

Complaint

80 F.T.C.

IN THE MATTER OF

H & R ENTERPRISES, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket. C-2186. Complaint, March 31, 1972—Decision, March 31, 1972.*

Consent order requiring a Seattle, Wash., school offering courses in computer card key punch training to cease misrepresenting that its inquiries are for the purpose of offering employment to qualified applicants, that the salaries of its graduates will be above average, that respondents have been retained by companies to train key punch operators, and minimizing the time required to obtain a certificate.

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 H & R Enterprises, Inc., a corporation and Walter B. Harrison, 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 H & R Enterprises, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Washington, with its principal office located at 902 Lloyd Building, Seattle, Washington.

Respondent Walter B. Harrison 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 have been engaging in the advertising, offering for sale and sale of courses of instruction in computer card key punch training. Said courses have been given at schools owned and operated by respondents under the name Key-Punch Academy in the city of Seattle, Washington and under the name Career Training Center in Portland, Oregon, and Spokane and Tacoma, Washington.

PAR. 3. In the course and conduct of their business, as aforesaid, respondents have caused the interstate movement of advertising scripts and radio and television continuity and films among and

between the above-designated locations, and have caused employees of respondents to travel across state lines in supervision of the advertising and promotion of respondents' schools. Respondents have also sent numerous papers, materials, and instructions across state lines in furtherance of the sales and promotion activities of the several schools and have caused extensive advertising to be placed with radio, television and newspapers which have substantial interstate circulation and dissemination intended to induce sales of its courses of instruction and to induce persons to travel across state lines for the purpose of taking such courses, and have engaged in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business, as stated above, and for the purpose of inducing the purchase of their courses, respondents have published or caused to be published, in the help wanted columns of the classified sections of newspapers distributed through the United States mails, by radio, by television, and by other means, advertisements respecting job offers, salaries and training.

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

NEEDED NOW

No age limit. High school not required. IBM Key punch operators are earning up to \$550 per mo. after training, & we will train. Personal interview is required. Call MU 2-4006, KPA, Suite 307, 1424-4th Ave.

NEED NOW—NO AGE LIMIT!!

High School no required. IBM Key punch operators are earning \$550 a mo. after training.

WE WILL TRAIN

Personal interview required

CALL—MU 2-4006-KPA

Suite 307, 1424 4th Ave.

NO EXPERIENCE REQ.

11 WOMEN needed to train on 026, 029, 056, 059 Data processing machines. No age limit. Typing not req. Earn to \$550 & UP. State approved training. For appt. call MU 2-4006, KPA, 1424 4th AVE. SUITE 307.

* * * KPA has recently been selected to train fifteen men and women for job openings in this area * * *

* * * and trained within the next few weeks * * *

PAR. 5. By and through the use of the statements and representations appearing in the advertisements set forth in Paragraph Four

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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 key punch machines.

2. By virtue of having received such training, persons will receive starting salaries of at least \$500 per month.

3. The respondents have been retained by companies to train key punch operators for them.

4. Key punch operators will normally complete their training in a few short weeks, eight to twelve weeks, after a short training period or other short period of time.

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 \$500 per month.

3. The respondents have not been retained by companies to train key punch operators for them.

4. Key punch operators will not normally complete their training in a few short weeks, or other short period of time, but will normally require from three to three and one-half months.

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 course and conduct of their aforesaid business, and at all times mentioned herein, respondents have been 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. 8. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices, has had the tendency and capacity to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were true and to induce a substantial number thereof to purchase respondents' courses by reason of said erroneous and mistaken belief.

PAR. 9. 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 the Seattle Regional Office 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 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 thereafter 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 thereupon accepted the executed 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 Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order.

1. Respondent H & R Enterprises, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Washington with its principal office located at 902 Lloyd Building, Seattle, Washington.

Respondent Walter B. Harrison is an officer of said corporation and his address is the same as that of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation.

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

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ORDER

It is ordered, That respondents H & R Enterprises, Inc., a corporation, and its officers, and Walter B. Harrison, individually and as an officer of said corporation, and their successors and assigns and respondents' officers, agents, representatives and employees directly, or through any corporation, subsidiary, division 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 key punch training or any other subject, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, orally or in writing, directly or by implication, that:

1. Inquiries are solicited for the purpose of offering employment to qualified applicants.

2. Upon completion of respondents' course and by virtue thereof, graduates will obtain employment with a starting salary in excess of those obtained by the average graduate of respondents' courses of instruction.

3. The respondents have been retained by companies to train key punch operators for them.

4. Key punch operators will normally complete their training in a few short weeks, eight to 12 weeks, after a short training period, or other period of time that is less than the average or mean time required by respondents' graduates to obtain the proficiency required to obtain a certificate from respondents.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to any operating divisions organized and operated after the date hereof.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all future personnel of respondents engaged in the offering for sale or sale of any course of instruction or in any aspect of preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

FLORIDA CHILDREN'S WEAR MANUFACTURERS' GUILD, INC. 471