

IN THE MATTER OF
THE COLONIAL ACADEMY, INC., ET AL.

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

Docket 8077. Complaint, Aug. 11, 1960—Decision, Dec. 6, 1960

Consent order requiring three affiliated concerns in Rockford, Ill., which sold correspondence courses in Bible, theology, and philosophy for profit, to cease the misleading use of the words "Academy", "Seminary", and "Institute" in their trade names and making a variety of other false claims concerning their schools and courses, as in the order below set forth.

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

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Trade Commission, having reason to believe that The Colonial Academy, Inc., a corporation, The Pioneer Theological Seminary, a corporation, National Association of Bible Schools, Inc., a corporation, Robert J. Hansen and Verna L. Hansen, individually and as officers of said corporations, and Carl C. Hansen, individually and as an officer of The Colonial Academy, Inc., 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. Respondents The Colonial Academy, Inc., The Pioneer Theological Seminary and National Association of Bible Schools, Inc., are corporations organized, existing and doing business under and by virtue of the laws of the State of Illinois, with their principal office and place of business located at 122 Concord Avenue, Rockford, Illinois.

Individual respondents Robert J. Hansen, Verna L. Hansen and Carl C. Hansen are officers of said corporations as above set forth. They formulate, direct and control the acts and practices of the corporate respondents, of which they are officers, including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondents. Robert J. Hansen also does business under the names of Standard Research Institute and National Board of Theological Examiners.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution, or assisting and aiding in the sale, of correspondence and home study courses in Bible, theology and philosophy, and diplomas to the purchasing public.

In the course and conduct of their business, respondents cause, and have caused, said correspondence and home study courses, and diplomas, when sold, to be transported from their place of business in the State of Illinois to purchasers thereof located in various other States of the United States.

Respondents maintain, and at all times mentioned herein have maintained, a course of trade in said courses and diplomas in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 3. In the course and conduct of their business, as aforesaid, and in soliciting and aiding the sale of said courses and diplomas in commerce, respondents by the use of certain statements and claims, in letters, circulars, pamphlets, brochures, purported school papers, cards, enclosures and other advertising material circulated

by respondents, and by use of the words "Academy", "Seminary" and "Institute" in their corporate or trade names have represented, directly or by implication, that:

1. Respondents The Colonial Academy, Inc., and The Pioneer Theological Seminary are non-profit residence schools, which offer residence instruction by a staff of faculty members who are trained and competent to teach the courses of a properly accredited and recognized undergraduate and graduate college of Bible, theology and philosophy, and that they offer a curriculum which is accredited by a recognized accrediting agency.

2. Respondents The Colonial Academy, Inc., and The Pioneer Theological Seminary, and the diplomas offered with their courses, are recognized by various institutions, agencies, organizations and persons, and the person upon whom said respondents award and bestow a diploma will be recognized as having completed and shown proficiency in a curriculum which has been approved by a recognized accrediting agency as necessary to earn the diploma awarded or bestowed, and the persons upon whom the diploma is bestowed is entitled to, and will receive, the honors, privileges and rights of persons who have been awarded like or equivalent diplomas from schools accredited by recognized accrediting agencies.

3. The correspondence and home study courses offered by respondents The Colonial Academy, Inc., and The Pioneer Theological Seminary contain all the subject matter, material, study and hours of a curriculum required by a school properly accredited by a recognized accrediting agency to obtain a degree offered in the field of education involving the study of the Bible, theology or philosophy.

4. The honorary diplomas of the respondents are conferred for educational or ministerial achievement and are so recognized, and the persons upon whom respondents bestow their honorary diplomas are entitled to, and will receive, all of the honors, privileges, immunities, recognition and rites that a donee of a like or equivalent diploma from a properly accredited school is entitled to and does receive.

5. The State of Illinois has approved the respondents' courses of instruction and the issuance of their diplomas.

6. Respondents The Colonial Academy, Inc., and The Pioneer Theological Seminary are old established, reputable schools in the field of Bible, theology and philosophy.

7. Respondent National Association of Bible Schools, Inc., is a recognized accrediting agency for schools in the Bible, theology and philosophy fields.

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8. Standard Research Institute and National Board of Theological Examiners are bona fide organizations engaged in the screening, educational testing and certification of candidates for degrees to be awarded by respondents The Colonial Academy, Inc., and The Pioneer Theological Seminary and other advanced schools.

PAR. 4. All of the aforesaid statements and representations are false, misleading and deceptive. In truth and in fact:

1. Respondents The Colonial Academy, Inc., and The Pioneer Theological Seminary are profit making organizations, and are not residence schools that offer residence instruction. Said respondents have no faculty members who are trained and competent to teach the courses of an accredited and recognized undergraduate and graduate college of Bible, theology or philosophy; nor do they offer a curriculum in said fields which is accredited by a recognized accrediting agency, and they are not so recognized.

2. The diplomas awarded by respondents The Colonial Academy, Inc., and The Pioneer Theological Seminary are not recognized by any institution, agency person or organization, nor is the person upon whom they bestow a diploma recognized as having completed and shown proficiency in a curriculum, necessary to earn the diploma awarded, which has been approved by a recognized accrediting agency. The persons upon whom the diplomas of the respondents are awarded or bestowed are not entitled to and will not receive all the rights, privileges and honors that persons who are awarded like diplomas from schools accredited by a recognized accrediting agency are entitled to and do receive.

3. The courses offered by respondents The Colonial Academy, Inc., and The Pioneer Theological Seminary do not contain the material, study and hours of a required curriculum given by a school properly accredited by a recognized accrediting agency to obtain the degrees in Bible, theology and philosophy offered by said respondents.

4. The honorary diplomas of the respondents The Colonial Academy, Inc., and The Pioneer Theological Seminary are not conferred for educational or ministerial achievement, nor are they so recognized. The persons upon whom respondents bestow their honorary diplomas are not entitled to nor will they receive the honors, privileges, immunities, recognition and rites that donees of like diplomas from properly accredited schools are entitled to and do receive. The honorary diplomas are bestowed upon those who will pay the pecuniary consideration required.

5. The State of Illinois has not, nor has any other governmental or political subdivision, approved respondents' course of study and the issuance of their diplomas.

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6. Respondents The Colonial Academy, Inc., and The Pioneer Theological Seminary are not old established, reputable schools in the field of Bible, theology and philosophy but are comparatively new corporations organized to sell correspondence and home study courses and diplomas, and have assumed and adopted the names of schools that have not been in existence for some time last past.

7. Respondent National Association of Bible Schools, Inc., is not a recognized accrediting agency but a corporation organized by the individual respondents herein to accredit respondents The Colonial Academy, Inc., and The Pioneer Theological Seminary for the purpose of attempting to give them respectability.

8. Standard Research Institute and National Board of Theological Examiners are not bona fide organizations engaged in screening, educational testing and certification of candidates for degrees of respondents The Colonial Academy, Inc., and The Pioneer Theological Seminary, or any other advance school, but are trade style names adopted by individual respondent Robert J. Hansen to convince donees of the respondents' diplomas of their authenticity.

PAR. 5. 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 and deceive members of the public into the erroneous and mistaken belief that said statements and representations were, and are, true and to induce a substantial number thereof to purchase respondents' said courses of instruction and diplomas as a result of such erroneous and mistaken belief.

PAR. 6. The aforesaid acts and practices of respondents, as herein alleged, were, and are, all to the prejudice and injury of the public and constituted, and now constitute, unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

Mr. William A. Somers supporting the complaint.

Mr. Jack R. Cook, of Rockford, Ill., for respondents.

INITIAL DECISION BY EDWARD CREEL, HEARING EXAMINER

The Federal Trade Commission issued its complaint against the above-named respondents on August 11, 1960, charging them with unfair and deceptive acts and practices in commerce by the use of false, misleading and deceptive statements and representations, in violation of the Federal Trade Commission Act.

On October 14, 1960, there was submitted to the undersigned hearing examiner an agreement between respondents, their counsel, hearing examiner supporting the complaint providing for the entry of a consent order.

The agreement states that respondent Robert J. Hansen, an individual and officer of the above-named corporate respondents, died July 27, 1960, as evidenced by the death certificate and affidavit filed with the agreement and made a part thereof.

Under the terms of the agreement, the respondents admit the jurisdictional facts alleged in the complaint. The parties agree, among other things, that the cease-and-desist order there set forth may be entered without further notice and have the same force and effect as if entered after a full hearing, and the document includes a waiver by the respondents of all rights to challenge or contest the validity of the order issuing in accordance therewith. The agreement further recites that it is for settlement purposes only and does not constitute an admission by the respondents that they have violated the law as alleged in the complaint.

The hearing examiner, having considered the agreement and proposed order, and being of the opinion that they provide an appropriate basis for settlement and disposition of this proceeding, accepts the agreement, and orders that said agreement shall not become a part of the official record unless and until it becomes a part of the decision of the Commission. The following jurisdictional findings are made and the following order issued:

1. Respondents The Colonial Academy, Inc., The Pioneer Theological Seminary, and National Association of Bible Schools, Inc. are corporations; respondent Verna L. Hansen is an individual and officer of the above-named corporations; and respondent Carl C. Hansen is an individual and officer of the said The Colonial Academy, Inc., all of whom have their office and principal place of business located at 122 Concord Avenue, Rockford, Illinois.

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 The Colonial Academy, Inc., a corporation, The Pioneer Theological Seminary, a corporation, National Association of Bible Schools, Inc., a corporation, and their officers, and Verna L. Hansen, individually and as an officer of said corporations, and Carl C. Hansen, individually and as an officer of The Colonial Academy, Inc., 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 correspondence or home study courses or diplomas in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

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1. Using the words "Academy", "Seminary" or "Institute" or any other word of similar import, in a trade or corporate name;

2. Representing, directly or by implication, that:

(a) Respondents, or any of them, are non-profit residence schools accredited by a recognized accrediting agency or offer a curriculum of study which is accredited by a recognized accrediting agency;

(b) The diplomas offered with their courses are recognized as signifying completion of an academic course, or that the recipients of their diplomas will be recognized as having completed and shown proficiency in a properly accredited curriculum in any educational field;

(c) Recipients of respondents' diplomas will be entitled to and receive the honors, privileges and rights that recipients of equivalent diplomas from schools accredited by a recognized accrediting agency are entitled to and do receive;

(d) Respondents' correspondence or home study courses contain all the subject matter or material, or study or hours of a curriculum of a like or similar course of a school accredited by a recognized accrediting agency;

(e) Respondents' honorary diplomas are awarded for educational or ministerial achievement, or any other reasons other than in return for the pecuniary consideration to be paid for by the recipient, or that the persons upon whom they are bestowed are entitled to or will receive the honors, privileges, recognition, immunities or rights which a recipient of a like or equivalent diploma from a properly accredited school is entitled to or does receive;

(f) The State of Illinois, or any other governmental or political subdivision, has approved the respondents' courses or the issuance of their diplomas;

(g) Respondents The Colonial Academy, Inc., and The Pioneer Theological Seminary are old established or reputable schools in any field of education, or in any other field;

(h) Respondent National Association of Bible Schools, Inc. is a recognized accrediting agency in the field of education;

(i) Standard Research Institute or National Board of Theological Examiners are organizations engaged in screening, educational testing and certification of candidates for degrees or diplomas to be awarded by any educational institution.

It is further ordered, That the complaint be, and it hereby is, dismissed as to respondent Robert J. Hansen.

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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 6th day of December 1960, become the decision of the Commission; and, accordingly:

It is ordered, That respondents The Colonial Academy, Inc., The Pioneer Theological Seminary, and National Association of Bible Schools, Inc., corporations, and Verna L. Hansen, individually and as an officer of said corporations, and Carl C. Hansen, individually and as an officer of The Colonial Academy, 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