

AMERICAN TRANSPORTATION INSTITUTE, INC., ET AL.

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

Docket C-250. Complaint, Oct. 5, 1962—Decision, Oct. 5, 1962

Consent order requiring Kansas City, Mo., sellers of correspondence courses in airline training to cease representing falsely, through their sales agents calling upon prospective purchasers, that they were affiliated with a large airline, that employment with an airline was guaranteed to persons completing their course, and that enrollees in the course would receive free air transportation to Kansas City to attend the resident portion of the course.

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 American Transportation Institute, Inc., formerly known as Air Age Institute, Inc., a corporation, and Leslie M. Reed, individually and as an officer of said corporation, and Arthur F. Lohrey, individually, 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 American Transportation Institute, Inc., formerly known as Air Age Institute, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Missouri with its principal office and place of business located at 1211 Walnut Street, Kansas City, Mo.

Respondent Leslie M. Reed is an officer of said corporation. He participates in the formulation, direction and control of the policies, acts and practices of the said corporate respondent. His address is the same as that of the corporate respondent.

Respondent Arthur F. Lohrey was formerly an officer of said corporate respondent and participated in the formulation, direction and control of the policies, acts and practices of the said corporate respondent until sometime in December 1961. His address is in care of Hoffmann Aircraft Institute, 7924 Floyd, Overland Park, Kans.

PAR. 2. Respondents are now, and have been for more than one year last past, engaged in the sale and distribution of a course of study and instruction intended to prepare students thereof for employment in various positions in the airline industry. The course is pursued by correspondence through the United States mail and in residence training at the school in Kansas City, Missouri.

PAR. 3. In the course and conduct of their business respondents have caused said course of study and instruction to be sent from their place of business in the State of Missouri to, into and through States of the United States other than the State of Missouri, to purchasers thereof located in such other States. There has been at all times mentioned herein a substantial course of trade in said course of study and instruction, so sold and distributed by respondents in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. Respondents at all times mentioned herein, have been, and are now, in substantial competition in commerce with individuals,

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firms and corporations engaged in the sale and distribution of like courses of study and instruction.

PAR. 5. In the course and conduct of their business, as aforesaid, respondents employ commission sales agents or representatives who call upon prospective purchasers and solicit their purchase of said course of study and instruction.

In the course of such solicitation, such sales agents or representatives have made directly or by implication many statements and representations to purchasers and prospective purchasers of said course of study and instruction; typical, but not all inclusive, of which are the following:

1. Employment with an airline is guaranteed to persons completing respondents' course of study and instruction; or that such persons are otherwise assured of employment with an airline upon completion of respondents' course of study and instruction;
2. Respondents are affiliated with or are sponsored by Trans World Airlines, a large and well known airline.
3. Persons enrolling in respondents' course will receive free air transportation from their place of residence to Kansas City, Missouri, for the purpose of attending the resident portion of respondents' course.

PAR. 6. In truth and in fact:

1. Respondents do not guarantee employment with an airline to persons completing respondents' course. Such persons are in no way assured of employment with an airline upon completion of said course.
2. Respondents are neither affiliated with nor sponsored by Trans World Airlines or any other airline.
3. Persons enrolling in respondents' course do not receive free air transportation from their place of residence to Kansas City, Missouri, for the purpose of attending the resident portion of respondents' course.

Therefore, the representations referred to in paragraph 5 were, and are, false, misleading and deceptive.

PAR. 7. The use by respondents of the foresaid false, misleading and deceptive statements, representations and practices, has had, and now has, the tendency and capacity to mislead and deceive a substantial portion of the purchasing 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 course of study and instruction.

PAR. 8. 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 methods of competition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5(a)(1) of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereof with violation of the Federal Trade Commission Act, and the respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondents of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as set forth in such complaint, and waivers and provisions as required by the Commission's rules; and

The Commission, having considered the agreement, hereby accepts same, issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent American Transportation Institute, Inc., formerly known as Air Age Institute, Inc., is a corporation organized, existing and doing business under the laws of the State of Missouri, with its principal office and place of business located at 1211 Walnut Street in the city of Kansas City, State of Missouri.

Respondent Leslie M. Reed is an officer of said corporation and his address is the same as that of said corporation.

Respondent Arthur F. Lohrey was formerly an officer of said corporation. His address is in care of Hoffman Aircraft Institute, 7924 Floyd, Overland Park, Kansas.

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 American Transportation Institute, Inc., formerly known as Air Age Institute, Inc., a corporation, and its

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officers, and Leslie M. Reed, individually and as an officer of said corporation, and Arthur F. Lohrey individually, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of courses of training and instruction in commerce as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or by implication, that:

1. Employment with an airline is guaranteed to persons completing respondents' course of study and instruction, or that such persons are otherwise assured of employment with an airline upon completion of respondents' course of study and instruction, or misrepresenting in any other manner the opportunities for employment by persons completing said course.

2. Respondents are affiliated with or sponsored by Trans World Airlines or any other airline, or misrepresenting in any other manner respondents' relationship with members of the airline industry.

3. Persons enrolling in respondents' course will receive free air transportation from their place of residence to Kansas City, Missouri, for the purpose of attending the resident training portion of respondents' course, or representing in any other manner that persons enrolling in said course can attend the resident training portion of said course without expense for transportation between their place of residence and respondents' resident training school.

It is further 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 this order.

IN THE MATTER OF

JEFFERSON-TRAVIS INCORPORATED