
IN THE MATTER OF
UNITED SYSTEMS, INC., ET AL.

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

Docket C-2271. Complaint, Aug. 18, 1972—Decision, Aug. 18, 1972.

Consent order requiring an Indianapolis, Indiana, truck driver correspondence school to cease, among other things, misrepresenting the nature of the business; representing offers of employment; misrepresenting respondent's connections or affiliations; misrepresenting the nature or purpose of any fees paid by enrollees; misrepresenting the terms and conditions under which payments can be made; and failing to notify purchasers of their right to a 3-day cooling-off period.

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 United Systems, Inc., Skyline Deliveries, Inc., Express Parcel Deliveries, Inc., Truck Line Distribution Systems, Inc., Sheridan Truck Lines, Inc., and Advance Systems, Inc., corporations, and George L. Eyler, individually and as an officer, director or stockholder of said corporations, hereinafter re-

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ferred 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. Respondents United Systems, Inc., formerly known as Nationwide Systems, Inc., Skyline Deliveries, Inc., Express Parcel Deliveries, Inc., Truck Line Distribution Systems, Inc., and Sheridan Truck Lines, Inc. are corporations organized, existing and doing business under and by virtue of the laws of the State of Indiana, with their principal place of business located at 1600 Oliver Avenue, in the city of Indianapolis, State of Indiana.

Respondent Advance Systems, Inc., is a corporation organized existing and doing business under and by virtue of the laws of the State of Ohio with its principal place of business located at 1600 Oliver Avenue, in the city of Indianapolis, State of Indiana.

Respondent George L. Eyler is a stockholder of said corporations and an officer of some of them. He formulates, directs and controls the policies, acts and practices of said corporations, including the acts and practices hereinafter set forth. His address is the same as that of said corporate respondents.

PAR. 2. Respondents are now, and have been for some time last past, engaged in the offering for sale, sale and distribution of courses of study and instruction purporting to prepare graduates thereof for employment as truck drivers. Said courses consist of a series of lessons pursued by correspondence through the United States mails and a period of in-residence training at a place designated by respondents.

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time last past have caused, the correspondence portion of their courses, when sold, to be sent from respondents' place of business in the State of Indiana to purchasers thereof located in various other States of the United States. Respondents utilize the services of salesmen who induce prospective purchasers of respondents' courses located in the states other than the State of Indiana to call on said salesmen at respondents' offices. Said salesmen transmit to and receive from respondents contracts, checks and other instruments of a commercial nature. Respondents maintain, and at all time 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 business as aforesaid, and for the purpose of obtaining leads to prospective purchasers of their courses, respondents have published or caused to be published in the

"Help-Wanted" and other columns of newspapers advertisements containing statements and representations regarding job opportunities, training and wages for persons interested in becoming truck drivers. Typical and illustrative, but not all inclusive, of such advertisements is the following:

DRIVERS NEEDED

train NOW to drive semi truck, local and over the road. You can earn over \$4.00 per hour, after short training. For interview and application, call 317-632-1461, or write Safety Department, Nationwide Systems Inc. c/o Motor Freight Terminal, 1905 S. Belmont, Indianapolis, Indiana 46221.

PAR. 5. By and through the use of the statements and representations contained in the advertisement set forth in Paragraph Four and others of similar import and meaning but not expressly set out herein, respondents represent, directly or by implication, that:

1. Nationwide Systems, Inc. is a trucking company.
2. Respondents are offering employment to qualified applicants who will be trained as truck drivers.

PAR. 6. In truth and in fact:

1. Nationwide Systems, Inc. was not and is not a trucking company.
2. Respondents do not offer employment to persons who will be trained as truck drivers. The real purpose of such advertisements is to obtain leads to prospective purchasers of respondents' courses of study and instruction.

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

PAR. 7. In the further course and conduct of their business as aforesaid, respondents cause persons who respond to advertisements seeking leads to prospective purchasers to visit respondents' salesmen at respondents' offices. For the purpose of inducing the sale of respondents' courses, such salesmen make to prospective purchasers many statements and representations, direct and by implication, regarding opportunities for employment as truck drivers available to purchasers of respondents' courses, the terms and conditions for enrollment in respondents' courses, the assistance furnished to respondents' graduates in obtaining employment and other matters. Some of the aforesaid statements and representations appear in brochures, pamphlets and other printed material furnished to said salesmen by respondents and other statements and representations are made orally by said salesmen. Among and typical, but not inclusive, of such statements and representations are the following:

1. Respondents have been requested by trucking companies to train drivers and therefore, employment as a truck driver is assured to persons completing respondents' course.

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2. Persons completing respondents' course will be fully qualified for employment as local or over-the-road truck drivers and therefore, employment as a truck driver is assured to persons completing respondents' course.

3. Payment of an initial fee to respondents will be the full purchase price for both the home study and residential training portions of respondents' course of study and instruction.

4. Persons enrolling in respondents' course are required to post a bond or pay a bonding fee.

5. Payment of the balance of the cost of respondents' course remaining after the initial or registration fee has been paid can be deferred until after the student has completed the course and obtained employment as a truck driver.

6. To other prospective purchasers of respondents' course, representations have been made that respondents will handle or secure financing of the balance of the cost of respondents' course remaining after the initial or registration fee has been paid.

7. Respondents have a placement service which will secure a job as a local or over-the-road truck driver for graduates of respondents' course and such a job is assured for everyone who wants to work.

8. Graduates who desire employment in a particular geographic area are assured of a job in the area of their choice.

9. Persons enrolling in respondents' courses of study and instruction will receive a full refund of all monies paid to respondents upon request prior to completion of the home study portion of respondents' course.

10. Persons completing the home study portion of respondents' training program are entitled to certain pro rata refund privileges if they leave respondents' training program prior to completing respondents' residential training portion of respondents' course.

PAR. 8. In truth and in fact:

1. Respondents have not been requested by trucking companies to train drivers and therefore, employment as a truck driver is not assured to persons completing respondents' course.

2. Persons completing respondents' course are no more than basically trained drivers who may require further training or experience before becoming qualified for employment as local or over-the-road truck drivers and therefore, employment as a truck driver is not assured to persons completing respondents' course.

3. The initial payment to respondents is not the full purchase price for respondents' complete training program. It is a registration fee and the balance of the cost of respondents' course after the initial

registration fee has been paid must be paid by the student before residential training can be started.

4. The sum of money that enrollees in respondents' course are required to pay is not a bond or bonding fee but is a non-refundable registration fee.

5. Respondents generally require that the balance of the cost of respondents' course remaining after the initial or registration fee has been paid must be paid before the student can attend the resident training portion of the course and do not permit students to defer such payments until after employment as a truck driver has been obtained.

6. Respondents seldom if ever handle or secure financing to enable purchasers of respondents' course to pay the balance of the cost.

7. Respondents do not have a placement service which will secure a job as a local or over-the-road truck driver for graduates of respondents' course and such a job is not assured for everyone who wants to work.

8. Graduates who desire employment in a particular geographic area are not assured of any job much less a job in the area of their choice.

9. Respondents will not make any refunds to persons who have requested refunds and have not completed the home study portion of respondents' course. Respondents' initial or registration fee is a non-refundable registration fee.

10. Respondents have not refunded money to their students in accordance with their stated policy with respect to refunds.

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, institutions, and organizations of various kinds, engaged in the sale and distribution of similar courses of study and instruction.

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

PAR. 11. The aforesaid acts and practices of respondent, 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

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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 respondents named in the caption hereto 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 the 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 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 provisionally accepted same, and the agreement containing consent order having thereupon been placed 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 in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondents United Systems, Inc., Skyline Deliveries, Inc., Express Parcel Deliveries, Inc., Truck Line Distribution Systems, Inc., and Sheridan Truck Lines, Inc. are corporations organized, existing and doing business under and by virtue of the laws of the State of Indiana, with their office and principal place of business located at 1600 Oliver Avenue, in the city of Indianapolis, State of Indiana.

Respondent Advance Systems, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its office and principal place of business located at 1600 Oliver Avenue, in the city of Indianapolis, State of Indiana.

Respondent George L. Eyler is a stockholder of said corporations. He formulates, directs and controls the policies, acts and practices of said corporations, and his principal office and place of business is located at the above-stated address.

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 United Systems, Inc., a corporation, Skyline Deliveries, Inc., a corporation, Express Parcel Deliveries, Inc., a corporation, Truck Line Distribution Systems, Inc., a corporation, Sheridan Truck Lines, Inc., a corporation, and Advance Systems, Inc., a corporation, their successors and assigns, and officers, and George L. Eyler, individually and as an officer of said corporations, 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 and instruction in truck driving or courses of study and instruction in any other subject, trade or vocation, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from :

1. Representing, directly or by implication, orally or in writing, that respondent United Systems, Inc., is a trucking company; misrepresenting, in any manner, the nature of respondents' business.

2. Failing to disclose, clearly and conspicuously, in advertisements seeking leads to prospective purchasers of respondents' courses, in catalogs, brochures and on letterheads that respondent United Systems, Inc.'s business is solely and exclusively that of a private school, and not otherwise.

3. Representing, directly or by implication, orally or in writing, that employment is being offered when the real purpose of such offer is to obtain leads to prospective purchasers of respondents' courses.

4. Failing to specify, clearly and conspicuously, as a condition to the publication of classified advertisements seeking leads to prospective purchasers, that such advertisements be published only in the education, instruction or similar columns of classified advertising.

5. Representing, directly or by implication, orally or in writing, that respondents have been requested to train drivers by any trucking company; misrepresenting, in any manner, respondents' connection or affiliation with the trucking industry or any member thereof.

6. (a) Representing, directly or by implication, orally or in writing, that persons completing respondents' course in truck driver training will be any more proficient than basically trained drivers who may require further training or experience before becoming qualified for employment as local or over the road truck drivers.

(b) Failing to disclose, in writing, clearly and conspicuously, to each prospective purchaser of respondents' courses of study and instruction before said prospective purchasers have paid any money or fee to respondents or executed any contract with respondents, that respondents are unable to guarantee or assure employment to graduates of their courses of study and instruction.

7. Representing, directly or by implication, orally or in writing, that enrollees in respondents' course in truck driver training are required to post a bond or pay a bonding fee; misrepresenting, in any manner, the nature or purpose of any fee which must be paid by enrollees in respondents' courses.

8. (a) Failing to disclose, in writing, clearly and conspicuously, to any prospective purchaser of respondents' course of study and instruction, the full cost of such course including the fee for any home study lessons and for any residential training;

(b) Representing, directly or by implication, orally or in writing, that the balance of the cost of respondents' course remaining after the initial or registration fee has been paid can be deferred until after the student has completed the course and obtained employment as a truck driver;

(c) Representing, directly or by implication, orally or in writing that respondents will handle or secure the financing of any portion of the cost of respondents' course;

(d) Misrepresenting, in any manner, the terms or conditions under which payment is to be made for respondents' courses.

9. Representing, directly or by implication, orally or in writing, that respondents' placement service will guarantee or assure the placement of graduates in jobs for which respondents' courses are represented to train them, or will guarantee or assure the placement of graduates in such jobs in the geographical area of their choice; misrepresenting, in any manner, respondents' ability or facilities for assisting graduates of their courses in obtaining employment.

10. (a) Failing to notify, in writing, each purchaser of respondents' courses of study and instruction, before said purchaser makes any payment to respondents or executes any contract with respondents, that said purchaser has a right to request a refund of all monies paid at any time within not less than 72 hours after signing the contract for respondents' course of study and instruction.

- (b) Failing to make any refund in accordance with the policy set forth in Paragraph 10(a).
11. (a) Failing to disclose, in writing, clearly and conspicuously, the refund policy of respondents with respect to those students who have embarked upon the training program after the 72-hour period set forth in Paragraph 10(a) above.
- (b) Failing to make any refund in accordance with the refund policy disclosed to the students under Paragraph 11(a) above.

It is further ordered, That respondents shall forthwith deliver a copy of this order to cease and desist to all present and future salesmen or other persons engaged in selling respondents' courses of study and instruction and secure from each such salesmen or other persons a signed statement acknowledging receipt of said order.

It is further ordered, That each respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondents 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.

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.

It is further ordered, That the individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment and of his affiliation with a new business or employment. Such notice shall include respondent's current business or employment in which he is engaged as well as a description of his duties and responsibilities.

IN THE MATTER OF

COLONIAL ENGINEERING CORPORATION, ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
TRUTH IN LENDING AND THE FEDERAL TRADE COMMISSION ACTS