

IN THE MATTER OF

AUTOMATION MACHINE TRAINING CENTER, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket C-1474. Complaint, Jan. 6, 1969—Decision, Jan. 6, 1969*

Consent order requiring a Kansas City, Mo., data processing school to cease falsely representing the employment opportunities of its enrollees, the financial assistance and refund provisions afforded, that it operates dormitories, and that it teaches computer programming.

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 Machine Training Center, Inc., a corporation, and Emmett R. Davis, individually and as an officer 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 Machine Training Center, 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 611 West 39th Street, Kansas City, Missouri.

Respondent Emmett R. Davis is an individual and an officer of said corporation. He formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and have been for more than three years last past, engaged in the offering for sale, sale and distribution of courses of instruction intended to prepare students thereof for employment in various positions in the field of electronic data processing. Said courses are pursued by correspondence through the United States mails and by resident training at respondents' place of business in Kansas City, Missouri.

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PAR. 3. In the course and conduct of their business as aforesaid, respondents now cause, and for some time last past have caused, the correspondence portion of their courses, when sold, to be shipped from their place of business in the State of Missouri to purchasers thereof located in various other States of the United States. Respondents also receive from and transmit to such purchasers, contracts, checks and other instruments of a commercial nature pertinent to the sale of such courses. Respondents maintain, and at all times mentioned herein have maintained, a substantial course of trade in said courses of instruction in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business, as aforesaid, and for the purpose of inducing the purchase of their courses, respondents publish or have caused to be published, in newspapers distributed through the United States mails and by other means, advertisements respecting job offers, salaries and training.

Among and typical, but not all inclusive, of such advertisements are the following:

H E L P
W A N T E D
I B M
A U T O M A T I O N
S A L A R Y \$350-\$750

SOLID SECURITY OPPORTUNITY FOR BOTH YOUNG MEN AND
WOMEN . . . AGES 18-49.

Short Training period.
Send Your Name, Address,
Phone, Education Today to:
Director of IBM Automation Development,
Box 665 c/o Sedalia Democrat-Capital.

CAREER
OPPORTUNITY
IBM OPERATORS
SERIOUSLY NEEDED
\$350-\$700

This is a future in a big industry for men and women age 18-49. Short training period required; all inquiries acknowledged. Reply to Directive IBM Automation, Box No. 4, care of Aberdeen American-News, giving name, address, age and phone No.

YOUR KEY TO GREATER SUCCESS
BUSINESS — INDUSTRY — GOVERNMENT
URGENTLY NEED MEN & WOMEN
WITH

IBM Machine Training
in key punch, computers,
tab wiring & programming

Persons accepted can be trained in a program which need not interfere with their present job. If you qualify, training can be financed.
For FREE BOOKLET on your future in IBM DATA PROCESSING, write today. Please include age, address and home phone number.

A.M.T.C.

Director of Development

PAR. 5. By and through the use of the statements and representations appearing in the advertisements set forth in Paragraph Four hereof and various other statements and representations of similar import and meaning but not set forth herein, respondents represent, and have represented, directly or by implication, that:

1. Inquiries are being solicited for the purpose of offering employment to qualified applicants who will be trained to operate various machines manufactured or distributed by the International Business Machines Corporation (IBM);

2. By virtue of having received such training, persons will receive starting salaries of at least \$350 per month;

3. The training offered includes computer programming.

PAR. 6. In truth and in fact:

1. Inquiries are solicited not for the purpose of offering employment; but for the purpose of obtaining leads to persons interested in purchasing respondents' courses.

2. Persons who complete courses offered by respondents do not by virtue of such training receive starting salaries of at least \$350 per month.

3. Respondents do not offer training in computer programming.

Therefore, the statements and representations as set forth in Paragraphs Four and Five hereof were, and are, false, misleading and deceptive.

PAR. 7. In the further course and conduct of their business, as aforesaid, respondents cause prospective purchasers of their courses to be visited by sales representatives who endeavor to sell and do sell respondents' said courses of instruction to said

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persons. For the purpose of inducing the sale of said courses, respondents' sales representatives make many statements and representations, directly and by implication, regarding said courses, both orally and by means of brochures and other printed material furnished by respondents and displayed to such persons.

Typical and illustrative, but not all inclusive, of said statements and representations are the following:

1. Respondents have a placement service which guarantees and assures each graduate placement in a job for which he has been trained;

2. Graduates of respondents' course will be placed in jobs in the geographical area of their choice;

3. After the initial payment of respondents' courses is made, the remainder of the payments may be deferred until after the student has completed the course and obtained employment;

4. Respondents will provide part-time employment to assist students attending the resident training in making payments on the balance of their tuition;

5. Respondents own or supervise residence facilities for students attending the resident training portion of respondents' courses, and such residence facilities are within easy walking distance of respondents' school.

6. Interest free tuition loans are available which will enable the recipient thereof to pay the cost of respondents' courses in installments without any additional cost for that privilege.

7. Immediate employment is available to those students working on the correspondence portion of their courses if they will pay the balance of their tuition in full and attend the resident training as soon as possible.

8. Until a student has received written notification of the acceptance of his or her enrollment by respondents, the student may withdraw his or her enrollment and respondents will make a full refund of any money theretofore paid by or on behalf of said student.

9. Respondents will, at any time and upon request by or on behalf of an enrolled student who is unwilling or unable to complete respondents' course cancel said student's training contract and refund all money theretofore paid by or on behalf of said student.

PAR. 8. In truth and in fact:

1. Respondents do not have a placement service which guarantees or assures any graduate of placement in any job;

2. Graduates of respondents' courses are not placed in jobs in the geographical area of their choice;

3. Respondents do not permit students to defer the remainder of their payments until after the courses have been completed and employment obtained;

4. Respondents do not provide part-time employment to assist students attending the resident training in making payments on the balance of their tuition;

5. Respondents do not own or supervise any residence facilities for students attending the resident training, and such residence facilities as may be available are not within easy walking distance of the school;

6. Respondents do not provide loans of any kind. Although respondents may permit the cost of their courses to be paid in installments, the cost when paid in that manner is \$70 more than the cost when paid in cash in full at the time of enrollment.

7. Immediate employment is not available to those students working on the correspondence portion of their courses if they will pay the balance of their tuition in full and attend the resident training as soon as possible. The real purpose of the representation is to induce the accelerated payment of outstanding tuition balances.

8. Respondents do not permit prospective students to withdraw their enrollment applications prior to receipt of written notification of acceptance of such enrollments and do not refund any money theretofore paid by or on behalf of said prospective students.

9. Respondents neither cancel the training contracts of enrolled students who are unwilling or unable to complete respondents' courses and request cancellation nor refund any money theretofore paid by or on behalf of said students.

Therefore, the statements and representations as set forth in Paragraph Seven hereof were, and are, false, misleading and deceptive.

PAR. 9. In the course and conduct of their aforesaid business, and at all times mentioned herein, respondents have been, and now are, in substantial competition, in commerce, with corporations firms and individuals engaged in the sale of courses of instruction covering the same or similar subjects.

PAR. 10. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices, has had, and now has, the tendency and capacity to mislead

members 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' courses by reason of said erroneous and mistaken belief, and to make accelerated payment therefor.

PAR. 11. The aforesaid acts and practices of the 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 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, 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 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 respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Automation Machine Training Center, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Missouri, with its office and principal place of business located at 611 West 39th Street, Kansas City, Missouri.

Respondent Emmett R. Davis is an officer of said corporation and his 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 Machine Training Center, Inc., a corporation, and its officers, and Emmett R. Davis, individually and as an officer of said corporation, and respondents' agents, representatives 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 or instruction in the field of electronic data processing or any other subject in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

A. Representing, directly or by implication, that:

1. Inquiries are solicited for the purpose of offering employment to qualified applicants when the real purpose is to secure leads to prospective purchasers of respondents' courses.

2. Upon completion of respondents' courses and by virtue thereof, graduates will obtain employment with a starting salary of \$350 per month or any other specific salary or range of salaries: *Provided, however*, It shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that the represented starting salary or salaries are typical of those obtained by such persons; or misrepresenting, in any manner, the earnings of persons completing respondents' courses.

3. Respondents offer training in computer programming; or misrepresenting, in any manner, the subjects covered by or the nature of respondents' courses.

4. Respondents guarantee or assure the placement of graduates in jobs for which they have been trained; or graduates will be placed in jobs in the geographical area of their choice; or misrepresenting, in any manner, respondents' efforts, ability or facilities for assisting graduates in obtaining employment.

5. After paying the initial enrollment or registration fee, a student or other party who has agreed to pay on behalf of the student the balance of the cost of respondents' courses, may defer the payment of such balance until after the student has completed the course and obtained employment; or respondents will provide part-time employment to assist students attending the resident training portion of respondents' courses in making payments on the balance of the cost of said courses; misrepresenting, in any manner, the arrangements which may be made to aid or assist students in paying the cost of respondents' courses.

6. While attending the resident training portion of respondents' courses, students will be assigned to dormitories or other residence facilities owned or supervised by respondents or that such facilities will be within easy walking distance of respondents' place of business; or misrepresenting, in any manner, the character or location of residence facilities available to respondents' students.

7. Respondents provide interest free tuition loans or that payment of the cost of respondents' courses in installments or by deferred payments will involve no interest or other costs in addition to the cash price of the course.

8. Immediate employment is available to persons upon completion of the payment of their tuition and attendance at the resident training portion of respondents' courses; or misrepresenting, in any manner, the availability of employment to persons completing respondents' courses.

9. Respondents will permit a prospective student to withdraw his or her enrollment application at any time prior to being notified in writing by respondents of the acceptance of his or her enrollment and respondents will make a full refund of money theretofore paid to respondents by or on behalf of said student: *Provided, however*, It shall be a defense in any enforcement proceedings instituted hereunder for respondents to establish that in every instance in which such a request for withdrawal of the enrollment application is made, respondents do permit such a withdrawal and do refund all

money theretofore paid respondents by or on behalf of said students.

10. Respondents will cancel any training contract or make any refund when requested to do so by or on behalf of a student who is unwilling or unable to complete respondents' course: *Provided, however,* That it shall be a defense in any enforcement proceedings instituted hereunder for respondents to establish that in every instance in which a request for cancellation or refund is made, respondents cancel the student's training contract and make the refund in conformity with the representation or representations made.

B. Failing to abide by and promptly fulfill all representations made to students or prospective students with respect to cancellation of contracts and granting of refunds.

C. Failing to deliver a copy of this order to all present and future salesmen or other persons engaged in the sale of respondents' courses and failing to secure from each salesman or person a signed statement acknowledging receipt of said order.

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

WILLIAM GARLAND CHASTAIN DOING BUSINESS AS
THE WASHINGTON SERVICE BUREAU

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

Docket C-1475. Complaint, Jan. 6, 1969—Decision, Jan. 6, 1969

Consent order requiring a Tucson, Ariz., seller of correspondence courses on Civil Service preparation to cease falsely representing that Civil Service examinations will be given in any particular area, that completion of his course will enable enrollee to obtain a designated position, that he will continue to train enrollee until job placement, and that he is affiliated with United States Government.