

IN THE MATTER OF
LEAR SIEGLER, INC.

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

Docket 8953. Complaint, Jan. 24, 1974-Decision, Oct. 6, 1975

Consent order requiring a Santa Monica, Calif., firm offering courses in computer programming and computer operations, among other things to cease misrepresenting aspects of their courses such as the significance or importance of their courses; the qualifications of students completing their courses to obtain employment in areas for which they have been trained; the demand for graduates of their courses; and employment services provided respondent's students. Further, respondent is required to contact past participants in their courses and provide them with a questionnaire to be returned to respondent and to make restitution to those prior students determined to be eligible under the provisions of the order.

Appearances

For the Commission: *Charles L. Hall* and *D. McCarty Thornton IV.*

For the respondents: *Robert J. Hoerner, Jones, Day, Cockley & Reavis*, Cleveland, Ohio.

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 Lear Siegler, Inc., a corporation, 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. Respondent Lear Siegler, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 3171 S. Bundy Dr., in the city of Santa Monica, State of California. Respondent is now, and for some time last past has been, engaged in the formulating, development, offering for sale, sale and distribution of courses of instruction intended to prepare graduates thereof for entry-level employment in positions involving the commercial application of data processing, including computer programming and computer operations, and courses of instruction in other fields. Respondent's volume of business in said courses of instruction has been, and is, substantial.

PAR. 2. Respondent conducts its business of offering for sale, sale and distribution of courses of instruction through resident training facilities organized as branches of its unincorporated education division. Through said branch facilities, as aforesaid, respondent places into operation and implements a sales program whereby members of the general public by means of advertisements placed in broadcast and printed media of general circulation, and by means of brochures, pamphlets and other promotional literature disseminated through the United States mails or by other means, and through the use of salesmen and sales personnel, and by means of statements, representations, acts and practices as hereinafter set forth, are induced to sign contracts or enrollment agreements for a course of resident training of a stated length of time and for a stated tuition cost.

Respondent arranges or assists in the arrangement of credit and deferred payment terms for the financing of said executed contracts and accepts the revenues flowing therefrom or accepts the proceeds thereof.

In the manner aforesaid, respondent dominates, directs and controls, and accepts the pecuniary and other benefits flowing from the acts and practices hereinafter set forth.

PAR. 3. In the course and conduct of its business, as aforesaid,

PAR. 4. In the course and conduct of its aforesaid business, and to induce the purchase of its courses of instruction by members of the general public, respondent and its branch facilities and the salespersons at the branch facilities have disseminated, or caused the dissemination of, via the United States mails or other means, radio, television, newspaper, print media or other forms of advertising. In conjunction therewith, respondent and its branch facilities and the salespersons at the branch facilities have made certain statements and representations respecting the job placement percentage for graduates of respondent's courses, the assurance that respondent's graduates attain employment in positions for which they are trained, the types of positions and salaries for which graduates of respondent's courses will be qualified, the holding out or offering of employment and statistical data or numerical estimates dealing with the number of positions or job openings available or projected to be available in the field of electronic data processing.

A. Radio and Television:

B. Newspaper and Direct Mail:

* * * * *

			Salaries Reported			
			Computer Operator		Computer Programmer	
Business Automation			\$7,000—\$9,700		\$6,500—\$11,000	
*	*	*	*	*	*	*

Job Insurance

Special Training Is The Answer. Most Of The Nation's 6% Unemployed Are Untrained. * * * Our Graduates Are The Most Employable.

* * * * *

Jobs Available For The Well Trained
Day & Evening Classes Now Forming.

* * * * *

Top Paying Positions For Well Trained Men & Women.
Decide Today To Prepare Yourself For a High Paying Prestige Position. * * *

* * * * *

Computer Operators Needed. Classes Starting Now.

* * * * *

500,000 computer specialists will be needed by 1972. There is an urgent yet unfilled need for trained programmers, operators and analysts.

* * * * *

The Urgent Need For Trained Specialists. The demand for qualified people in the data processing field is urgent. Today there are more jobs than there are specialists to fill them. * * * 70,000 trained men and women are needed now. * * *

* * * * *

Free Nationwide Placement Assistance

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, respondent and its branch facilities and the salespersons of the branch facilities have represented, directly or by implication, that:

1. There is an urgent need or demand for all or most of respondent's graduates in positions for which respondent trains such persons.
2. Respondent had a reasonable basis from which to conclude that:
 - (a) there was at the time such representations were made, or
 - (b) would be at the time that persons then enrolling graduated from respondent's courses,
 an urgent need or demand for all or most of respondent's graduates in positions for which respondent trains such persons.
3. All that is necessary for the placement of respondent's graduates as programmers in scientific applications is the completion of respondent's course in computer programming.
4. The position of systems analyst is an entry-level employment objective of respondent's courses of instruction.

5. All or substantially all of respondent's graduates are able, on graduation, to secure the positions for which respondent has trained them.

6. Inquiries are being solicited for the ultimate purpose of offering employment to qualified applicants who will be trained in the skills required.

7. Respondent's graduates who seek employment in the field of electronic data processing do not find it necessary, in many instances, to seek said employment through sources other than respondent's placement office.

8. Respondent's graduates will qualify as experienced job applicants because of the computer training they receive while enrolled in respondent's courses.

9. The placement assistance furnished by respondent is free.

PAR. 6. In truth and in fact:

1. At the time it was so represented there was not an urgent need or demand for all or most of respondent's graduates, in positions for which respondent trains such persons.

2. Respondent had no reasonable basis from which to conclude that:

(a) There was at the time such representations were made, or

(b) would be at the time that persons then enrolling graduated from respondent's courses,

an urgent need or demand for all or most of respondent's graduates in positions for which respondent trains such persons.

3. In many instances a college degree in a science or mathematical discipline is necessary for the placement of respondent's graduates as a programmer in scientific applications.

4. The position of systems analyst is not an entry-level employment objective of respondent's course of instruction.

5. All or substantially all of respondent's graduates are not able, on graduation, to secure the positions for which respondent has trained them.

6. Inquiries are not solicited for the ultimate purpose of offering employment to qualified applicants, but are solicited for the sole purpose of obtaining leads to prospective purchasers of respondent's courses of instruction.

7. Respondent's graduates who seek employment in the field of electronic data processing do find it necessary, in many instances, to seek said employment through sources other than respondent's placement office.

8. Respondent's graduates do not qualify as experienced job applicants because of the computer training they receive while enrolled in respondent's courses. Most employers interviewing respondent's

graduates who are looking for experienced applicants are not willing to suspend the requirement of experience because an applicant has completed respondent's course of computer training.

9. The placement assistance furnished by respondent is not free, but rather included in the tuition cost of respondent's courses.

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

PAR. 7. In the further course and conduct of their business, and in furtherance of their purpose of inducing the purchase of their courses by the general public, respondent and its branch facilities, directly or indirectly, have held out commissioned salespersons to be qualified or trained vocational counselors. Respondent thereby has falsely and deceptively represented that such persons were in a position to give disinterested advice to prospective students as to the best career choice for them, when in fact such persons had a direct or indirect economic interest in whether the applicants enrolled at respondent's branch facilities. Therefore, the aforesaid acts and practices were, and are, false, misleading, deceptive or unfair acts or practices.

PAR. 8. Through the use of the aforesaid advertisements and otherwise, respondent has represented, directly and by implication, that persons completing respondent's course in computer operations or computer programming will thereby have attained the prerequisites necessary to qualify them for employment as operators or programmers at salaries within a specified range. Respondent failed to disclose in such advertising or through its sales representatives: (1) most of respondent's graduates from said courses who attained entry-level employment as computer operators or computer programmers earn salaries below or only slightly above the minimum salary figure used in the aforementioned specified salary ranges and (2) few, if any, of the graduates from said courses who attained entry-level employment as computer operators or computer programmers earn salaries at or near the maximum salary figure used in the aforementioned specified salary ranges. Knowledge of such facts would indicate the salary a graduate could expect to earn for the next several years. Thus, respondent has failed to disclose material facts, which if known to a consumer would be likely to affect his or her consideration of whether or not to purchase such courses of instruction. Therefore, the aforesaid acts and practices were, and are, false, misleading, deceptive or unfair acts or practices.

PAR. 9. Through the use of the aforesaid advertisements and otherwise, respondent has represented, directly or by implication, that there was at the time of the representation or would be at the time of graduation from respondent's courses an urgent need or demand for

respondent's graduates in positions for which respondent trains such persons. At the time of the said representations respondent had no reasonable basis adequate to support such representations. Therefore, the aforesaid acts and practices were, and are, unfair acts or practices.

PAR. 10. Respondent offered for sale courses of instruction intended to prepare graduates thereof for entry-level employment in positions involving the commercial application of data processing, including computer programming and computer operations, without disclosing in advertising or through their sales representatives: (1) the percentage of recent graduates of each school for each course offered, that were able to obtain employment in the positions for which they were trained; (2) the employers that hired any such recent graduates for each course offered; (3) the initial salary any recent graduates received for each course offered; and (4) the percentage of recent enrollees of each school for each course offered that have failed to complete their course of instruction. Knowledge of such facts would be an indication of the probability of graduating from respondent's courses and would indicate the possibility of securing future employment upon graduation and the nature of such employment. Thus, respondent has failed to disclose material facts, which if known to a consumer, would be likely to affect his or her consideration of whether or not to purchase such courses of instruction. Therefore, the aforesaid acts and practices were, and are, false, misleading, deceptive or unfair acts or practices.

PAR. 11.

(a) Respondent as aforesaid, has been, and is now failing to disclose material facts while using other false, misleading, deceptive or unfair acts or practices, to induce persons to pay over to respondent substantial sums of money to purchase courses of instruction whose value to the said person for future employment in the jobs for which training was offered was virtually worthless. Respondent has received the said sums and has failed to offer to refund and has refused to refund such money to such purchasers of its courses.

The use by respondent of the aforesaid practices and its continued retention of said sums, as aforesaid, is an unfair act or practice.

(b) In the alternative and separate from subparagraph (a) above, respondent, who is in substantial competition in commerce, with corporations, firms and individuals engaged in the sale of courses of vocational instruction, has been and is now, as aforesaid, failing to disclose material facts while using false, misleading, deceptive or unfair acts or practices, to induce persons to pay over to respondent substantial sums of money to purchase courses of instruction.

The effect of using these aforesaid acts and practices to secure substantial sums of money is or may be to substantially hinder, lessen,

restrain or prevent competition between the respondent and the aforesaid competitors.

PAR. 12. In the course and conduct of its business, and at all times mentioned herein, respondent has been, and now is 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. 13. The use by respondent of the aforesaid false, misleading, unfair or deceptive statements, representations, acts and practices, has had, and now has, the capacity and tendency 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 respondent's courses by reason of said erroneous and mistaken belief.

PAR. 14. The aforesaid acts and practices of respondent, as herein alleged, were and are all to the prejudice and injury of the public and of respondent's competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair or deceptive acts or practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having issued its complaint charging the respondent named in the caption hereto with violation of the Federal Trade Commission Act, and the respondent having been served with a copy of the complaint the Commission issued, 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 issued, 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 provisionally accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of sixty (60) days, and having duly considered the comments filed thereafter pursuant to Section 2.34(b) of its rules 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. Lear Siegler, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 3171 S. Bundy Dr., Santa Monica, Calif.

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

I

It is ordered, That respondent, Lear Siegler, Inc., a corporation, its successors and assigns, and respondent's officers, agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the creating, advertising, promoting, offering for sale, sale or distribution of courses of study, training or instruction in the field of electronic data processing or any other course in any field in commerce or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, as amended, do forthwith cease and desist from:

1. Representing, orally, in writing, or in any other manner, directly or by implication, that:

(a) The training offered to students enrolled in any computer programming course or any similar course of instruction offered by respondent is, by itself, sufficient to qualify a graduate thereof for the scientific application of computer programming; or misrepresenting, in any manner, the significance or importance of any course of instruction in qualifying any person for employment in a particular field of endeavor.

(b) The position of systems analyst is an entry level employment objective of any course of instruction offered by respondent; or misrepresenting, in any manner, the nature or type of position for which a graduate of any course of instruction will be qualified or in which such a graduate will achieve employment.

(c) Any school, location or facility at which respondent conducts business or offers any course of instruction has a stated placement rate, ratio or percentage, unless any such placement rate, ratio, or percentage is, in fact, the current and actual placement rate, ratio, or percentage at such school, location or facility, computed in the manner set forth in Paragraph 6(b) of Part I of this order.

Persons completing respondent's courses in computer operations or computer programming will thereby have received the training and experience required to qualify them for employment at salaries earned

by experienced operators and programmers; or representing, orally or in writing, that any amount of salary or other remuneration will or may be earned by any person completing any course offered by respondent, unless respondent in each and every instance has in good faith conducted a statistically valid survey which establishes the validity of any such claim at all times and in all locations where the representation is made.

(e) All or substantially all graduates of any course of instruction offered by respondent will upon graduation, obtain jobs in the positions for which they have been trained; or misrepresenting, in any manner, the ease with which graduates of any course will attain employment, or the effectiveness of any course of training or instruction in preparing or qualifying any graduate for employment.

(f) Inquiries are solicited for the purpose of offering employment to qualified applicants; or misrepresenting, orally or in writing, that employment is being held out or made available in any respect.

(g) (1) There is a substantial demand, or a demand of any size or proportion, for persons completing any of the courses offered by respondent in the areas of computer programming, computer operations or computer technology, or any other course in any field,

(2) or otherwise representing that opportunities for employment, or opportunities of any type or number are available to such persons, except as hereinafter provided in Paragraph 6(b) of this order. *Provided, however,* That respondent shall cease and desist making such representations unless the respondent in each and every instance:

(a) Until the passage of a base period to be determined pursuant to Paragraph 6(b) of Part I of this order, after the establishment of a new school location by respondent in any metropolitan area or county, whichever is larger, where it did not previously operate a school, and after the introduction by respondent of any new course of instruction at any school or location, shall:

(i) Have in good faith conducted a statistically valid survey which establishes the validity of any such representation at all times when the representation is made, and

(ii) have disclosed in immediate and conspicuous conjunction with any such representation, that:

All representations of potential employment demand or opportunities for graduates of this school (course) are merely estimates. This school (course) has not been in operation long enough to indicate what, if any, actual employment may result upon graduation.

(b) After the passage of a base period to be determined pursuant to Paragraph 6(b) of Part I of this order, and until two years after the establishment of a new school location by respondent in any metropolitan area or county, whichever is larger, where it did not previously

operate a school, and after the introduction by respondent of any new course of instruction at any school or location, shall:

(i) Make any such representations in the form and manner provided in Paragraph 6(b) of Part I of this order, and

(ii) disclose in immediate and conspicuous conjunction with any such representation, that:

This school (course) has not been in operation long enough to indicate what, if any, actual employment may result upon graduation.

2. Using, orally, in writing or in any other manner, at any time statistical data or numerical estimates, derived from any source whatsoever, respecting present or future occupational demand or the growth of employment or the salaries earned in the field of electronic data processing, or in any other field or misrepresenting in any manner the meaning, application, relevancy or import of any statistical data or statistical projections of any type from any source.

3. Representing, orally, in writing or in any other manner, directly or by implication, that:

(a) Any school, location or facility operated by respondent maintains a full-time placement office unless in each and every instance such placement office is staffed with personnel whose function is to furnish placement assistance and requests for placement assistance are handled without referral to employment agencies or other third parties.

(b) Graduates of any course of instruction offered by respondent are not required to actively seek employment opportunities through sources other than respondent's placement office; or misrepresenting in any manner the requirements, duties, obligations or responsibilities imposed upon any person who seeks placement assistance; or misrepresenting in any manner the capabilities or functions of any placement office, referral service or any other type of assistance in obtaining employment for persons completing any said course.

(c) The placement assistance furnished by respondent is free or without cost; or misrepresenting in any manner the cost of any placement assistance or service.

(d) Graduates of any course of instruction offered by respondent in the field of electronic data processing will be regarded as equivalent to experienced job applicants as a result of the computer training received during the course of their enrollment; or misrepresenting in any manner the value, benefit, advantages or seniority which accrues to any graduate of any course of instruction offered by respondent.

4. Failing to keep adequate records which may be inspected by the Commission staff members upon reasonable notice:

(a) Which disclose the facts upon which any placement percentages

or claims, or other representations of the type described in Paragraphs 1 and 6 of this order are based; and

(b) From which the validity of any placement percentages or claims, or other representations of the type described in Paragraphs 1 and 6 of this order can be determined.

5. Representing, orally, in writing or in any other manner, directly or by implication that any person engaged in connection with the promotion, offering for sale, sale, distribution or other solicitation of any course of instruction offered by respondent is a trained vocational counselor; or misrepresenting in any manner the training, experience, title, qualifications or status of any person engaged in connection with the promotion, offering for sale, sale, distribution or other solicitation of any course of instruction, or the import or meaning of any advice given by or any other statement made by any such person; or misrepresenting the nature of any encounter between respondent's employees and prospective students for respondent's courses of instruction.

6. Failing to send by certified mail, return receipt requested, to each person who shall contract with respondent for the purchase of any vocational school course of instruction, a written notice printed in at least ten (10) point type which shall disclose in substantially the same form as provided in Appendix A the following information and none other:

(a) The title "IMPORTANT INFORMATION" printed in boldface type across the top of the form;

(b) paragraphs reciting the following information to be computed in the manner and form set forth below for the applicable base period as hereinafter defined in subparagraph (6):

(1) For each different course of instruction offered by respondent for each school, location or facility at which respondent offers said courses of instruction;

the dates of the "base period" as computed in (b)(6);

the total number of students who graduated during such base period;

the numbers and percentages of total graduates who attained employment in the fields for which such graduates were trained. Such information must include an accurate description of each position in which such graduates attained employment.

(2) As to the same graduates used to compute the placement and employment statistics in (b)(1) above, a list of all employers which hired any such graduates during the base period, the number of such graduates hired by each firm or employer and the positions in which said graduates were hired.

(3) As to the same graduates used to compute the statistics in (b)(1)

and (b)(2) above, the annual salary or income of said graduates. Such salary or income shall be classified by number of graduates attaining employment in each position described in (b)(1) at starting salaries expressed in consecutive categories of one thousand dollar amounts, in the form described in Appendix A.

(4) In compiling the foregoing information respondent shall not include any such graduates who respondent knows have not retained such positions for more than one month from the initial date of employment. Respondent may use information supplied to it by graduates, employers, or other sources and shall not be required to obtain such information independently.

(5) For each course of instruction for which respondent is required to disclose information pursuant to subparagraphs (b)(1) through (b)(4), the total number of students who enrolled in said course and were scheduled to graduate during the base period and the number and percentage of the enrollees in said course who failed to complete the course of instruction. The term, "failure to complete," shall encompass those enrollees who:

(A) Withdrew;

(B) failed the course (*i.e.*, were academically terminated);

(C) did not complete the course within the base period in which they were scheduled to graduate and must take (a) make-up exam(s) in order to graduate;

(D) completed the course but did not receive a graduation certificate due to their failure to pay the balance of the tuition; or

(E) for any other reason, did not successfully complete the course within the base period in which they were scheduled to graduate.

(6) "Base Period" shall mean a six (6) month period beginning eight (8) months before and ending two (2) months before the date on which respondent must begin to disseminate the necessary statistics with respect to the base period.

There shall be a one month period immediately following the close of a base period during which respondent shall gather the necessary statistics with respect to said base period. These statistics will relate to those graduates who successfully completed the particular course of instruction during the base period and who obtained employment during the base period or the one month period thereafter. Respondent may not include in the computation of the statistics for the base period any persons who graduate during the month after the base period and who find jobs during said one month period. Such persons will be included in statistics for the base period during which they graduate.

At the end of the first month period immediately following the close of a base period, respondent shall be allowed a second one-month period

to calculate and prepare for distribution the necessary statistics with respect to said base period.

On the first of each month, respondent shall begin to distribute statistics relating to the base period for the period beginning eight (8) months before and ending two (2) months before the first day of each month. Respondent shall continue to distribute said statistics until the first day of the next month and not thereafter.

For any six (6) month period during which respondent has no graduates for a particular course of instruction, respondent may continue to distribute the statistics with respect to the prior base period for said course of instruction until such time as respondent has graduates of said course of instruction and has had one month in which to gather statistics with respect to those graduates and a second month during which to calculate and prepare for distribution the necessary statistics.

Appendix B contains a sample base period calculation.

Provided, however, That subparagraph (b)(1) through (b)(6) above shall be inapplicable to any newly established school that respondent may establish in any metropolitan area or county, whichever is larger, where it did not previously operate a school, or to any course newly introduced by respondent, until such time as the new school or course has been in operation for the base period defined in subparagraph (b)(6) above. The following statement shall be included in such notice during such period:

All representations of potential employment or salaries are merely estimates. This school (course) has not been in operation (offered) long enough to indicate what, if any, actual employment or salary may result upon graduation from this school (course).

After such time as the new school or course has been in operation for the base period (subparagraph (b)(6) above), and until two years after the establishment of a new school location in any metropolitan area or county, whichever is larger, where they did not previously operate a school, or after the introduction of any new course by respondent, the following statement shall be included in such notice:

This school (course) has not been in operation (offered) long enough to indicate what, if any, actual employment or salary you may expect to achieve upon graduation from this school (course).

7. Contracting for any sale of any course of instruction in the form of a sales contract or other agreement which shall become binding prior to the purchaser affirming the enrollment contract by signing and returning to respondent the affirmation form specified in Paragraph 8, within ten (10) days of his receipt of that form. If the purchaser fails to affirm the enrollment contract within the ten (10) day period, respondent shall consider the contract null and void and within ten (10) business days of the expiration of the affirmation period shall refund

all monies paid by the purchaser and cancel and return to the purchaser any evidence of indebtedness.

8. Failing to send by certified mail, return receipt requested, to each person who shall contract with respondent for the purchase of any course of instruction, a one page form, in duplicate that contains the following unsigned affirmation statement printed in bold face type of at least ten (10) points:

NOTICE TO THE PURCHASER

THE ENROLLMENT CONTRACT THAT YOU SIGNED WITH (NAME OF SCHOOL) ON (DATE) TO ENROLL IN (NAME OF COURSE) IS NOT EFFECTIVE OR VALID UNLESS YOU FIRST SIGN THIS STATEMENT AND RETURN IT TO THE ABOVE-NAMED SCHOOL WITHIN TEN (10) DAYS FROM THE TIME THAT YOU RECEIVED THIS STATEMENT. YOU ARE FREE TO CANCEL YOUR ENROLLMENT AND RECEIVE A FULL REFUND OF ANY MONIES YOU HAVE PAID TO THE SCHOOL BY NOT SIGNING OR MAILING THIS STATEMENT WITHIN TEN (10) DAYS. AT THE EXPIRATION OF THIS TEN (10) DAY PERIOD THE SCHOOL HAS TEN (10) BUSINESS DAYS TO SEND YOU YOUR REFUND (IF ANY) AND TO CANCEL AND RETURN TO YOU ANY EVIDENCE OF INDEBTEDNESS THAT YOU SIGNED. HOWEVER, IF YOU DO WANT TO ENROLL IN THE ABOVE-NAMED SCHOOL, YOU SHOULD SIGN YOUR NAME BELOW AND MAIL THIS STATEMENT TO THE SCHOOL WITHIN TEN (10) DAYS. KEEP THE DUPLICATE COPY FOR YOUR OWN RECORDS.

DATE

SIGNATURE

The affirmation form shall not contain any information or representation other than the information specified in this paragraph, and the form shall be mailed in the same envelope that is used to mail placement information as required by Paragraph 6. The affirmation form and said placement information shall be sent by respondent no later than the next day after the person shall have contracted for the purchase of any course of instruction. During such period provided for in this paragraph, respondent shall not initiate contact with such person other than that required by this paragraph.

9. Making any representations of any kind whatsoever in connection with the creating, advertising, promoting, offering for sale, sale or distribution of courses of study, training or instruction in the field of electronic data processing or any other course offered to the public in any field in commerce, for which respondent has no reasonable basis prior to the making or dissemination thereof.

10. Using course names and descriptions which either directly or by implication indicate that respondent's courses are designed to prepare students for certain entry-level positions when in fact a substantial

number of graduates of such courses do not achieve such entry-level positions.

II

1. *It is further ordered, That:*

(a) Respondent herein deliver, by registered mail, a copy of this decision and order to each of its present and future employees, salesmen, agents, solicitors, independent contractors or to any other person or entity which promotes, offers for sale, sells or distributes any course of instruction included within the scope of this order;

(b) respondent herein provides each person or entity so described in subparagraph (a) above with a form returnable to respondent clearly stating his or her intention to be bound by and to conform his business practices to the requirements of this order; retain said statement during the period said person or entity is so engaged; and make said statement available to the Commission's staff for inspection and copying upon request;

(c) respondent herein informs each person or entity so described in subparagraph (a) above that respondent will not use or engage or will terminate the use or engagement of any such party, unless such party agrees to and does file notice with respondent that he or she will be bound by the provisions contained in this order;

(d) if such party as described in subparagraph (a) above will not agree to so file the notice set forth in subparagraph (b) above with respondent and be bound by the provisions of the order, respondent shall not use or engage or continue the use or engagement of, such party to promote, offer for sale, sell or distribute any course of instruction included in this order;

(e) respondent herein informs the persons or entities described in subparagraph (a) above that respondent is obligated by this order to discontinue dealing with or to terminate the use or engagement of persons or entities who continue on their own the deceptive acts or practices prohibited by this order;

(f) respondent herein institutes a program of continuing surveillance adequate to reveal whether the business practices of each said person or entity described in subparagraph (a) above conform to the requirements of this order;

(g) respondent herein discontinues dealing or terminates the use or engagement of any person or entity described in subparagraph (a) above, as revealed by the aforesaid program of surveillance, who continues on his own or her own any act or practice prohibited by this order.

2. *It is further ordered, That* respondent herein present to each

interested applicant or prospective student immediately prior to the commencement of any interview or sales presentation during which the purchase of or enrollment in any course of instruction offered by respondent herein is discussed or solicited, a 5" x 7" card containing only the following language:

YOU WILL BE TALKING TO A SALESPERSON

3. *It is further ordered*, That the respondent, Lear Siegler, Inc., shall forthwith distribute a copy of this order to each of its domestic operating divisions.

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

III

It is further ordered, That:

1. Respondent shall submit to the Commission, within five (5) days after the date this order is served on respondent (hereinafter "date of service"), a notarized affidavit, executed by respondent's corporate manager of regulatory agency relations, to the effect that respondent has made or has caused to be made a good faith search of documents that pertain to purchasers of respondent's computer courses of instruction, and that respondent, to the best of his knowledge, has previously or simultaneously with said affidavit submitted to the Commission the names of all computer course purchasers covered by this agreement.

2. Respondent or its designee shall make an inquiry in writing on the one hundred and twentieth (120th) day after the date of service, in the language, manner and form shown in Appendices C and D, via certified mail with return receipt requested and with a self-addressed, postage prepaid envelope, to the home address of each former purchaser of one of respondent's computer courses who appears on a list of such purchasers to be supplied to respondent by the Commission within sixty (60) days after the date of service.

3. With respect to each purchaser whose mailed inquiry is returned undelivered or whose aforesaid return receipt card is not returned, respondent or its designee shall have a duty to mail on the one hundred and forty-fifth (145th) day after the date of service the same inquiry via first class mail to such purchaser's business address that is included

in the aforesaid list of purchasers supplied to respondent by the Commission.

4. On the two hundred and seventieth (270th) day after the date of service, respondent shall pay a refund, by check or otherwise, in an amount derived in accordance with Part III of this order, to each "eligible class member" determined in accordance with Part III of this order.

5. "Eligible class member" means only those persons who:

(a) Enrolled during the period of time from July 1, 1970 to Dec. 31, 1973 in respondent's computer programming or computer operations courses; and

(b) did not have his or her course tuition paid in full by a State or local department or division of vocational rehabilitation; and

(c) completed all of the data processing classes of the computer course for which he or she enrolled; and

(d) (1) sought employment in the position for which he or she was trained, or

(2) for reasons related to the sufficiency or quality of the training, or job demand, elected not to seek employment in the position for which he or she was trained; and

(e) (1) after completion of respondent's computer programming classes, did not attain employment as a systems analyst, computer programmer, or combination computer programmer and operator; or instructor of systems analysis, computer programming, combination computer programming and operations; or a manager or supervisor of persons engaged in computer programming; or in a position whose duties were or are equivalent to a systems analyst, computer programmer, or combination computer programmer and operator; or

(2) after completion of respondent's computer operations classes, did not attain employment as a systems analyst, computer programmer, combination computer programmer and operator, or computer operator; or instructor of systems analysis, computer programming, combination computer programming and operations, or computer operations; or a manager or supervisor of persons engaged in computer programming or operations; or in a position whose duties were or are equivalent to a systems analyst, computer programmer, or combination computer programmer and operator, or computer operator; or

(3) attained one of the employment positions for which he or she was trained as listed in subsection (e) (1) and (2) only after receiving further training in computer programming or computer operations at a college or another vocational school, which training was not paid for in full by his or her employer.

6. Each refund shall be accompanied by a letter in the language,

manner and form shown in Appendix E; and a notice in the language, manner and form shown in Appendix F shall be sent via first class mail, with the sender's return address on the face of the envelope, to the last known home address of all persons whose returned questionnaire show them to be ineligible for a refund under Part III of this order.

7. Respondent shall make pro rata refund payments to each eligible class member based upon the proportion that total tuitions paid by or for all such members bear to the total amount available for refunds as provided in Part III of this order, except that members whose tuition was paid in part by a State or local department or division of vocational rehabilitation shall receive a pro rata refund based only on that amount of their tuition not paid by a State or local department or division of vocational rehabilitation. In no event shall any member receive an amount greater than the tuition paid by or for such member.

8. Respondent shall ultimately provide a sum of no greater than seven hundred fifty thousand dollars (\$750,000) solely to carry out its obligations to provide refunds and pay administrative costs under Part III of this order. Of this sum, five thousand dollars (\$5,000) shall be set aside for payment of administrative costs incurred by respondent or its designee in complying with Part III of this order. Any unused administrative funds shall remain the property of respondent.

9. It is agreed that respondent shall file, within one hundred and eighty (180) days after the date of service, under Rule 3.61(d) of the Commission's Rules of Practice, a written request for advice as to whether its determination of who is an eligible class member complies with the terms of this order provision; and that respondent shall submit simultaneously with its request all Appendix D questionnaires it has received as of the date said request for advice is filed. Respondent shall also, at this time, present any challenges to the factual accuracy of any questionnaire together with substantiating material; such challenges and substantiating material shall be presented solely as a means of assisting the Commission in affording respondent an advisory opinion pursuant to said Rule 3.61(d); *Provided*, That the Commission shall render its advice to respondent and return all Appendix D questionnaires to respondent within two hundred and forty (240) days after the date of service.

10. Respondent or its designee shall contact and deliver a refund check to each eligible class member or his legal representative. For such purpose, respondent shall, among other things, request the last known address of the eligible class member from the Postal Service, telephone the eligible class member or request the assistance of the Social Security Administration; *Provided*, That should the administrative fund referred to in Paragraph 8 be exhausted, each eligible class

member shall have deducted from the total refund amount due him all additional costs incurred by respondent or its designee under this paragraph.

11. Respondent shall, on the two hundred and eightieth (280) day after the date of service, file with the Commission a report in writing setting forth the manner and form in which it has complied with Part III of this order.

12. Respondent shall maintain records and documents for two (2) years after the date this order is served on respondent, which demonstrate that respondent has complied with Part III of this order.

13. It is agreed that should any duty required to be performed on a day certain under Part III of this order fall upon a non-business day, the parties herein may perform such duties on the next following business day.

APPENDIX A

IMPORTANT INFORMATION

Regarding Students of Harrison Business College, of Indianapolis, Indiana*.

Course: Computer Operations

Base Period: Jan. 1, 1974 through June 30, 1974

Information Regarding Post-Graduate Employment of Graduates:

	<i>Number</i>	<i>Percent</i>
Total graduates	80	100%*
Total graduates obtaining employment as computer operators	16	20%

*Employers Hiring Persons Who Graduated From Harrison Business College
of Indianapolis, Ind. From Jan. 1, 1974 Through June 30, 1974:*

<i>As Computer Operators</i>	<i>Total Hired</i>
ABC Company	4
D _____ Company	4
H _____ & Sons	4
L _____ Company	4

*Salary Information Regarding Persons Who Graduated From Harrison Business
College of Indianapolis, Ind. From Jan. 1, 1974 Through June 30, 1974:*

As Computer Operators

4	Graduate(s) began at a salary between \$5,000 and 5,999
6	Graduate(s) began at a salary between \$6,000 and 6,999
6	Graduate(s) began at a salary between \$7,000 and 7,999

*Information Regarding Total Number and Percentage - Who Failed to Complete This
Course:*

* The examples of this appendix are for illustration and are not based on actual statistics.

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Total number of students enrolled in this course and scheduled to graduate from Jan. 1, 1974 through June 30, 1974:	240
Total number who failed to complete this course:	160
Total percentage who failed to complete this course:	66%

APPENDIX B

Base Period 1 begins Jan. 1, 1974 and ends June 30, 1974.

During July, Respondent shall gather the statistics with respect to Base Period 1. These statistics shall include the required information regarding jobs obtained by the January-June graduates from January 1 through July 31. These statistics may not include any persons who graduate during July and who obtain employment before July 31. Those persons will be included in the statistics for Base Period 2. During August, Respondent shall calculate and prepare the Base Period 1 statistics for distribution.

On September 1, Respondent shall begin to disseminate statistics with respect to graduates for the period January 1 through June 30, and Respondent shall continue to use those statistics through September 30.

During August, Respondent shall gather the statistics with respect to Base Period 2, which begins Feb. 1, 1974, and ends July 31, 1974. These statistics shall include the required information regarding jobs obtained by the February-July graduates from February through August 31. During September, Respondent shall calculate and prepare for distribution the necessary statistics.

Beginning October 1, Respondent shall disseminate the necessary statistics for Base Period 2 and shall be prohibited from disseminating previous base period statistics.

APPENDIX C

(NAME)

(ADDRESS)

Re: Eligibility for partial reimbursement to certain former students of (School
Name, City, State)

Dear (Name):

In settlement of a complaint brought by the United States Federal Trade Commission, Lear Siegler, Inc., has agreed to a Consent Order.

The purpose of the enclosed questionnaire is to determine whether or not you are eligible for a partial reimbursement of tuition. Of course, you are under no obligation to send in this questionnaire, but you *must* return this questionnaire to have your eligibility determined.

You may already have received and sent in a similar questionnaire to the Federal Trade Commission. That questionnaire was used in preparation of the Federal Trade Commission's adjudicative proceeding. Now that this proceeding has been settled, this questionnaire seeks *different* information, information which is necessary to determine your eligibility.

DIRECTIONS: Please mark or fill in the appropriate spaces on the questionnaire enclosed, and return it in the enclosed stamped addressed envelope. It is suggested that you fill out and mail in this questionnaire as soon as possible, but in any event no later than (date which represents the one hundred and seventieth day from the date of service). If you should misplace the envelope provided, please mail your questionnaire to the (Name and address of party on return envelope).

You must follow the directions and should answer all questions which apply to you

completely and truthfully, to the best of your knowledge. Questionnaires which are incomplete or improperly filled out could result in the loss of eligibility.

NOTE: The Order of the Commission does not affect any tuition loan obligations you may have incurred in connection with your attendance at a Lear Siegler school.

You will be notified whether or not you are eligible. Please send notification of any change in your home address to the (name and address on the return envelope).

Your cooperation is appreciated.

LEAR SIEGLER, INC.

By _____
James N. Thayer
Vice President and Secretary

APPENDIX D

ELIGIBILITY QUESTIONNAIRE

RE: YOUR ATTENDANCE AT (NAME OF SCHOOL, CITY AND STATE.)

1. Did you enroll in a computer programming or computer operations course at the above-named school?

(CHECK ONE)

Yes ()
No ()

IF THE ANSWER IS "NO", DO NOT FILL IN THE REMAINDER OF THE QUESTIONNAIRE; TURN TO THE LAST PAGE, DATE AND SIGN ON THE APPROPRIATE LINES, AND RETURN THE QUESTIONNAIRE IN THE POSTAGE-PAID ENVELOPE.

2. For which course did you enroll? (CHECK ONE)

a. Computer programming ()
b. Computer operations ()
c. Other (PLEASE EXPLAIN) ()

3. Which class sessions did you attend? (CHECK ONE)

Day classes ()
Evening classes ()

4. In what month and year did you enter the school?

(You must give *both* month and year)

MONTH/YEAR ____ / ____

5. Did you complete all of the data processing classes included in the course for which you enrolled? (CHECK ONE)

No ()
Yes ()

6. When you left the school did you make any effort to seek a job in the computer field? (CHECK ONE)

No ()
Yes (SKIP TO Q. 8) ()

7. Please give the *most important* reason why you did *not* seek a job in the computer field: (CHECK ONE ONLY)

a. I took the course for advancement in my job and not for the purpose of seeking a job as a systems analyst, computer programmer or computer operator ()
b. I preferred a job in another field (such as accountant or secretary) ()

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- c. I decided I did not want a job in the computer field ()
 - d. I decided I would not be able to find a job in the computer field due to a lack of on-the-job experience ()
 - e. I decided I would not be able to find a job in the computer field due to insufficient training ()
 - f. I decided I would not be able to find a job in the computer field for the position for which I was trained due to a lack of a 2 or 4 year college degree ()
 - g. I married or started a family ()
 - h. I was drafted or enlisted in the military service ()
 - i. I went to college or other schooling ()
 - j. Other (PLEASE DESCRIBE) ()
-
-
-
8. Have you ever attained a job in the computer field at any time after you left the school? (CHECK ONE)
- Yes ()
- No (SKIP TO Q. 13) ()
9. What is the *highest* position you have attained in the computer field at any time since you left the school?
- (Please check the position which is closest to the job you have or have had) (CHECK ONE)
- a. Systems analyst ()
 - b. Computer programmer ()
 - c. Combination of computer programmer and operator ()
 - d. Computer operator ()
 - e. Other (PLEASE DESCRIBE JOB DUTIES) ()
-
-
10. Before you attained the above position in the computer field, did you take any further training in computer programming or computer operations at a college or at another vocational school? (CHECK ONE)
- Yes ()
- No (SKIP TO Q. 13) ()
11. Did your employer pay in full for such further training? (CHECK ONE)
- Yes ()
- No ()
12. In between your course at the above-named school and the further training you took, what is the *highest* position you attained in the computer field? (Please check the position which is closest to the job you had.) (CHECK ONE)
- a. Systems analyst ()
 - b. Computer programmer ()
 - c. Combination of computer programmer and operator ()
 - d. Computer operator ()
 - e. None of the above ()
13. How much in tuition was paid by you or on your behalf for the course you took? (Include all outstanding tuition loan obligations, but do not include interest charges)
- AMOUNT: \$ _____
14. Did a state or local department or division of vocational rehabilitation pay any of the tuition for the course for which you enrolled? (CHECK ONE)
- Yes ()
- No (SKIP TO Q. 16) ()

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15. How much of your tuition was paid by a state or local department or division of vocational rehabilitation?

AMOUNT: \$ _____

16. Have you ever received a refund of any tuition money from the above-named school? (CHECK ONE)

Yes ()

No (SKIP TO Q. 18) ()

17. How much was the refund?

AMOUNT: \$ _____

18. Did you obtain a loan(s) for all or any part of your tuition? (CHECK ONE)

Yes ()

No (SKIP TO "SIGNATURE") ()

19. Please give the name and address of the financial institution who made the loan(s).

Please attach to this form any documents or copies of such documents that indicate you paid an amount of money for any course of instruction offered by the above school. If you cannot provide such documents, your eligibility to receive reimbursement will not be affected.

WARNING: It is a federal crime for anyone to knowingly and willfully make a false, fictitious or fraudulent statement or representation in any matter within the jurisdiction of any department or agency of the United States. 18 U.S.C. §1001.

SIGNATURE

DATE

PRINT NAME HERE

SOCIAL SECURITY NO.

HOME ADDRESS:

Number Street Apt.

City State Zip Code

HOME TELEPHONE:

BUSINESS ADDRESS:

Employer's Name

Number Street

City State Zip Code

BUSINESS TELEPHONE:

APPENDIX E

IMPORTANT NOTICE

(NAME)

(ADDRESS)

DEAR (NAME)

Pursuant to an Order of the Federal Trade Commission issued on _____, Lear Siegler, Inc. has been directed to make [percentage] per cent refunds of tuition to certain students who had enrolled in computer programming or computer operations courses previously offered by our company.

The Order of the Commission contains the provisions identifying the class of persons eligible for refunds, and the procedures for making refunds. (You may obtain a copy of the Order without charge by writing to the Federal Trade Commission, Publications, Room 130, Washington, D.C. 20580. Refer to "*Lear Siegler, Inc.*, Docket No. C- 8953.")

In accordance with the provisions of the Order, it has been determined that you are entitled to a refund of \$ _____. A check for this amount is enclosed.

Note: The Order of the Commission does not affect any tuition loan obligations you may have incurred in connection with your attendance at the Lear Siegler School.

LEAR SIEGLER, INC.

By: _____

James N. Thayer

Vice President and Secretary

Enclosure.

[Return Address of Independent Contractor]

APPENDIX F

IMPORTANT NOTICE

Pursuant to an Order of the Federal Trade Commission issued on [Oct. 6, 1975], Lear Siegler, Inc. was directed to make partial reimbursements of tuition to certain students who had enrolled in computer programming or computer operations courses formerly offered by our company. The Order of the Commission contains the provisions identifying the class of persons eligible for reimbursements, and the procedures for making reimbursements.

In accordance with the provisions in the Order, it has been determined, based upon your responses to the "Eligibility Questionnaire," that you are not eligible for any reimbursement.

The Order specified that the class of purchasers entitled to reimbursement was limited to those persons who meet *all* of the following tests:

1. enrolled in a computer programming or a computer operations course at a Lear Siegler-owned school from July 1, 1970 through Dec. 31, 1973; and
2. completed all of the data processing classes of the computer course for which they enrolled; and
3. sought employment in the position for which they were trained, except if they elected not to seek employment in the position for which they were trained because of reasons related to sufficiency or quality of the course, or job demand; and
4. (a) for computer programming course enrollees, those persons who did not attain employment as a systems analyst, computer programmer, or combination computer

TARA INDUSTRIES, INC., ET AL.

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Complaint

programmer and operator; or instructor of systems analysis, computer programming, combination computer programming and operations; or a manager or supervisor of persons engaged in computer programming; or in a position whose duties were or are equivalent to a systems analyst, computer programmer, or combination computer programmer and operator; or

(b) for computer operations course enrollees, those persons who did not attain employment as a systems analyst, computer programmer, combination computer programmer and operator, or computer operator; or instructor of systems analysis, computer programming, combination computer programming and operations, or computer operations; or a manager or supervisor of persons engaged in computer programming or operations; or in a position whose duties were or are equivalent to a systems analyst, computer programmer, combination computer programmer and operator, or computer operator; or

(c) persons who attained any one of the employment positions for which he or she was trained as listed above only after receiving further training in computer programming or computer operations at a college or another vocational school, which training was not paid for in full by their employer.

You may obtain a copy of the order without charge by writing to the Federal Trade Commission, Publications, Room 130, Washington, D. C. 20580, (refer to "Lear Siegler Inc., Docket No. [D. 8953]").
