the above-named respondents with having violated the provisions of the Federal Trade Commission Act in certain particulars.

On June 17, 1960, there was submitted to the undersigned hearing examiner for his consideration and approval an "Agreement Containing Consent Order To Cease And Desist," which had been entered into by and between respondents and counsel supporting the complaint, under date of June 10, 1960, 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 United Electronics Laboratories, Inc., is a corporation organized and existing under the laws of the State of Kentucky, with its office and principal place of business located at 3947 Park Drive, Louisville 16, Ky. Individual respondents Wirth L. Rector, Arthur W. Grafton and Oliver S. Hammer are officers of the corporate respondent. They formulate, direct and control the acts, practices and policies of the said corporate respondent, and their address is the same as that of the corporate respondent.

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

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 order to cease and desist entered in accordance with this agreement.

5. 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.

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

7. 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.

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 "Agreement Containing Consent Order To Cease And Desist," said agreement is hereby approved and accepted and is ordered filed if and when said agreement shall have become a part of the Commission's decision. The hearing examiner finds from the complaint and the said agreement that the Commission has jurisdiction of the subject matter of this proceeding and of the persons of each 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 agreement 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:

It is ordered, That respondents, United Electronics Laboratories, Inc., a corporation, and its officers, and Wirth L. Rector, Arthur W. Grafton and Oliver S. Hammer, individually and as officers of said corporate respondent, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution in commerce,

Complaint

57 F.T.C.

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 indirectly, that:

(a) Employment is offered by respondents when, in fact, their purpose is to obtain purchasers of their course of study or instruction;

(b) The school is selective in accepting students or that enrollees must qualify for admission by examination, unless such is the fact;

(c) The salary of electronic technicians trained by respondents is greater than is the fact;

(d) The school has only a limited number of openings available to new students.

(e) Graduates are guaranteed employment or that they place any greater number of graduates in positions than is actually the fact.

2. Using the words "personnel representative" or words of similar import as descriptive of or in 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 23d day of August 1960, become the decision of the Commission; and, accordingly:

It is ordered, That the above-named respondents 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

HAYWARD-SCHUSTER WOOLEN MILLS, INC., ET AL.