

IN THE MATTER OF  
ATLANTIC JET TRAINING, INC., ET AL.

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

*Docket 8205. Complaint, Dec. 6, 1960—Decision, Aug. 22, 1961*

Consent order requiring sellers in Zephyrills, Fla., to cease misleading prospective purchasers of their home study courses in jet engine mechanics as to opportunities and earnings prospects in the aircraft industry, and using the term "Field Registrar" for their salesmen and other misleading terms as descriptive of their business organization; and requiring them to disclose affirmatively that persons completing their course did not qualify for certification by the Federal Aviation Agency, and that such certification was required in the occupation concerned.

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## 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 Atlantic Jet Training, Inc., a corporation, and Marvin E. Champeau and Jane Kite-Powell, individually and as officers and directors of said corporation, and Ralph G. Champeau, individually and as an officer of said corporation, and Annie E. Champeau, individually and as a director 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. Atlantic Jet Training, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida, with its office and principal place of business located at Municipal Airport, Zephyrills, Florida.

Individual respondents Marvin E. Champeau, Ralph G. Champeau and Jane Kite-Powell are officers of the said corporate respondent. Individual respondent Marvin E. Champeau and Jane Kite-Powell, together with Annie E. Champeau, are also directors of said corporate respondent. Their address is the same as that of the corporate respondent.

These individual respondents formulate, direct and control the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth.

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 courses on jet engine mechanics.

PAR. 3. 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 Florida, to purchasers thereof located in various other states of the United States. Respondents maintain, and at all times mentioned herein have maintained, a substantial course of trade in said courses in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business, and for the purpose of inducing the sale of their said course on jet engine mechanics, respondents have made, published, and caused to be published, a variety of statements concerning said courses in newspapers and other publications, in brochures displayed to prospective

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purchasers by respondents or their salesmen and by other sales literature sent by means of the United States mails to prospective purchasers by the respondents, as well as oral representations made by respondents' salesmen, taken from sales talk furnished to them by respondents.

Among and typical of such statements and representations, and others of similar import and meaning but not specifically set forth herein, are the following:

JET AIRLINE NEEDS MEN  
EMPLOYMENT POSSIBILITIES ABOUND  
CAREER POSITIONS WITH GOOD PAY  
UNLIMITED OPPORTUNITY FOR ADVANCEMENT  
MEN NEEDED FOR JET MECHANIC POSITIONS  
OUR RESIDENT TRAINING IS IMPORTANT FOR JOB PLACE-  
MENT TRAINING DOES NOT INTERFERE WITH PRESENT  
JOB. ATLANTIC JET TRAINING WILL FINANCE YOUR TRAIN-  
ING IF YOU CAN QUALIFY FOR REGISTRATION.

BECOME A JET  
ENGINE SPECIALIST  
DON'T ENVY  
THE JET ENGINE MECHANIC  
BE ONE!

MEN  
TO TRAIN FOR JET ENGINE MECHANICS FOR AIRLINE AND  
GAS TURBINE MECHANICS, FOR TRUCKS, CARS AND BOATS.  
HIGH STANDARDS ESTABLISHED BY  
AJT GRADUATES.

## MEN URGENTLY NEEDED

To train for multi-million dollar Jet Aircraft Industry. Expansion offers big pay—job security—advancement, and free employment service to men selected.

I am not a salesman—I am just the school registrar or personnel man trying to pick men for this industry whom we believe we can train and whom we would be proud to recommend to industry once they are trained.

PAR. 5. Through the use of the aforesaid statements and misrepresentations, respondents represented, directly or by implication:

(a) That if the prospect is accepted and successfully completes such course he will become a trained jet engine mechanic or technician qualified to repair, maintain and overhaul jet engines.

(b) That those who successfully complete such course are assured employment as jet mechanics or technicians, in the repair, maintenance, and overhauling of jet engines.

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(c) That their "field registrars" are not salesmen but are primarily concerned with determining the qualification of prospective purchasers of such course.

(d) That prospects must have certain qualifications before the course will be sold to them.

PAR. 6. The aforesaid statements and representations of respondents are false, misleading and deceptive. In truth and in fact:

(a) A person successfully completing such course cannot be considered to be a trained jet mechanic or technician nor will he be qualified to repair, maintain, or overhaul jet engines.

(b) Few, if any, of those who have purchased respondents' said course have completed it. Even were they to successfully complete the said course, there is little if any prospect of their employment as jet engine mechanics or technicians by industry.

(c) Respondents' representatives, although referred to as "field registrars", are in reality only salesmen who depend upon commissions earned from selling such course as a means of livelihood. Their sales presentation is primarily concerned with effectuating sales. They give little or no consideration to determining the qualifications of prospective purchasers of said course.

(d) No particular qualifications are required of prospects as respondents accept virtually all students who are willing to purchase said course and make the down-payment therefor.

PAR. 7. Respondents use the designation "Field Registrars" as descriptive of their salesmen and the designations "Director of Training", "Board of Admissions", "Placement Bureau", "Consultation and Employment Services", and "Student Counselors" as descriptive of their business organization, in various advertising media, thereby representing, contrary to the facts, that their salesmen perform duties similar to those of "Registrars" of colleges and Universities with which such word is ordinarily associated and that their business is organized into departments each staffed with employees who carry out the duties involved in the several departments.

The use of such designations is designed to, and has, the tendency and capacity to mislead prospective purchasers as to the stature of respondents' business.

PAR. 8. By means of the statements set forth in Paragraph Four above, and through others of similar import and meaning but not specifically set forth herein, including the oral statements of respondents' sales representatives, respondents represented, directly or by implication, that there is no bar or impediment which would operate to prevent those who successfully complete such course from

becoming mechanics and from earning the prevalent wage scales of highly skilled mechanics or technicians on jet airplane engines.

PAR. 9. Respondents, their school, and the unsupervised home study course in jet engine mechanics have not been approved by the Federal Aviation Agency. Students who successfully complete such course would not meet the prerequisites for taking an examination for certification for aircraft or power plant work on airplane engines and as a consequence, would not earn the prevailing wages earned by skilled aircraft mechanics or technicians.

Ordinarily mechanical work on jet aircraft engines is performed by skilled personnel who are capable of working on all types of power plants which includes reciprocating as well as jet engines. Much of this work, particularly above the repetitive and routine level in the repair, overhaul and maintenance of aircraft engines, can only be performed by personnel who have been examined and certified by the Federal Aviation Agency. Examination for certification by said agency will only be given upon the successful completion of a course of study including supervised practical shop and bench work, at either a duly authorized school or under an approved apprenticeship training program, in lieu of specified practical experience requirements. Certification for aircraft and power plant work is known in the trade as an "A & P license".

PAR. 10. The failure of respondents to affirmatively disclose to prospective purchasers of such course of home study for jet engine mechanics, in connection with statements and representations concerning employment and earning prospects in the aircraft industry, that such prospective purchasers cannot, on the strength of such study alone, qualify for such certification as is necessary for performing skilled work and for earning the prevalent wages of skilled jet engine mechanics or technicians, is a deceptive act and practice.

PAR. 11. In the course and conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms, and individuals engaged in the sale of correspondence courses of the same general kind and nature as those sold by respondents.

PAR. 12. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices, and their failure to affirmatively disclose the existing limitations as to the employment and earning prospects of their prospective purchasers, had, and now have, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were true and complete, and

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into the purchase of substantial quantities of respondents' said correspondence course by reason of such erroneous and mistaken beliefs. As a consequence thereof, substantial trade in commerce has been, and is being, unfairly diverted to respondents from their competitors and substantial injury has thereby been and is being done to competition in commerce.

PAR. 13. 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. Michael J. Vitale* supporting the complaint.

*MacFarlane, Ferguson, Allison & Kelly* by *Mr. J. Danforth Browne*, of Tampa, Fla., for respondents.

INITIAL DECISION BY JOHN LEWIS, HEARING EXAMINER

The Federal Trade Commission issued its complaint against the above-named respondents on December 6, 1960, charging them with the use of unfair and deceptive acts and practices and unfair methods of competition, in commerce, in violation of the Federal Trade Commission Act, by misrepresenting their course of instruction for training jet engine mechanics or technicians. After being served with said complaint, respondents appeared by counsel and entered into an agreement dated June 7, 1961, containing a consent order to cease and desist purporting to dispose of all of this proceeding as to all parties. Said agreement, which has been signed by all respondents, by counsel for said respondents and by counsel supporting the complaint, and approved by the Director and Assistant Director of the Commission's Bureau of Litigation, has been submitted to the above-named hearing examiner for his consideration, in accordance with Section 3.25 of the Commission's Rules of Practice for Adjudicative Proceedings.

ORDER

*It is ordered*, That respondents Atlantic Jet Training, Inc., a corporation, and its officers and directors, and Marvin E. Champeau and Jane Kite-Powell, individually and as officers and directors of said corporation, and Ralph G. Champeau, individually and as an officer of said corporation, and Annie E. Champeau, individually and as a director of said corporation, and respondents' representa-

tives, 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 a person need only complete such course to be a trained jet aircraft engine mechanic or technician or be qualified to repair, maintain or overhaul jet aircraft engines;

(b) that a person upon successful completion of such course or courses, will thereby be able to get employment as a mechanic or technician in the repair, maintenance or overhaul of jet aircraft engines;

(c) that respondents' sales representatives designated as "Field Registrars" are not salesmen or that they are primarily concerned with determining the qualifications of prospective purchasers of courses;

(d) that prospects must possess any particular qualifications before the course will be sold to them, unless such is the fact.

2. Using the term "Field Registrar" as applied to respondents' salesmen or the terms "Board of Admissions", "Placement Bureau", and "Student Counselors", as applied to their business, or any other words or terms of similar import or meaning.

3. Making any representations concerning employment or earning prospects in the jet aircraft industry, without affirmatively and conspicuously disclosing:

(a) that persons completing such course of study do not meet the prerequisites for certification by the Federal Aviation Agency;

(b) that an employee must have Federal Aviation Agency certification in order to sign off or release a product to service when it has undergone repair, maintenance, alteration or overhauling.

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 22d day of August 1961, become the decision of the Commission; and, accordingly:

*It is ordered*, That the respondents herein 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.

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## IN THE MATTER OF

## HOOKER CHEMICAL CORPORATION

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF SEC. 7  
OF THE CLAYTON ACT*Docket 8034. Complaint, July 8, 1960—Decision, Aug. 22, 1961*

Consent order requiring a major chemical manufacturer—having sales for fiscal 1958 in excess of \$125,000,000 and in 1957 the largest producer of phenolic molding compound, with about 43% of total sales—to divest itself absolutely, within 90 days, of all machinery and equipment, and all formulae, technical information, know-how, trade secrets, and customer lists related to the production of phenolic molding compound formulations, acquired from the third largest producer which had about 13% of the market, as a result of which acquisition at least 80% of all molding material sales were concentrated in two producers, and to comply with other requirements as in the order below specified.

## COMPLAINT

The Federal Trade Commission, having reason to believe that the above-named respondent has violated and is now violating the provisions of Section 7 of the amended Clayton Act (15 U.S.C., Section 18), hereby issues its complaint, pursuant to Section 11 of the aforesaid Act (15 U.S.C., Section 21), charging as follows:

PARAGRAPH 1. Respondent Hooker Chemical Corporation, hereinafter sometimes referred to as "Hooker", is a corporation organized and existing under the laws of the State of New York with its office and principal place of business located at Buffalo Avenue and 47th Street, Niagara Falls, New York. For nearly fifty years subsequent to its incorporation in 1909, respondent did business under the corporate title "Hooker Electrochemical Company". On May 29, 1958, the official title of the respondent was changed to Hooker Chemical Corporation.

PAR. 2. Monsanto Chemical Company, hereinafter referred to as "Monsanto", is a corporation organized and existing under the laws of the State of Delaware with offices and principal place of business located in St. Louis, Missouri.

PAR. 3. Hooker is a major chemical manufacturer. Currently it produces over 100 chemical and other products, including plastics, phosphates and basic organic and inorganic chemicals which it sells to users in such manufacturing and fabricating markets as electrical equipment, electronics, pharmaceuticals, textiles and metals. Respondent owns and operates eleven manufacturing facilities in nine states—including the States of New York, Ohio, Washington, and