

Complaint

76 F.T.C.

IN THE MATTER OF

JACK EZELL, ET AL.

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

Docket C-1598. Complaint, Oct. 23, 1969—Decision, Oct. 23, 1969

Consent order requiring an individual associated with a Washington, D.C., school for detectives to cease misrepresenting employment opportunities, exaggerating the size and quality of the school's instructional staff or its facilities or equipment, using false testimonials, failing to reveal all terms of the school's installment contracts, deceptively inducing the signing of such contracts, and seeking to enforce any contract obtained through misrepresentation.

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 Jack Ezell also known as Jack Young and as Thomas A. Ezelle, individually and as a former employee of Eastern Detective Academy, Inc., hereinafter referred to as respondent, has 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. Eastern Detective Academy, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its principal office and place of business located at 724 14th Street, NW., in Washington, D.C.

Respondent Jack Ezell also known as Jack Young and as Thomas A. Ezelle, is an individual and was formerly an employee and director of said corporation who acted in the capacity of manager. Prior to August 1967, he participated in the formulation, direction and control of the acts and practices of the said corporation, including the acts and practices hereinafter set forth. His business address was the same as that of said corporation, and currently is 1343 H Street, NW., Washington, D.C., where he participates in the operation of a detective school for another company.

PAR. 2. The respondent engaged in the operation of a school, offering a course of instruction to those seeking employment as private or public detectives, investigators or agents.

PAR. 3. In the course and conduct of the aforesaid business, and for the purpose of inducing enrollment in the course of instruction, the respondent engaged in the advertising of the course of instruction in newspapers of interstate circulation. In the further course and conduct of the business, the respondent from offices in the District of Columbia, solicited students by means of advertising brochures mailed to persons located in various other States of the United States; and the respondent maintained, and at all times mentioned herein has maintained, a substantial course of trade in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of the aforesaid business, and for the purpose of inducing enrollment in the course of instruction, the respondent made numerous statements and representations in advertisements inserted in newspapers and in promotional material, of which the following are typical and illustrative, but not all inclusive thereof:

TRAINED UNDERCOVER
PEOPLE ARE ALWAYS IN DEMAND

* * * * *

Male and Female Undercover
Agents in Demand Now

* * * * *

Free Job Placement Service for
Advanced Students & Graduates

* * * * *

Our Placement Service has placed several hundred persons in investigative work in just the past year.

* * * * *

MEN & WOMEN
EXCITING BIG PAY JOBS OPEN FOR
PRIVATE DETECTIVES
IF YOU ARE

* A PERSON OF GOOD CHARACTER

* WILLING TO TAKE TRAINING IN YOUR SPARE TIME

* * * * *

Thank you for your inquiry regarding our Training Program Leading to Private Detective, Undercover Investigator and General Law Enforcement Officer.

PAR. 5. By and through the use of the above quoted statements and representations, and others of similar import and meaning but not expressly set out herein, separately and in connection with the oral statements and representations of employees, the respondent represented, directly or by implication, that:

1. There is a great demand for graduates of the aforementioned course as detectives, investigators, undercover agents and in other similar positions and employment in such positions is available upon the completion of the aforementioned course of instruction.

2. Several hundred persons who attended the aforementioned course have obtained employment in investigative work within one year.

3. Completion of the aforementioned course of instruction qualifies persons to be detectives, investigators, undercover agents, or for employment in other similar positions at commensurate wages.

4. A placement service is provided which places a significant number of advance students or graduates of the aforementioned course in positions for which they have been trained through the course.

PAR. 6. In truth and in fact:

1. There was no significant demand for graduates of the aforementioned course, whose training was limited to completion of the course of instruction, as detectives, investigators, undercover agents or in other similar positions and employment in such positions was not ordinarily available upon completion of the aforementioned course of instruction to persons with limited practical experience.

2. In no year did several hundred persons who attended the aforementioned course obtain employment in investigative work or in other positions for which they were trained through the aforementioned course. The school neither enrolled nor graduated several hundred students during any one year.

3. Completion of the aforementioned course of instruction did not qualify persons to be detectives, investigators, undercover agents or for employment in other similar positions at commensurate wages. Employment in the aforementioned positions is conditioned upon the aptitude and practical experience of the individual rather than the training afforded by the aforementioned course of instruction and a substantial number of graduates from

the course were unable to obtain positions which paid wages commensurate with those paid individuals in the aforementioned positions.

4. A placement service was not provided which placed a significant number of advance students or graduates of the aforementioned course in positions for which they had been trained through the course.

Therefore, the statements and representations as set forth in Paragraphs Four and Five hereof, and others of similar import and meaning but not expressly set out herein, were and are false, misleading and deceptive.

PAR. 7. In the further course and conduct of the business, as aforesaid, and for the purpose of inducing the sale of the course of instruction, the respondent has made numerous statements and representations by means of brochures and promotional materials and by oral statements in which the respondent represented, directly or by implication, that:

1. The school maintains a staff of seventeen instructors qualified by practical experience or training in the Army Security Agency, District of Columbia Courts, U.S. Supreme Court, U.S. Air Force, Office of Special Investigations, U.S. Army Counter-Intelligence School, U.S. Signal Corps Radio Communications, Constabulary of Great Britain, Illinois State Security Forces, Maryland State Internal Security Police, Armed Forces Institute of Pathology, Washington, D.C. Metropolitan Police-Detective Division, Department of the Provost Marshal General, United States Army-Criminal Investigation Division, Federal Bureau of Investigation, and Detective Bureau-New York City Police.

2. Students will be trained in the firing of handguns on the school's shooting range and that the school has student training equipment such as polygraph instruments which the students will be trained to operate through practical exercise.

3. Each of the testimonial letters, which were displayed or enclosed with the school's brochure, from graduates of the course and businesses which have employed graduates of the course were unsolicited and unbiased testimonials as to the value of the course.

PAR. 8. In truth and in fact:

1. The school did not maintain a staff of seventeen instructors qualified by practical experience or training as represented. The number of instructors maintained by the school was significantly

less than seventeen and the school's staff of instructors was not qualified by practical experience or training in all the areas represented by respondent. In a number of instances, instructors so qualified had terminated their employment with the school a number of years prior to such representations. In other instances, the aforementioned representations were without foundation and therefore false.

2. Students were not trained in the firing of handguns on a shooting range and the school did not have student training equipment such as polygraph instruments which the students were trained to operate through practical exercise. The school did not operate a shooting range and the only firing done by the students during the course of instruction, was the firing of a pistol into an enclosed metal box. The only instruction the students received on polygraph instruments was in the form of a lecture at which time a rented or borrowed polygraph machine was brought into the classroom but was not made available for student use.

3. In a number of instances, the testimonial letters from graduates of the course and businesses which have employed graduates of the course which were displayed or enclosed with the school's brochure, were neither unsolicited nor unbiased. In some instances, these letters were written by the school's employees and in other instances the writing of said letters was induced through bargaining.

Therefore the statements and representations as set forth in Paragraph Seven hereof, and others of similar import and meaning but not expressly set out herein, were and are false, misleading and deceptive.

PAR. 9. In the further course and conduct of the aforesaid business, the respondent regularly obtained potential students' signatures on installment payment contracts through failing to disclose the nature of the instruments and by falsely representing that such instruments were non-binding enrollment applications or that the classes were paid for on a pay as you go basis and the prospective students could cancel their enrollment at any time that they chose to do so. Thereafter, when these prospective students failed to attend the course and make payments under the contract, the respondent systematically brought legal actions and obtained judgments against the prospective students or assigned the contracts to a collection agency for the bringing of legal actions and the obtaining of judgments against the prospective students.

Therefore, such statements, representations and practices constitute acts and practices which were and are unfair, misleading and deceptive.

PAR. 10. In the course and conduct of the aforesaid business, and at all times mentioned herein, the respondent has been engaged in substantial competition, in commerce, with corporations, firms and individuals engaged in the sale of courses of instruction to those seeking employment as private or public detectives, investigators or agents, of the same general kind and nature as that sold by respondent.

PAR. 11. The use by the respondent of the aforesaid false, misleading and deceptive statements, representations and practices has had 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 into the purchase of substantial quantities of respondent's services by reason of said erroneous and mistaken belief.

PAR. 12. The aforesaid acts and practices of the respondent, as herein alleged, were all to the prejudice and injury of the public and of respondent's competitors and constituted 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 Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereof with violation of the Federal Trade Commission Act, and the respondent 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 respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent 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 respondent 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 agreement and having accepted same, and the agreement containing consent order hav-

ing thereupon been placed 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 in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Jack Ezell, also known as Jack Young and as Thomas A. Ezelle, is an individual and was formerly an employee and director of Eastern Detective Academy, Inc., who acted in the capacity of manager. His former business address was the same as that of said corporation, namely, 724 14th Street, NW., Washington, D.C. His current business address is 1343 H Street, NW., Washington, D.C., where he participates in the operation of a detective school for another company.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

It is ordered, That respondent Jack Ezell also known as Jack Young and as Thomas A. Ezelle, individually and as a former employee of Eastern Detective Academy, Inc., and respondent's agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of any course of instruction or any other service or product, 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 there is a great demand for individuals who have completed any course of instruction as detectives, investigators, undercover agents or in other similar positions, or that the employment in such positions is available upon completion of any course of instruction unless such are the facts; or misrepresenting, in any manner, the demand or opportunities for employment of individuals who complete any course of instruction.

2. Representing, directly or by implication, that several hundred persons who attended any course obtained employment in investigative work or in any other position within one year; or otherwise misrepresenting the number of per-

sons attending any course who have obtained employment through the training afforded, or the nature of such employment.

3. Representing, directly or by implication, that persons who complete any course of instruction are thereby qualified for employment as detectives, investigators, undercover agents or in any other similar position unless such are the facts; or otherwise misrepresenting the positions for which the graduates of any course will qualify.

4. Representing, directly or by implication, that persons who complete any course of instruction will thereby be qualified for employment at wages commensurate with those paid detectives, investigators or undercover agents unless such are the facts; or otherwise misrepresenting the wages or compensation available to graduates of any course of instruction.

5. Representing, directly or by implication, that respondent provides a placement service which places a significant number of graduates or students in positions for which they have been trained by respondent unless such are the facts; or misrepresenting, in any manner, capabilities or facilities for assisting graduates or students of any course in finding employment, or the assistance actually afforded graduates in obtaining employment.

6. Representing, directly or by implication, that respondent maintains a staff of seventeen instructors, or that the staff of instructors maintained by respondent has certain experience, training or qualifications which they do not have; or misrepresenting, in any manner, the number of instructors maintained or their experience, training or qualifications.

7. Representing, directly or by implication, that respondent operates a shooting range or has polygraph instruments unless such are the facts; or misrepresenting, in any manner, the facilities or equipment which respondent has and makes available for the training of students.

8. Misrepresenting that students will receive training in the firing of handguns on a shooting range or that students will receive practical training in the use of polygraph instruments; or misrepresenting, in any manner, the nature or extent of training students will receive.

9. Misrepresenting that graduates of any course, or businesses which have employed graduates of any course, have written unsolicited or unbiased testimonials.

10. Failing to reveal, disclose or otherwise inform prospective customers, in a manner that is clearly understood by them, of the non-cancellable nature and of all terms and conditions of any installment contract or other instrument of indebtedness to be signed by any customer.

11. Inducing or causing customers or prospective customers to execute installment contracts or any other instruments of indebtedness by falsely representing that such contracts, or other instruments are non-binding enrollment agreements or that such contracts or other instruments are cancellable at the discretion of the prospective customers; or otherwise inducing or causing customers or prospective customers to execute installment contracts or any other instruments by misrepresenting the true nature or effect of such documents.

12. Seeking to enforce or obtain a judgment on any contract or other instrument executed after the final date of this order between respondent and any party, or the transferring of any such contract or other instrument to a third party for the purpose of enforcing or obtaining a judgment on said contract or instrument, where the respondent or his employees orally misrepresented the nature of the terms of said contract or instrument at the time prior to the time the contract or instrument was signed.

13. Failing to deliver a copy of this order to cease and desist to all present and future salesmen or other persons engaged in the sale of respondent's courses or services, and failing to secure from each such salesman or other person a signed statement acknowledging receipt of said order.

It is further ordered, That the respondent herein shall, within sixty (60) days after service upon him of this order, file with the Commission a report in writing setting forth in detail the manner and form in which he has complied with this order.

IN THE MATTER OF

MARVEL QUILTING COMPANY, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION
OF THE FEDERAL TRADE COMMISSION AND THE TEXTILE FIBER
PRODUCTS IDENTIFICATION ACTS*Docket C-1599. Complaint, Oct. 30, 1969—Decision, Oct. 30, 1969*

Consent order requiring a Brooklyn, N.Y., manufacturer of quilting and other textile articles to cease misbranding and falsely invoicing and advertising its textile fiber products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Textile Fiber Products Identification Act and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Marvel Quilting Company, Inc., a corporation, and Jack Goldfarb and Martin Oltsik, individually and as officers of said corporation, and as copartners trading as Marvel Quilting Company, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulgated under the Textile Fiber Products Identification 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 Marvel Quilting Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York with its office and principal place of business located at 3621 Thirteenth Avenue, Brooklyn, New York. Said corporation also maintains a place of business located at 1001 Industrial Park, Piedmont, Alabama.

Individual respondents Jack Goldfarb and Martin Oltsik are officers of said corporate respondent. They are also copartners trading as Marvel Quilting Company. They formulate, direct and control the acts, practices and policies of said corporation and of said partnership. Their address and the address of the partnership and the principal place of business of each is the same as that of said corporation.

Respondents are manufacturers of textile fiber products.