

FEDERAL TRADE COMMISSION ACT

Docket 8867. Complaint, Oct. 19, 1971—Decision, Feb. 22, 1973.

Consent order requiring a Wawaka, Indiana, correspondence and in-residence school for truck driver training, among other things to cease misrepresenting the nature of their business; representing offers of employment when the real purpose is to obtain prospective purchasers of their training course; misrepresenting respondents' connections or affiliation with the trucking industry; misrepresenting the quality or nature of equipment available; misrepresenting the content, completeness or effect of any of respondents' courses; misrepresenting the terms and conditions under which payment for courses may be made; and guaranteeing employment to graduates of their courses. Respondents are further re-

quired to provide each prospective purchaser a copy of a letter explaining what chance a graduate has of finding a job. The complaint was withdrawn with respect to two former officers of the corporation due to their entering a consent settlement in a collateral matter.

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 Consolidated Systems, Inc., a corporation, and Allen Driscoll, individually and as an officer of said corporation, and Tom Johnson and J. C. Triplett, individually and as former officers 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 Consolidated Systems, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its principal office and place of business located at 2102 E. 52nd Street, Indianapolis, Indiana.

Respondent Allen Driscoll is an individual and officer of said corporation. He formulates, directs and controls the policies, 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.

Respondent Tom Johnson is an individual and was formerly an officer of said corporation. He formulated, directed and controlled the policies, acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His address is 2024 W. Moray Court, Indianapolis, Indiana.

Respondent J. C. Triplett is an individual and was formerly an officer of said corporation. He formulated, directed and controlled the policies, acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His address is 103 Rockshire Road, Indianapolis, Indiana.

The respondents, herein, have in the past, cooperated and acted together in carrying out the acts and practices hereinafter set forth.

PAR. 2. Respondents are now, and have been for some time last past, engaged in the advertising, 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 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 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 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:

SEMI DRIVERS NEEDED

Over age 21, Married or Single, good physical condition, some experience or willing to learn to earn high wages driving Semi Tractor Trailers, Local or Over the Road. Midwest, Mideast and Southern areas. For application write c/o Trucks, P.O. Box 40456, Indianapolis, Ind., 46205, or call (317) 784-1348.

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 meanings but not expressly set out herein, respondents represent, directly or by implication, that:

1. Consolidated 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. Consolidated 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 advertisement 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 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.

2. Respondents are connected or affiliated with the Consolidated Freightways Corporation.

3. Respondents operate and maintain school facilities, and that respondents provide training and instruction for prospective truck drivers at these school facilities.

4. Respondents will train enrollees on the best and most up-to-date trucks and auxiliary equipment available in the trucking industry.

5. Persons completing respondents' course will thereby be qualified for employment as local or over-the-road truck drivers without further training or experience.

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6. Persons enrolling in respondents' course are required to post a bond or pay an insurance fee.

7. 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.

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

9. 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.

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

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. Consolidated Systems, Inc., has not had nor has it now any connection or affiliation with Consolidated Freightways Corporation.

3. Respondents do not operate and maintain school facilities that provide training and instruction for prospective truck drivers. Respondents have no school or training facilities whatsoever and send all enrollees to an independent truck driver training school.

4. Respondents own no trucks or auxiliary equipment whatsoever. The equipment provided by the independent training school is of poor quality and is often inoperable.

5. Persons completing respondents' course are not thereby qualified for employment as local or over-the-road truck drivers without further training or experience.

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

7. 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 stu-

dents to defer such payments until after employment as a truck driver has been obtained.

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

9. 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.

10. 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.

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 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 Commission having issued its complaint on October 19, 1971, charging respondents named in the caption hereto with

violation of the Federal Trade Commission Act, and respondents having been served with a copy of that complaint; and

Counsel for the Commission having moved, pursuant to Sec. 2.34(d) of the Commission's Rules of Practice, that the matter be withdrawn from adjudication as to respondents Consolidated Systems, Inc., a corporation, and Allen Driscoll, individually and as an officer of said corporation, and said matter having been withdrawn from adjudication as to said Consolidated Systems, Inc., and said Allen Driscoll by order dated April 5, 1972; and

It further appearing that the said Consolidated Systems, Inc., and the said Allen Driscoll, and counsel for the complaint have executed an agreement (hereinafter sometimes referred to as the Consolidated-Driscoll agreement) containing a consent order, an admission by said respondents of all jurisdictional facts set forth in the complaint, a statement that the signing of the agreement by said respondents is for settlement purposes only and does not constitute an admission by said respondents that the law has been violated as set forth in such complaint, and waivers and provisions as required by the Commission's rules; and

Counsel for remaining respondents, namely, Tom Johnson and J. C. Triplett, each individually and as a former officer of said Consolidated Systems, Inc., having moved separately for a withdrawal of the matter from adjudication under Sec. 2.34(d) of the Rules of Practice as to said Tom Johnson and said J. C. Triplett, and that motion having been joined in by counsel supporting the complaint, and said matter having been withdrawn from adjudication as to the said Tom Johnson and the said J. C. Triplett by order dated May 18, 1972; and

It further appearing that the said Tom Johnson and the said J. C. Triplett, by their counsel, and counsel for the complaint, have executed a separate agreement (hereinafter sometimes referred to as the Johnson-Triplett agreement) in a collateral matter containing a consent order which would satisfactorily dispose of all the matters raised in the complaint issued heretofore in the above-captioned matter; and

It also appearing that the ends of justice would be served by withdrawing the complaint in the above-captioned matter as to the said Tom Johnson and the said J. C. Triplett because of the agreement containing a consent order in the collateral matter; and

The Commission having considered the aforesaid Consolidated-Driscoll agreement entered into by said Consolidated Systems, Inc., a corporation, and the said Allen Driscoll, individually and as an officer of said corporation, as well as the collateral agreement with respect to said Tom Johnson and the said J. C. Triplett, and having determined that the said agreements provide an adequate basis for appropriate disposition of this proceeding, the said Consolidated-Driscoll agreement is hereby accepted, the following jurisdictional findings are made, and the following order is entered:

1. Respondent Consolidated Systems, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its office and principal place of business formerly located at 2102 E. 52nd Street, in the city of Indianapolis, State of Indiana and now located at County Road 600 North, in the city of Wawaka, State of Indiana.

Respondent Allen Driscoll is an officer of said corporation. He formulates, directs and controls the policies, acts and practices 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 Consolidated Systems, Inc., a corporation, and its officers and directors, and Allen Driscoll, individually and as an officer of said corporation, and respondents' representatives, agents and employees, successors and assigns, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of courses of study and instruction in truck driving or 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, that respondent Consolidated Systems, Inc., is a trucking company; misrepresenting, in any manner, the nature of respondents' business.

2. (a) Failing to disclose, clearly and conspicuously, in advertisements seeking leads to prospective purchasers of respondents' courses, in catalogs, brochures and on letterheads that respondents' business is that of a seller of a course of study and instruction for prospective truck drivers, not affiliated with any trucking company.
- (b) Failing to disclose, clearly and conspicuously, in advertisements seeking leads to prospective purchasers of respondents' courses which are sold through sales representatives, that inquirers will be visited by respondents' sales representatives.
3. Representing, directly or by implication, 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, 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. Representing, directly or by implication, that respondents are connected or affiliated with Consolidated Freightways, Inc.
7. (a) Representing, directly or by implication, that respondents operate a training school or facility for prospective truck drivers.
- (b) Representing, directly or by implication, that enrollees in respondents' course in truck driver training will be trained on the best and most up-to-date truck driver training equipment available; misrepresenting, in any manner, the quality or nature of truck driver training equipment available for enrollees' training.

8. (a) Representing, directly or by implication, that persons completing respondents' course in truck driver training will thereby be qualified for employment as local or over-the-road truck drivers without further training or experience; misrepresenting, in any manner, the content, completeness or effect of any of respondents' courses.
- (b) Failing to provide to each prospective purchaser of respondents' truck driver training program a copy of Letter A, a copy of which is attached hereto and incorporated by reference herein, typed or printed on the same letterhead used by respondents on their promotional material, before any fee whatsoever is collected from such prospective purchaser and before any contract or similar document is signed by such prospective purchaser.
9. Representing, directly or by implication, that enrollees in respondents' course in truck driver training are required to post a bond or pay an insurance fee; misrepresenting, in any manner, the nature or purpose of any fee which must be paid by enrollees in respondents' courses.
10. (a) Representing, directly or by implication, 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;
- (b) Representing, directly or by implication, that respondents will handle or arrange the financing of any portion of the cost of respondents' course;
- (c) Misrepresenting, in any manner, the terms or conditions under which payment may be made for respondents' courses.
11. Representing, directly or by implication, 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, re-

spondents' ability or facilities for assisting graduates of their courses in obtaining employment.

It is further ordered, That respondents shall 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 person 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 thirty (30) days prior to any proposed change in any of the corporate respondents, such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of a subsidiary 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 complaint be withdrawn with respect to individual respondents Tom Johnson and J. C. Triplett.

Letter A

Dear Student,

BEFORE YOU SIGN ANY PAPERS—BEFORE YOU PAY ANY MONEY, please read this letter carefully. Feel free to show this letter to your wife, your parents, or anyone else you choose. Before you pay any money for training, we want you to have some important information about the trucking industry and our own truck driver training program.

CHANCES FOR EMPLOYMENT

Do you want to be an over-the-road truck driver? There is almost no chance that you will be hired as an over-the-road driver by a trucking company unless you already have truck driving experience. Additionally, many large companies prefer to hire only men with two-to-five years of over-the-road experience. Therefore, even if you complete our driver training program, it is very unlikely that a trucking company will hire you as an over-the-road driver.

What type of job is open to a graduate of a driver training school? A graduate of a driver training school without prior driving experience may be able to get a job as a loader or freight handler with a large trucking company. He may be able to work up to driving from there. Or

he may be able to get a job driving small trucks for a local retailer or a cartage company.

If you believe you will be working as a semi-driver immediately after graduation, you will probably be bitterly disappointed.

NO GUARANTEES!

Do you think that you can pay for our course with small monthly payments after you have a driving job? Don't believe that or you may be very disappointed. If you pay us only part of the total fee, you will receive no actual resident training. This is because our registration fee is *non-refundable*. Even if your bank refuses to lend you the balance of the payments, don't ask us for your money back.

WHAT SHOULD YOU DO!

How can you find out if our training will help you? Go see the trucking companies in your area. Ask them if they would hire you if you completed our course. Find out if these trucking companies require you to be 25 years old or require you to meet other company standards. You can get the names of trucking companies from the Yellow Pages or your local Better Business Bureau. If you have any questions about anything relating to our course, write them down. Then ask us for a written answer to those questions.

Finally, if you believe you have been misled in any way about our driver training program, let the Federal Trade Commission know what we said or did to give you that impression. Write the Federal Trade Commission, Washington, D. C. 20580.

We believe we are in compliance with the law, but we want you to know the facts before you enter into any agreement.

IN THE MATTER OF

HENRY FRANCO, TRADING AS CAMEO CARPET MILLS

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

Docket C-2355. Complaint, Feb. 22, 1973—Decision, Feb. 22, 1973.

Consent order requiring a Union City, California, manufacturer and seller of carpets and rugs, among other things to cease manufacturing for sale, selling, importing, or distributing any product, fabric, or related material which fails to conform to an applicable standard of flammability or regulation issued under the provision of the Flammable Fabrics Act, as amended.