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Complaint

corporate or other device, in connection with the offering for sale, sale or distribution of throat lozenges or any similar preparation, do forthwith cease and desist from, directly or indirectly: * * *

IN THE MATTER OF

AUTOMATION INSTITUTE OF OMAHA, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT*Docket C-1087. Complaint, July 22, 1966—Decision, July 22, 1966*

Consent order requiring an Omaha, Nebr., correspondence school to cease using false job opportunities and earning claims and other misrepresentations to sell its courses in data processing.

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 Automation Institute of Omaha, Inc., a corporation, and C. D. Rohlfs, A. Lauren Rhude, and Burris M. Jones, individually and as officers and directors of said corporation, and Thomas J. Simmons and Vernon F. Kurtenbach, individually and as directors 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 Automation Institute of Omaha, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Nebraska, with its principal office and place of business located in the WOW Building, 14th and Farnam Streets, in the city of Omaha, State of Nebraska.

Respondents C. D. Rohlfs, A. Lauren Rhude and Burris M. Jones are officers and directors of the corporate respondent. Respondents Thomas J. Simmons and Vernon F. Kurtenbach are directors of the corporate respondent.

The individual respondents formulate, direct and control the

acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. 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 advertising, offering for sale, sale and distribution of courses of instruction intended to prepare students thereof for employment as IBM key punch machine, machine tabulation, and computer operators. Said courses are pursued by correspondence through the United States mail, as well as by resident training in the school.

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time last past have caused, their courses of study and instruction to be sent from their place of business, in the State of Nebraska, to, into and through States of the United States other than the State of origin, to purchasers thereof located in such other States. Respondents have also sent through the United States mails from their place of business in the State of Nebraska various circulars, pamphlets, letters, and other written and printed material to prospective students in States other than the State in which respondents' school is situated. Respondents also employ salesmen who call on prospective purchasers of the courses of instruction located in States other than the State of Nebraska. Respondents maintain and at all times mentioned herein have maintained, a substantial course of trade in said courses of study and instruction in commerce as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, and to induce the purchase of their courses of instruction, respondents have made many statements and representations, directly and by implication, by salesmen, in pamphlets and circulars and through advertisements in newspapers distributed through the United States mails, and by other means, to prospective customers in the several States in which courses are sold. Typical, but not all inclusive, of the statements and representations made by respondents, are the following:

1. There is a great demand for graduates of respondents' school as electronic data processing equipment operators.
2. Respondents have specific data processing equipment as set forth in the description of courses offered by respondents, and that students will be taught to use such equipment.
3. That upon graduation, the student will obtain employment

at a starting salary of from \$400 to \$600 per month, and even more in some instances.

4. That a prospective student must enroll in respondents' school at once or in a specified time because of a limitation in size of class, or time of start of instruction, or other reason.

5. That respondents have a nationwide placement service.

PAR. 5. In truth and in fact:

1. There is little or no demand for graduates of respondents' schools as electronic data processing equipment operators.

2. Respondents do not have all of the specific items of data processing equipment as set forth in the description of courses offered by respondents, and students do not receive training in the operation of all items of data processing equipment as listed by respondents in the description of courses offered by respondents.

3. Upon graduation, the students do not obtain employment at a starting salary of from \$400 to \$600 per month, or more; very few students obtain employment as operators of data processing equipment, and those who do obtain such employment are paid salaries materially less than such amounts.

4. There is no need for prospective students to enroll in respondents' classes at once or in a specified time, except that occasionally there may be short periods of time when only a few openings may remain in a particular class, or a brief time remains until a class will commence receiving instruction.

5. Respondents do not have a nationwide placement service. They may, on occasion, supply assistance to selected persons in obtaining employment and supply their students or graduates with lists of employers using or employing various job categories and refer students to other Automation Institute franchisees who may or may not supply limited employment information in their geographic area.

PAR. 6. In the conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of courses of instruction of the same general kind and nature as those sold by respondents.

PAR. 7. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and to subscribe to, and purchase, substantial numbers of respondents'

said courses of study and instruction by reason of said erroneous and mistaken belief.

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 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 of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Deceptive Practices proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

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

The Commission, having reason to believe that the respondents have violated the Federal Trade Commission Act, and having determined that complaint should issue stating its charges in that respect, hereby issues its complaint, accepts said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Automation Institute of Omaha, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Nebraska, with its office and principal place of business located in the WOW Building, 14th and Farnam Streets, in the city of Omaha, State of Nebraska.

Respondents C. D. Rohlfs, A. Lauren Rhude and Burris M. Jones are officers and directors of said corporation and their address is the same as that of said corporation.

Respondents Thomas J. Simmons and Vernon F. Kurtenbach

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are directors of said corporation and their address is the same as that of said corporation.

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, Automation Institute of Omaha, Inc., a corporation, and its officers and directors, and C. D. Rohlfs, A. Lauren Rhude, Burris M. Jones, individually and as officers and directors of said corporation, and Thomas J. Simmons and Vernon F. Kurtenbach, individually and as directors of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale, or distribution of courses of study, 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:

(1) That there is a great demand for persons completing respondents' courses as electronic data processing equipment operators or otherwise representing in any manner that opportunities for employment will be available to such persons: *Provided, however,* That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that such opportunities are available as represented.

(2) That training in the operation of any item of equipment will be provided: *Provided, however,* That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that such training is provided as represented.

(3) That the salaries or earnings of persons completing respondents' courses will be any amount: *Provided, however,* That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that such persons may reasonably expect to receive the salaries or earnings represented.

(4) That a prospective student must enroll in respondents' school at once or in a specified time: *Provided, however,* That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that such

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condition was imposed because of a limitation in size of class, or time of start of instruction or any other valid reason existing at the time such representation is made.

(5) That respondents operate or provide a nationwide placement service for their students or graduates; or that respondents operate or provide a nationwide referral service or offer any other assistance in obtaining employment for their students or graduates without clearly and conspicuously disclosing in connection therewith the nature and extent of any such service or assistance which respondents provide.

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.
