

It is further ordered, That the initial decision, as so modified, be, and it hereby is, adopted as the decision of the Commission.

It is further ordered, That the 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. Commissioner Elman not participating.

IN THE MATTER OF

HOFFMANN AIRCRAFT COMPANY ET AL.

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

Docket 8136. Complaint, Oct. 7, 1960—Decision, May 13, 1961

Consent order requiring sellers of home study courses in Overland Park, Kans., to cease using false employment offers and other deception to sell their correspondence courses on jet-gas turbine and turbo-prop engine mechanics, as in the order below set out.

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 Hoffmann Aircraft Company, a corporation, and George R. Hoffmann, Royce George Hoffmann and Emma F. Hoffmann, 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 Hoffmann Aircraft Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Kansas, with its principal office and place of business located at 8201 Craig, Overland Park, Kansas.

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Individual respondents George R. Hoffmann, Royce George Hoffmann and Emma F. Hoffmann are officers of said corporation. They formulate, direct and control the acts and practices of the corporate respondent. Their address is the same as that of the corporate respondent.

PAR. 2. Respondents are now and for some time last past have been, engaged in the business of advertising, offering for sale, selling and distributing various home study and correspondence courses, including those on jet-gas turbine and turbo-prop engine mechanics and for positions in the airline and aircraft industries.

In the course and conduct of their business, respondents now cause, and for some time last past have caused, their said course of study, when sold, to be transported from their place of business located in the State of Kansas 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 in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 3. In the course and conduct of their business, respondents employ sales representatives or agents to sell said courses of study. Respondents caused advertisements concerning said study courses to be placed in newspapers and in other media, a typical example of which is the following:

NEW JET INDUSTRY

Men and Women

WANTED TO TRAIN FOR PERMANENT POSITIONS WITH SECURITY AND LUCRATIVE PAY AS JET-GAS TURBINE AND TURBO-PROP ENGINE MECHANICS AND SPECIALISTS SPECIALIZING IN ANY ONE OF THE FOLLOWING:

AIRLINE, AIRCRAFT, AUTOMOTIVE TRUCKING, OR MARINE INDUSTRIES, IN ADDITION TO ROCKETS AND GUIDED MISSILES.

TRAINED MEN EARN AS MUCH OR MORE \$150 PER WEEK

FREE LIFETIME PLACEMENT SERVICE

H.S. DIPLOMA NOT NECESSARY

SHORT TRAINING PERIOD WILL NOT INTERFERE WITH PRESENT EMPLOYMENT. SMALL BUDGET TERMS CAN BE ARRANGED. AGES 17-55. SEE IF YOU CAN QUALIFY!

SEND COUPON, POSTCARD, OR LETTER WITH SAME INFORMATION TODAY TO HOFFMANN AIRCRAFT CO., BOX DA-187, c/o DAILY AMERICAN REPUBLIC

Name.....
 Street.....
 City.....
 State.....
 Phone.....
 Hours at home.....

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Persons responding to said advertisements were sent various form letters and later called upon by said sales representatives or agents of respondents and the purchase of said courses was solicited.

PAR. 4. Through the use of the statements appearing in the advertisement hereinabove set out, and others similar thereto but not specifically set out herein, pictorially, by form letters and by oral statements made by respondents' said sales representatives or agents, respondents have represented, directly or by implication, that:

1. The offer made in the advertisements is an offer of employment.
2. Respondents will only sell their courses to those who have special qualifications.
3. Respondents are an aircraft manufacturing or airline company.
4. Purchasers of respondents' courses will receive on-the-job training in the corporate respondent's plant.
5. Persons who complete and pass respondents' courses are in great demand in the aerodynamics and aeronautics fields and will receive larger salaries than are generally obtainable.
6. Respondents guarantee positions with aircraft and airline companies to persons who satisfactorily complete their courses.
7. Respondents have succeeded in placing persons who have satisfactorily completed their courses in positions with aircraft and airline companies at high salaries.
8. Persons taking respondents' courses will receive actual training at their homes through visits of the respondents' instructors and teachers.
9. Respondents will employ in their plant persons who have completed and passed their courses.
10. Persons who take and fail to pass respondents' courses will be refunded the money they paid for same.
11. Pictures of buildings in advertisements are those occupied by the corporate respondent.

PAR. 5. Said representations were false, misleading and deceptive. In truth and in fact:

1. The advertisements are not offers of employment.
2. Respondents do not require special qualifications of persons taking their courses other than to have the financial ability to pay the price asked for the course.
3. Respondents are not an aircraft manufacturing or airline company.
4. Purchasers of respondents' courses do not receive on-the-job training at respondent's plant as they do not own or operate such a plant.

5. Persons who satisfactorily complete respondents' courses are not in demand by those in the aerodynamics and aeronautics fields at any salary as respondents had not graduated any person at the time the statement was made.

6. Respondents do not guarantee or obtain positions for persons who have satisfactorily completed their courses with aircraft and airline companies, or with any other companies.

7. Respondents have not placed persons who have satisfactorily completed their courses in positions with aircraft and airline companies, or with any other companies.

8. Respondents do not furnish instructors or teachers to give actual training in the homes of persons taking their courses.

9. Respondents do not employ persons who have satisfactorily completed their courses in their plant as respondents do not own a plant.

10. Respondents do not refund the money paid by purchasers if they fail the course.

11. Pictures of buildings in advertisements were not buildings occupied by the corporate respondent at the time the advertisements were published and used.

PAR. 6. Respondents through the use of the corporate name "Hoffmann Aircraft Company" represent that they are engaged in the aircraft industry, when in truth and in fact they are not so engaged. The use of said corporate name enhances and confirms the representation set out in Paragraph Four that respondents are in the aircraft industry.

PAR. 7. In the course and conduct of their business respondents are in substantial competition, in commerce, with corporations, firms and individuals engaged in the sale of correspondence courses covering the same subjects as those of respondents.

PAR. 8. The use by respondents of the foregoing false, deceptive and misleading statements, representations and practices had the tendency and capacity to mislead a substantial portion of the public into the erroneous and mistaken belief that such statements and representations were true and into the purchase of substantial quantities of respondents' said courses by reason of such erroneous and mistaken belief. As a consequence thereof, trade in commerce has been unfairly diverted to respondents from their competitors and injury has thereby been done to competition in commerce.

PAR. 9. The aforesaid acts and practices of respondents, as herein alleged, were and 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. William A. Somers supporting the complaint.

Mr. Donald E. Willson of *Popham, Thompson, Popham, Trusty & Conway*, of Kansas City, Mo., for respondents.

INITIAL DECISION BY WALTER K. BENNETT, HEARING EXAMINER¹

The complaint in this proceeding was issued October 7, 1960 charging respondents with violation of the Federal Trade Commission Act by the use of false, deceptive and misleading statements, representations and practices, including the use of a misleading corporate name, in the sale or offering for sale of home study and correspondence courses. It was twice amended by orders dated November 18, 1960 and January 30, 1961. The first amendment corrected an error in paragraph seven in the description of the courses offered and the second amendment corrected the name of respondent Royce George Hoffmann.

On March 20, 1961, counsel presented an agreement dated March 1, 1961, among counsel supporting the complaint, each of the respondents and counsel for respondents, containing a consent order to cease and desist. Said agreement was duly approved by the Director, the Associate Director and the Assistant Director of the Bureau of Litigation.

The hearing examiner finds that said agreement includes all of the provisions required by Section 3.25(b) of the Rules of the Commission, that is:

A. An admission by all the respondent parties thereto of jurisdictional facts;

B. Provisions that:

1) The complaint, as amended, may be used in construing the terms of the order;

2) The order shall have the same force and effect as if entered after a full hearing;

3) The agreement shall not become a part of the official record of the proceeding unless and until it becomes a part of the decision of the Commission;

4) The entire record on which any cease and desist order may be based shall consist solely of the complaint, as amended, and the agreement;

¹ Title changed pursuant to order dated January 30, 1961 amending the complaint as amended November 18, 1960 to use correct name of respondent Royce George Hoffmann.

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Order

5) The order may be altered, modified, or set aside in the manner provided by statute for other orders;

C. Waivers of:

1) the requirement that the decision must contain a statement of findings of fact and conclusion of law;

2) Further procedural steps before the hearing examiner and the Commission.

In addition the agreement contains the following permissive provisions: A waiver by the respondents of any right to challenge or contest the validity of the order entered in accordance with the agreement, and a statement that the signing of said 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, as amended.

Having considered said agreement, including the proposed order, and being of the opinion that it provides an appropriate basis for settlement and disposition of this proceeding; the hearing examiner hereby accepts the agreement but orders that it 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. Respondent Hoffmann Aircraft Company is a corporation existing and doing business under and by virtue of the laws of the State of Kansas. Respondents George R. Hoffmann, Royce George Hoffmann, erroneously referred to in the complaint as Roger George Hoffmann, and Emma F. Hoffmann are individuals and officers of said corporate respondent. The office and principal place of business of said respondents is located at 8201 Craig, Overland Park, Kansas.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents.

ORDER

It is ordered, That respondents Hoffmann Aircraft Company, a corporation, and its officers, and George R. Hoffmann, Royce George Hoffmann and Emma F. Hoffmann, individually 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 of home study and correspondence courses, in commerce, as "commerce" is

defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, that:

(a) Respondents offer employment when, in fact, employment is not offered.

(b) Respondents will sell their course only to those who have special qualifications.

(c) Respondents are an aircraft manufacturing or airline company.

(d) Respondents give purchasers of their courses on-the-job training in an aircraft or airline plant.

(e) Persons who satisfactorily complete respondents' courses are in demand in the aerodynamics and aeronautics fields, unless such is a fact.

(f) Respondents guarantee employment with aircraft and airline companies to those that satisfactorily complete their courses.

(g) Respondents have placed persons who have satisfactorily completed their courses in positions with aircraft or airline companies.

(h) Respondents give actual training by visits of their instructors or teachers to the homes of persons purchasing the courses.

(i) Respondents will employ persons who have satisfactorily completed the respondents' courses in their plant.

(j) Respondents refund the purchase price of their courses to persons who take and fail to pass the same, unless such refunds are actually made.

2. Using pictures of plants or other facilities, in connection with the solicitation of the sale of their courses, which they do not own or misrepresenting in any manner the plant or other facilities which they may own.

3. Using the words "Aircraft Company" as a part of any trade or corporate name under which they do business.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

The Commission having considered the initial decision of the hearing examiner filed April 5, 1961, wherein he accepted an agreement containing a consent order to cease and desist executed by the respondents and counsel in support of the complaint; and

It appearing that the initial decision erroneously characterizes one of the provisions of the consent agreement which is made mandatory by Section 3.25 of the Commission's Rules of Practice as "permissive"; and the Commission being of the opinion that this error should be corrected:

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Complaint

It is ordered, That the initial decision be, and it hereby is, modified by striking therefrom the word "permissive" which appears in the first line of the last paragraph on page 2.

It is further ordered, That the initial decision as so modified shall on the 13th day of May 1961, become the decision of the Commission.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the