

IN THE MATTER OF
LAFAYETTE UNITED CORPORATION, ET AL.

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

Docket 896J. Complaint, May 2, 1974 — Decision, Oct. 26, 1976

Consent order requiring a North Providence, R.I., correspondence school, among other things to cease misrepresenting its authority to award high school equivalency diplomas; misrepresenting employment opportunities, industry demand, job placement services; misrepresenting the titles or qualifications of their sales personnel; the importance of English in training and employment; and the imminency of legal action in delinquent debt collection. Further, respondents are required to make written disclosures (in Spanish, if applicable) regarding drop-out and job placement rates, starting salaries, names of firms employing graduates, and customers' rights to cancellation and refunds. Additionally, respondents must provide a \$200,000 restitution fund, institute a good-faith search for persons eligible for refunds, and to make proper refunds to those identified.

Appearances

For the Commission: *Raymond J. McNulty, David W. DiNardi, Charles M. LaDue and Alice C. Kelleher.*

For the respondents: *Peter J. Mansbach, Kronish, Lieb, Shainswit, Weiner & Hellman, New York City.*

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 Lafayette United Corporation, Lafayette Academy, Inc., Lafayette Motivation Media, Inc., corporations, and Stuart Bandman, individually and as an officer and Chairman of the Board of Directors of Lafayette United Corporation, hereinafter sometimes 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 Lafayette United Corporation, (hereinafter sometimes referred to as United) 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 984 Charles St., North Providence, Rhode Island. United was incorporated in May 1972 and established as a holding company in July 1972. Through its wholly-owned subsidiary, Lafayette Academy, Inc., it has engaged in

the formulation, development, offering for sale, sale and distribution of correspondence courses for vocational training and high school equivalency preparation. These courses are intended to prepare graduates thereof for entry level employment as Nursing Assistant/Aide, Medical Receptionist/Office Assistant, Insurance Claims Adjuster/Investigator and other positions.

Respondent Lafayette Academy, Inc. (hereinafter sometimes referred to as Academy) 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 984 Charles St., North Providence, Rhode Island. It is a wholly-owned subsidiary of respondent United. It is primarily engaged in the formulation, development, offering for sale, sale and distribution of correspondence courses for vocational training and high school equivalency preparation. These courses are intended to prepare purchasers thereof who complete such training courses for employment in the different vocational fields, including Nursing Assistant/Aide, Medical Receptionist/Office Assistant, and Insurance Claims Adjuster/Investigator. Its volume of business in said courses of instruction has been, and is, substantial.

Respondent Lafayette Motivation Media, Inc. (hereinafter sometimes referred to as Media) 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 108-18 Queens Boulevard, Forest Hills, New York. Respondent Media is a wholly-owned subsidiary of Lafayette Academy, Inc. and is engaged in the promotion, offering for sale, and sale of correspondence courses developed and distributed by Academy.

Respondent Stuart Bandman is president, chairman of the board of directors and a principal stockholder of respondent United. Prior to establishment of respondent United, he was the president of respondent Academy and respondent Media. He was the principal founder of respondent Lafayette in 1969. Respondent Bandman formulates, directs, and controls the acts and practices of the corporate respondents, including the acts and practices hereinafter set forth. Respondent Bandman and the corporate respondents have the same business address.

The aforementioned respondents cooperate and act together in carrying out the acts and practices hereinafter set forth.

PAR. 2. Respondents are now and for some time last past have been engaged in the formulation, development, promotion, offering for sale, sale, and distribution of courses of instruction to the public. Respondents, through their own sales representatives and through individuals, partnerships or corporations who have entered into license and

Independent Regional Sales Representative Agreements, with respondents, have induced members of the general public to enroll in various courses of home study instruction.

Respondents, through their own sales representatives, and through their said licensees and Independent Regional Sales Representatives place into operation and implement a sales program whereby members of the general public, by means of advertisements placed in printed media of general circulation, and by means of brochures, pamphlets and other promotional literature disseminated through the United States mail 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 home study instruction for a stated tuition cost.

Respondents and their said licensees and Independent Regional Sales Representatives arrange or assist in the arrangement of credit and deferred payment terms for the financing of said executed contracts mainly through the Tuition Loan Company, an unincorporated division of respondent Academy, or through independent financial institutions.

Respondents receive substantial income from the results of such agreements.

In the manner aforesaid, the respondents dominate, control, furnish the means, instrumentalities, course materials, and services and administer all courses and instructional programs, and condone, approve and accept the pecuniary and other benefits flowing from the acts and practices hereinafter set forth of respondents' own salesmen and of respondents' licensees and Independent Regional Sales Representatives.

PAR. 3. In the course and conduct of their business, as aforesaid, respondents now cause and for some time last past have caused the correspondence portion of their home study instruction courses, when sold, to be distributed from their place of business in the State of Rhode Island to purchasers thereof located in various other States of the United States.

Respondents solicit sales of their courses of home study instruction via their own salesmen, and via the salesmen of licensees and Independent Regional Sales Representatives. These courses are sold to purchasers in States other than the State of Rhode Island by said salesmen who visit the prospective purchasers in their homes.

Respondents transmit and receive and cause to be transmitted and received, in the course of the sale of, distribution of and financing of their courses of home study instruction and collection of allegedly delinquent accounts arising therefrom, by their own salesmen and by

their licensees and Independent Regional Sales Representatives, among and between the several States of the United States, retail installment contracts, commission statements, invoices, billing statements, checks, monies, coupon payment books or other commercial paper, and collection letters and notices. Respondents maintain, and at all times mentioned herein have maintained, a substantial course of trade in said courses of home study instruction in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, and to induce the purchase of their courses of home study instruction by members of the general public, respondents and their licensees and Independent Regional Sales Representatives have disseminated, or caused the dissemination of, via the United States mail or other means, newspaper, print media or other forms or advertising, or other means and instrumentalities which are furnished, approved or condoned by respondents. In conjunction therewith, respondents and their licensees and Independent Regional Sales Representatives have made certain statements and representations respecting the granting of high school equivalency diplomas.

Typical of the statements and representations in said advertisements, but not all inclusive thereof, are the following:

"IF YOU WISHED YOU HAD FINISHED HIGH SCHOOL Study at home in your spare time and get your Ohio State Equivalency Diploma"

"HIGH SCHOOL EQUIV. DIPLOMA FOR SURE"

"Now you can learn at home in your spare time and get a High School Equivalency Diploma that is generally recognized in all states by business, Civil Service, Colleges, etc."

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, respondents, and their licensees and Independent Regional Sales Representatives have represented, directly or by implication, that:

1. Respondents will provide a high school equivalency diploma to those who purchase and complete their home study instruction course.
2. No State examination is required for the awarding of a high school equivalency diploma.

PAR. 6. In truth and in fact,

1. Respondents do not and cannot provide those who purchase and

complete their home study instruction course with a high school equivalency diploma.

2. An examination administered by the State Department of Education is required prior to the awarding of a high school equivalency diploma.

PAR. 7. In the further course and conduct of their business, respondents, their licensees and Independent Regional Sales Representatives, cause prospective purchasers of their home study instruction courses who have answered respondents' advertisements to be interviewed by commissioned salesmen at the place of residence of individual prospective purchasers. Said commissioned salesmen endeavor to sell and do sell respondents' courses of instruction to said prospective purchasers. For the purpose of inducing the sale of said courses, said salesmen make many statements and representations, directly or by implication, regarding said courses and the services afforded by respondents, both orally or by means of brochures or other printed material displayed by salesmen to prospective purchasers, which are furnished by respondents to their licensees and Independent Regional Sales Representatives.

In conjunction therewith, respondents have made certain statements concerning the value of the courses offered, the qualifications of their students after training, and the ease of placement in positions for which they are to be trained.

Typical and illustrative, but not all inclusive of said statements and representations relating to the hereinafter described home study instruction courses, (1) Nursing Assistant/Aide, (2) Medical Receptionist/Office Assistant and (3) Insurance Claims Adjuster/Investigator, are the following:

A. Newspaper Advertisements

INSURANCE
Investigating/Adjusting
Train at home

Men of all ages needed. Many opportunities for high pay and advancement can be yours in an industry that never stops growing call 566-1521 for free information or send coupon to Lafayette Academy, 20 Kent Street, Brookline, Mass.

Approved for Veteran Training

Name _____

Address _____

Complaint

88 F.T.C.

Tel. _____ Age _____

* * * * *

Women 18-60
 Earn Higher Pay as a
 MEDICAL
 Receptionist/Office Ass't

H.S. Diploma not Required
 Train at home

Write Lafayette Academy
 108-18 Queens Blvd.
 Forest Hills, N.Y. 11375
 Call N.Y. (212) 268-8292
 N.J. (201) 676-1905

Approved for Veterans training

Please send me free booklet

Check one _____ Medical Receptionist/Assistant
 _____ Nurses Aid

Name _____ Age _____

Address _____

Phone _____ Apt _____

B. Statements from Brochures

1. Nursing Assistant/Aide

LAFAYETTE ACADEMY PROVIDES THE TRAINING YOU NEED!

Obviously, there are many high-pay positions waiting for you * * * if you have the proper training.

Choose your own time schedules. Your skills as a trained Nursing Assistant/Aide are needed in every town, city and state across the country.

Doctors and institutions want women who have the basic understanding and skills taught by the Lafayette Academy program which you can easily learn without any previous training or experience.

Glamour, prestige, high earnings and a deep personal satisfaction — that's what a NURSING ASSISTANT/AIDE CAREER offers you.

Nationwide Placement Advisory Service

2. Medical Receptionist/Office Assistant

As a trained Medical Receptionist/Office Assistant, your services are needed by

private Doctors and by institutions, such as hospitals, nursing homes, clinics and so forth.

There is an urgent need for trained Medical Receptionists/Office Assistants. In the United States alone, there are about 300,000 practicing physicians and almost 40,000 accredited hospitals and health care institutions.

As a graduate of Lafayette Academy, you will be in demand. Employment will be open to you in the full range of opportunities for Medical Receptionists/Office Assistants.

Nationwide Placement Advisory Service

3. Insurance Claims Adjuster/Investigator

Insurance companies want men who can do the work. Of course, additional knowledge and experience can be helpful, but your Lafayette Academy program will qualify you to get into this profession.

As an independent adjuster/investigator, you work on cases referred to you by more than one company, on a retainer fee basis.

Lafayette Academy will assist you in selecting that better job through our own personalized NATIONWIDE PLACEMENT ADVISORY SERVICE.

Nationwide Placement Advisory Service.

C. Oral Statements by Sales Representatives

1. Nursing Assistant/Aide

After taking the Lafayette course you will be qualified to work in a hospital.

You should try to get a job but if you can not find a job we will get one for you.

The Lafayette correspondence course will qualify you to work in hospitals as a Nursing Assistant/Aide.

Completion of the Lafayette course is absolutely essential to attaining a Nurses Aide position in some hospitals.

2. Medical Receptionist/Office Assistant

Lafayette is in contact with hospitals where a student can be placed after completing the course.

Students can get jobs at a hospital or at a doctor's office.

3. Insurance Claims Adjuster/Investigator

When the course is finished, you will be a qualified claims adjuster.

We can't guarantee you a job, but we can practically guarantee one.

You can set yourself up as an independent adjuster.

PAR. 8. By and through the use of the above statements and representations and others of similar import and meaning, but not expressly set out herein, respondents, their licensees, and Independent Regional Sales Representatives have represented, directly or by implication, that:

1. There are many job openings available which require qualifications possessed by persons who purchase and complete respondents' courses of home study instruction in positions of Nursing Assistant/Aide, Medical Receptionist/Office Assistant, and Insurance Claims Adjuster/Investigator.

2. Purchasers who complete respondents' courses of home study instruction are qualified, on the basis of that training alone, for employment in positions of Nursing Assistant/Aide, Medical Receptionist/Office Assistant, and Insurance Claims Adjuster/Investigator.

3. The purchase and completion of respondents' course of home study instruction in the field of Insurance Claims Adjuster/Investigator will qualify such persons to work as an independent insurance adjuster.

4. Purchasers who complete respondents' courses of home study instruction are assured of placement in positions of Nursing Assistant/Aide, Medical Receptionist/Office Assistant, and Insurance Claims Adjuster/Investigator.

5. There is reasonable basis from which to conclude that there is now or will be an urgent need or demand for persons who complete respondents' courses of instruction in positions of Nursing Assistant/Aide, Medical Receptionist/Office Assistant, and Insurance Claims Adjuster/Investigator.

6. Completion of respondents' course of home study instruction furnishes training which is essential for obtaining a job in positions of Nursing Assistant/Aide, Medical Receptionist/Office Assistant, and Insurance Claims Adjuster/Investigator.

7. Purchasers who complete respondents' courses of home study instruction will have no difficulty getting a job in positions of Nursing Assistant/Aide, Medical Receptionist/Office Assistant, and Insurance Claims Adjuster/Investigator.

8. Purchasers who complete respondents' courses of home study instruction are qualified on the basis of that training alone, to perform on-the-job duties required of persons in the positions of Nursing Assistant/Aide, Medical Receptionist/Office Assistant, and Insurance Claims Adjuster/Investigator.

9. Respondents maintain a placement service which actively seeks employment for persons who complete courses of home study instruction in the fields of Nursing Assistant/Aide, Medical Receptionist/Office Assistant, and Insurance Claims Adjuster/Investigator.

PAR. 9. In truth and in fact:

1. There are few, if any, job openings available which require the qualifications possessed by purchasers who complete respondents' courses of home study instruction in positions of Nursing Assistant/Aide, Medical Receptionist/Office Assistant, and Insurance Claims Adjuster/Investigator.

2. Purchasers who complete respondents' courses of home study instruction are not qualified on the basis of that training alone for employment in positions of Nursing Assistant/Aide, Medical Receptionist/Office Assistant, and Insurance Claims Adjuster/Investigator. The completion of these courses has virtually no effect on whether such persons will be hired.

3. Completion of respondents' courses of home study instruction as an Insurance Claims Adjuster/Investigator will not qualify the enrollee to be an independent insurance adjuster. Additionally, certain states require that independent insurance adjusters must be licensed in order to function in this capacity within such States.

4. Purchasers of respondents' course of home study instruction are not assured of placement in positions of Nursing Assistant/Aide, Medical Receptionist/Office Assistant, and Insurance Claims Adjuster/Investigator.

5. Respondents have no reasonable basis from which to conclude that there is now or will be an urgent need or demand for persons who complete their courses of instruction in positions of Nursing Assistant/Aide, Medical Receptionist/Office Assistant, and Insurance Claims Adjuster/Investigator.

6. The completion of respondents' courses of home study instruction does not furnish training essential for obtaining employment in positions of Nursing Assistant/Aide, Medical Receptionist/Office Assistant and Insurance Claims Adjuster/Investigator. The completion of respondents' courses is not a factor in securing employment in these fields.

7. The completion of respondents' courses of home study instruction constitutes no assurance that purchasers thereof will have no difficulty finding employment as Nursing Assistant/Aide, Medical Receptionist/Office Assistant, and, Insurance Claims Adjuster/Investigator. Factors other than completion of respondents' courses determine whether such persons will secure employment in these fields.

8. Purchasers who complete respondents' courses of home study instruction are not qualified, on the basis of that training alone, to perform on-the-job duties required of persons in the positions of Nursing Assistant/Aide, Medical Receptionist/Office Assistant, and Insurance Claims Adjuster/Investigator. Special on-the-job training

Complaint

88 F.T.C.

furnished by the employer is required of persons who are hired to perform the duties of persons in these positions.

9. Respondents do not maintain a placement service which actively seeks employment for persons who complete the courses of home study instruction in the fields of Nursing Assistant/Aide, Medical Receptionist/Office Assistant, and Insurance Claims Adjuster/Investigator.

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

PAR. 10. Respondents, through an unincorporated division, identified as Tuition Loan Company, finance the tuition cost of the courses of home study instruction for a substantial number of their enrollees in the instructional program for Nursing Assistant/Aide, Medical Receptionist/Office Assistant, and Insurance Claims Adjuster/Investigator.

1. In the further course and conduct of their business, respondents disseminate or cause to be disseminated to current enrollees and to former enrollees who have completed their courses of home study instruction, from whom respondents have not received payment for course tuition costs, various collection letters and notices as well as telephone calls seeking payment therefor from such persons.

Typical of the statements and representations contained in such letters and notices, but not all inclusive thereof, are the following.

- (a) Tuition Loan Company
a Division of Lafayette Academy Inc.
P.O. Box 6284
Providence, Rhode Island
Telephone 401-723-8186

Your payment of \$ still has not arrived. This means that steps might be necessary to recover this amount.

WE DEMAND PAYMENT AT ONCE

If your payment is not received by 12:00 Noon on ———, your account may be referred to our attorney for collection, as provided by law.

- (b) Tuition Loan Company
A Division of Lafayette Academy, Inc.
P.O. Box 6284
Providence, Rhode Island
Telephone 401-723-8186

NOTICE TO DEBTOR:

Repeated *demands* for payment of this just obligation have been ignored, THEREFORE, you are hereby notified that

683

Complaint

unless payment is made proceedings may be instituted to
recover this claim in full.

Detach this and Return with Payment
DO NOT START SUIT AGAINST ME

I enclose \$ _____ and promise to pay regularly.

Student No. _____ Name _____

Street & Number _____

Date _____ 19 _____ Town & State _____

Telephone No. _____

(c) NOTICE BEFORE SUIT

Tuition Loan Company Creditor Our File No. _____

Balance \$ _____

_____ Debtor Amount Due \$ _____

Notice to Debtor:

Repeated demands for payment of this just obligation have
been ignored, therefore, you are hereby notified that unless
settlement is made within five days from date legal proceed-
ings may be instituted to recover this claim in full together
with attorney fees, interest, court costs and such other relief,
as the court may deem proper.

Detach this and Return with Payment

DO NOT START SUIT AGAINST ME

I enclose \$ _____ and promise to pay regularly \$ _____ on _____

PAR. 11. 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, respondents have represented directly or by
implication, that:

1. Legal proceedings are imminent.

2. If payment is not received within a specified period of time,
Tuition Loan Company will refer the outstanding accounts of such
persons to an attorney for institution of legal action or other legal steps
as may be necessary to collect the outstanding accounts.

PAR. 12. In truth and in fact:

1. Legal proceedings are not imminent.

2. If payment is not received during the period of time specified,
such outstanding accounts are not referred by Tuition Loan Company to

an attorney for institution for legal action or other legal steps. Respondents make no further efforts to collect from persons receiving such letters, notices and telephone calls who do not remit the sums of money demanded.

Therefore, the statements, representations, acts and practices as set forth in Paragraphs Ten and Eleven were, and are false, misleading, deceptive or unfair acts and practices.

PAR. 13. In the further course and conduct of their business, and in furtherance of their purpose of inducing the purchase of their courses of home study instruction by the general public, respondents and their licensees and Independent Regional Sales Representatives, directly or indirectly, have engaged in the following additional acts and practices.

a. Respondents have induced members of the general public to purchase certain of their courses of home study instruction by holding out commissioned salesmen to be qualified or trained counselors or vocational counselors. Respondents thereby have falsely and deceptively represented that such persons have special training, experience, title, qualifications or status, when, in fact, such persons are commissioned salesmen and possess no special training, experience, title, qualifications or status.

b. Respondents have solicited the enrollment of and have, in fact, enrolled persons of non-English speaking background who have English language difficulties. Respondents thereby have deceptively and unfairly represented or held out to such persons that proficiency in the English language is not important for completion of the courses of home study instruction offered by respondents and that proficiency in the English language is not important for the placement of such persons in positions for which respondents' courses of instruction are intended to prepare them when, in fact, proficiency in the English language is important for the completion of such courses of instruction by such persons and for the placement of such persons in positions for which respondents' courses of instruction are intended to prepare them.

c. Respondents administer an aptitude test to prospective purchasers of their courses of home study instruction representing that such aptitude test is a requirement prior to the prospective purchaser being considered for enrollment and is designed to determine whether the prospective enrollee possesses basic abilities in the fields in which respondents' courses of instruction are designed to provide training. Respondents have thereby created the impression that through this means respondent Academy is selective in the manner in which persons are selected for enrollment in their courses of home study instruction when, in fact, the successful completion of such aptitude test is not determinative as to whether a prospective purchaser is enrolled in

respondents' courses of instruction. In certain instances, prospective purchasers have been enrolled without taking the aptitude test while in other instances, such prospective purchasers have been assisted in the completion of the test by the salesmen who sold the courses of instruction to such persons.

Therefore, respondents' statements, representations, acts and practices, as set forth herein, were and are, false, misleading, unfair or deceptive acts or practices.

PAR. 14. Through the use of the aforesaid advertisements, brochures and otherwise, respondents have represented, directly and by implication, that there is or will be an urgent need or demand for trained people in positions for which respondents have trained them. There existed at the time of said representation no reasonable basis which was and is now, adequate to support the representation pertaining to the urgent need or demand for respondents' graduates in positions for which respondents have trained them. Therefore, the aforesaid acts and practices were, and are, deceptive or unfair acts or practices.

PAR. 15. Respondents offered for sale courses of home study instruction intended to prepare purchasers thereof for employment as Nursing Assistant/Aide, Medical Receptionist/Office Assistant, and Insurance Claims Adjuster/Investigator without disclosing in advertising or through their sales representations: (1) the recent percentage of persons who have completed each of the previously designated courses of home study instruction who were able to obtain the employment for which such courses were intended to train them; (2) the employers that hired any such persons; (3) the initial salary any such persons received; 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 by prospective purchasers of respondents' courses of home study instruction would indicate the possibility of securing future employment upon completion of the courses and the nature of such employment. Thus, respondents have failed to disclose a material fact, which if known to certain consumers would be likely to affect their 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. 16. (a) Respondents have been and are now using the aforesaid unfair, false, misleading or deceptive acts and practices, which a reasonably prudent person should have known, under all of the facts and circumstances, were unfair, false, misleading or deceptive to induce persons to pay or to contract to pay over to them substantial sums of money to purchase or pay for courses of instruction which, to such purchasers in connection with their future employment and careers

were, and are, virtually worthless. Respondents have received the said sums and have failed to offer refunds and have failed to refund such sums to or to rescind such contractual obligations of substantial numbers of enrollees and participants in such courses who were unable to secure employment in the positions and fields for which they had been purportedly trained by respondents.

The use by respondents of the aforesaid acts and practices, their continued retention of said sums and their continued failure to rescind such contractual obligations of their customers, as aforesaid, are unfair acts or practices.

(b) In the alternative and separate from Paragraph Sixteen (a) herein, respondents who are in substantial competition, in commerce, with corporations, firms and individuals engaged in the sale of courses of vocational instruction have been and are now using, as aforesaid, false, misleading, deceptive or unfair acts or practices, to induce persons to pay over to respondents substantial sums of money to purchase courses of instruction.

The effect of using the aforesaid acts and practices to secure substantial sums of money is or may be to substantially hinder, lessen, restrain, or prevent competition between respondents and the aforesaid competitors.

Therefore, the said acts and practices constitute an unfair method of competition in violation of Section 5 of the Federal Trade Commission Act.

PAR. 17. By and through the use of the aforesaid acts and practices, respondents place in the hands of others the means and instrumentalities by and through which they may mislead and deceive the public in the manner and as to the things hereinabove alleged.

PAR. 18. In the course and conduct of their business, and at all times mentioned herein respondents have been, and now are in substantial competition, in commerce, with corporations, firms and individuals engaged in the sale of courses of home study instruction covering the same or similar subjects.

PAR. 19. The use by respondents of the aforesaid false, misleading, unfair or deceptive statements, representations, acts or 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 respondents' courses of home study instruction by reason of said erroneous and mistaken belief.

PAR. 20. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and respondents' 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 Federal Trade Commission having issued its complaint on May 2, 1974, charging the respondents named in the caption hereto with violation of the Federal Trade Commission Act, and respondents having been served with a copy of the complaint, together with a proposed form of order; and

Respondents and counsel for the Commission having submitted a joint motion to withdraw this matter from adjudication for consideration of settlement by the entry of a consent order together with an executed agreement containing a consent order, an admission by respondents of all the jurisdictional facts set forth in the complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as set forth in such complaint, and waivers and provisions as required by the Commission's Rules; and

The Commission having withdrawn the matter from adjudication for the purpose of considering settlement by the entry of a consent order; and

The Commission having thereafter considered the matter and having thereupon provisionally accepted the executed consent agreement, and the agreement containing consent order having thereupon been placed on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby makes the following jurisdictional findings and enters the following order:

1. Respondent Lafayette United Corporation (hereinafter sometimes referred to as United) 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 984 Charles St., North Providence, Rhode Island. United was incorporated in May 1972 and established as a holding company in July 1972.

Respondent Lafayette Academy, Inc. (hereinafter sometimes referred to as Academy) 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 984 Charles St., North Providence, Rhode Island. It is a wholly-owned subsidiary of respondent United.

Respondent Lafayette Motivation Media, Inc. (hereinafter sometimes referred to as Media) 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 984 Charles St., North Providence, Rhode Island. Respondent Media is a wholly-owned subsidiary of respondent Academy.

Respondent Stuart Bandman is President, Chairman of the Board of Directors and a principal stockholder of respondent United. Prior to establishment of respondent United, he was the President of respondent Academy and respondent Media. Respondent Bandman formulates, directs and controls the policies, acts and practices of said corporations and his address is the same as that of said corporations.

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

I

It is ordered, That respondents Lafayette United Corporation, Lafayette Academy, Inc., and Lafayette Motivation Media, Inc., corporations and their successors and assigns and their officers, and Stuart Bandman, individually and as an officer, chairman of the board of directors of Lafayette United Corporation, and respondents' agents, representatives, employees, successors and assigns, directly or through any corporation, subsidiary, division, franchisee, licensee or other device, in connection with the creating, advertising, promoting, offering for sale, sale or distribution of courses of study, training or instruction for the positions of Nursing Assistant/Aide, Medical Receptionist/Office Assistant, and Insurance Claims Adjuster/Investigator or any other course for any position in 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) Respondents will award a High School Equivalency diploma to those who complete their course of home study instruction.

(b) No examination is required by the State or any other governmental or political subdivision or body prior to the awarding of a High School Equivalency diploma.

2. Failing to disclose in advertising materials, brochures, application forms, sales contracts, and similar documents that the completion of respondents' course of home study instruction is not recognized or accepted as sufficient education or training to qualify such persons to be awarded a High School Equivalency diploma without further education,

testing, or other legal requirements as required by the State or States, if such is the case; further failing to disclose clearly and conspicuously therein such additional requirements as are imposed by the State prior to the awarding of such High School Equivalency diploma by the State or States.

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

(a) Persons who complete any of respondents' courses of home study instruction can, as a result of that training alone, meet all prerequisites for available job openings.

(b) Purchasers who complete courses of home study instruction offered by respondents are qualified on the basis of that training alone, for employment in those positions for which they were purportedly trained by respondents; or misrepresenting, orally or in writing, the significance or importance of any course of instruction in qualifying any person for employment in a particular field of endeavor.

(c) Graduates of any course of instruction offered by the respondents are assured of placement in the positions for which they have been trained; or misrepresenting, orally or in writing, 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.

(d) There is an urgent need or demand, or a need or demand of any size, proportion or magnitude, for graduates of any course of instruction offered by respondents, or otherwise representing, orally or in writing, that opportunities for employment of any size, figure or number are available to such persons, except to the extent that the above claims conform with and are substantiated by the information set forth in Paragraph 10(b) of this order.

Provided, however, that where respondents offer a new course of home study instruction or respondents open a residential school or any new residential school location, or offer from any such residential school or residential school location a new course of study, respondents shall cease and desist making the representations aforementioned in this subparagraph 3(d) with respect to the new course or new school unless the respondents in each and every instance:

(1) Until the passage of a base period to be determined pursuant to Paragraph 10(b) of Part I of this order, after the establishment of a new school location by respondents in any metropolitan area or county, whichever is larger, where they did not previously operate a school, and after the introduction by respondents of any new course of instruction at any school or location, shall:

(A) 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

(B) 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.”

(2) After the passage of a base period to be determined pursuant to Paragraph 10(b) of Part I of this order, and until two years after the establishment of a new school location by respondents in any metropolitan area or county, whichever is larger, where they did not previously operate a school, and after the introduction by respondents of any new course of instruction at any school or location, shall:

(A) Make any such representations in the form and manner provided in Paragraph 10(b) of Part I of this order, and

(B) 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.”

For purposes of subparagraph (3)(d) and Paragraph 10 of this order, “new course” shall be defined as any course of study which has substantially different course content and occupational objectives from any course previously offered by respondents.

4. Representing, orally, or in writing, directly or by implication that delinquent accounts of current enrollees or former enrollees in any course of instruction offered by respondents will be referred to an attorney for institution of legal action or other legal steps if payment is not received, unless respondents intend to do so; or using any subterfuge or deceptive scheme or device in connection with the collection of outstanding tuition amounts or other fees due from such enrollees or former enrollees in any of respondents' courses of instruction.

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 use of any course of instruction offered by the respondents, is a trained admissions

counselor or vocational counselor, unless such person is so trained; or misrepresenting, orally or in writing, the training, experience, title, qualifications or status of any person engaged in connection with the promotion, offering for sale, sale, distribution or other use of any course of instruction, or the import or meaning of any advice given by or any other statement made by any such person.

6. Representing, orally, or in writing, directly or by implication that any aptitude test rendered by respondents to prospective purchasers of any course of instruction determines whether or not a person is qualified for employment in any field for which respondents' training is designed to meet, unless the same is true; or misrepresenting, orally or in writing, the meaning, purpose, benefit, significance or use of any examination or test or its results.

7. Representing, orally, in writing or in any other manner, directly, or by implication, that proficiency in the English language is not important for completion of any course of instruction offered by respondents; or representing orally, in writing or any other manner, directly, or by implication, that proficiency in the English language is not important for the placement of graduates of any course of instruction offered by respondents in positions for which respondents' courses of instruction are intended to prepare them; and failing to disclose in all advertisements and sales presentations written or spoken either in English or a language other than English, in immediate and conspicuous conjunction therewith, that proficiency in the English language is important for the completion of any course of instruction offered by respondents and is important for the placement of people in positions for which courses of instruction are offered by respondents.

8. Failing to keep adequate records which may be inspected by 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 3(a) and (d) and Paragraph 10 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 3(a) and (d) and Paragraph 10 of this order can be determined.

9. 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 in the vocational fields for which any course of instruction offered by respondents is designed to provide training.

10. Failing to send by certified mail, return receipt requested, to each person that shall contract with respondents for the sale of any

course of instruction, a notice which shall disclose the following information and none other:

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

(b) Paragraphs providing the following information in the format prescribed in Appendix A hereto and for a base period described in Appendix B hereto:

(1) Information regarding postgraduate employment of graduates as required by Appendix A including, as therein more fully set forth, the total number of graduates and the total number of graduates who responded to questionnaire, the total number of graduates who so responded to questionnaire and sought employment in the field described by the relevant course title, total number of such persons who obtained employment in the field so described and the percentage of graduates who are known to respondents to have obtained employment in the field so described.

(2) A list of firms or employers which are currently hiring graduates of respondents' courses in the positions for which such graduates have been trained, and the number of such graduates hired, as to the same graduates used to compute the placement percentage in (b)(1) above or, in the alternative, a statement in the form set forth in Appendix A hereto that any applicant desiring to obtain a schedule containing the names and addresses of employers may obtain the same from respondents; *provided, however*, that if respondents so agree in the notice to provide such schedule of employers then, and in such event, the following provisions will apply: (i) respondents shall at all times maintain and have available such list of employers to be so provided to its applicants, and (ii) upon request of any applicant for such schedule of employers, such schedule of employers shall forthwith be furnished, by certified mail, by respondents to such applicant.

(3) The salary range of respondents' graduates as to the same graduates used to compute the placement percentage in (b)(1) above.

(4) The number and percentage of enrollees who have failed to complete their course of instruction, such number and percentage to be computed separately for each course of instruction offered by respondents, and if respondents should at any time operate one or more residential schools, then such percentage to be computed separately for each course of instruction offered by respondents at each such residential school, location or facility.

(c) An explanation of the cancellation procedure provided in this order, namely:

(i) That any contract or other agreement may be cancelled for any

reason until midnight of the twelfth (12th) day after mailing to the customer, via the U.S. mail, of this notice; and

(ii) If in accordance with the provisions of subparagraph (b)(2) above, the notice shall provide the applicant with the right to request a schedule of employers and if within the aforesaid twelve (12) day period any such applicant shall so request such a schedule of employers then, and in such event, any contract or other agreement may be cancelled by such applicant for any reason until midnight of the third (3rd) business day after receipt by such customer of such schedule of employers.

(d) A detachable form which the person may use as a notice of cancellation, which indicates the proper address for accomplishing any such cancellation.

This notice shall be sent by respondents no sooner than the next day after the person shall have contracted for the sale of any course of instruction; respondents, during such period provided for in subparagraph (c) above, shall not initiate contact with such person other than that required by this paragraph and except that during such period respondents may send, by mail, the written forms which are required for processing a student loan under the Federal Insured Student Loan Program.

Provided, however, that subparagraph (b) above shall be inapplicable to any newly established residential school that respondents may establish in any metropolitan area or county, whichever is larger, where they did not previously operate a residential school, or to any home study course newly introduced by respondents, until such time as the new school or course has been in operation for the base period to be established pursuant to subparagraph (b) 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 has not been in operation (course has not been 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 residential school or course has been in operation for the base period to be established pursuant to subparagraph (b) above, and until two years after the establishment of a new residential school location in any metropolitan area or county, whichever is larger, where they did not previously operate a school, or the introduction of any new course by respondents, the following statement shall be included in such notice:

"This school has not been in operation (course has not been

offered) long enough to indicate what, if any, actual employment or salary may result upon graduation from this school (course)."

Provided further, that the notice specified by Paragraph 10 of this order shall be printed or otherwise set forth legibly in the Spanish language in each instance where respondents make sales presentations and/or conduct contract negotiations in Spanish with any person incident to the offering for sale and sale of any course of instruction to any such person.

Notwithstanding anything to the contrary set forth in subparagraph 10(b) hereof, the following provisions shall apply:

(a) The notice provided for in this Paragraph 10 shall not be required to contain the information set forth in subparagraph (b) hereof until the later of (i) nine (9) months after this order shall have become final, or (ii) fifteen (15) months after the date on which the agreement containing order to cease and desist shall have been signed by respondents and counsel for the Federal Trade Commission;

(b) The notice provided for in this Paragraph 10 shall not be required to contain the information provided for in subparagraphs (b)(1), (b)(2) and (b)(3) if respondents do not represent orally, in writing or in any other manner, directly or by implication, that there is an urgent need or demand, or a need or demand of any size, proportion or magnitude, for graduates of any course of instruction offered by respondents or that opportunities for employment of any size, figure or number are available to such persons.

11. 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 end of the twelfth day after the date of mailing to the customer of the form of notice provided for in Paragraph 10 of this order. Upon cancellation of any said sales contract or other agreement within the period provided for herein, the respondents are obligated to refund, promptly to any person exercising the cancellation right, all monies paid or remitted up until the notice of cancellation.

Provided, further, that respondents shall not contract for the sale of any course of instruction in the form of any type of binding sales contract or other agreement to any Spanish-speaking person who cannot read and write English proficiently, unless the sales contract or other agreement is itself set forth in the Spanish language.

II

1. *It is further ordered*, That:

(a) Respondents herein deliver, by certified or registered mail, a copy of this decision and order to each of their present and future

franchisees, licensees, employees, salesmen, agents, solicitors or independent contractors who promotes, offers for sale, sells or distributes any course of instruction offered by respondents, and to any other such person who does the same;

(b) Respondents herein provide each person so described in paragraph (a) above with a form returnable to the respondents clearly stating his 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 is so engaged; and make said statement available to the Commission's staff for inspection and copying upon request;

(c) If such party as described in paragraph (a) above will not agree to so file the notice set forth in paragraph (b) above with the respondents and be bound by the provisions of the order, the respondents 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;

(d) Respondents herein inform the persons described in paragraph (a) above that the respondents are obligated by this order to discontinue dealing with or to terminate the use or engagement of persons who continue on their own the deceptive acts or practices prohibited by this order;

(e) Respondents herein institute a program of continuing surveillance adequate to reveal whether the business practices of each said person described in paragraph (a) above conform to the requirements of this order;

(f) Respondents herein discontinue dealing with or terminate the use or engagement of any person described in paragraph (a) above, as revealed by the aforesaid program of surveillance, who continues on his own any act or practice prohibited by this order.

2. *It is further ordered*, That respondents herein present to each interested applicant or prospective student or to any other person, at the home or place of business of any such person, immediately prior to the commencement of any meeting or interview during which the purchase of or enrollment in any course of instruction offered by the respondents herein is discussed or solicited, either directly or indirectly, except a meeting or interview which respondents or their representatives attend pursuant to an appointment or arrangement made in advance with such person, a 5" X 7" card containing only the following language:

"YOU WILL BE TALKING TO A SALES
REPRESENTATIVE"

3. *It is further ordered*, That respondents Lafayette United Corpo-

ration, Lafayette Academy, Inc., Lafayette Motivation Media, Inc. and Stuart Bandman shall forthwith distribute a copy of this order to each of their operating divisions.

4. *It is further ordered*, That the respondents Lafayette United Corporation, Lafayette Academy, Inc., Lafayette Motivation Media, Inc. and Stuart Bandman shall 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 which may affect compliance obligations arising out of this order.

5. *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.

III

It is further ordered, That:

1. Respondents shall submit to the Commission, within five (5) days after the date this order is served on respondents (hereinafter "date of service"), a notarized affidavit, executed by the president of respondent Lafayette Academy, Inc., to the effect that respondents have made or have caused to be made a good faith search of documents that pertain to purchasers of respondents' Nursing Assistant/Aide, Medical Receptionist/Office Assistant, and Insurance Claims Adjuster/Investigator courses of instruction, and that respondents, to the best of their knowledge, have previously or simultaneously with said affidavit submitted to the Commission the names of all purchasers of such courses covered by this agreement.

2. Respondents or their 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 most current home address known to respondents of each former purchaser of one of such courses who appears on a list of such purchasers to be supplied to respondents 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, respondents or their 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 most current business

address that is known to respondents and, if none, then to such purchaser's most current home address known to respondents.

4. On the two hundred and seventieth (270th) day after the date of service, respondents 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) Signed their enrollment contracts during the period of time from February 1, 1969 to June 30, 1972 in respondents' aforementioned courses; and either

(b)

(1) Completed the course for which he or she enrolled; and

(2) Sought employment in the field described by the relevant course title, or decided, for reasons related to the sufficiency or quality of the training, or job demand, not to seek employment in the field described by the relevant course title; and

(3) After completion of respondents' course did not obtain employment in the field described by the relevant course title; or

(c) Decided, for reasons related to the sufficiency or quality of the training, or job demand, not to complete the course.

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. Respondents 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. In no event shall any member receive an amount greater than the tuition paid by or for such member.

8. Respondents shall ultimately provide a sum of no greater than two hundred thousand dollars (\$200,000) solely to carry out its obligations to provide refunds. No charges against this amount shall be made for administrative costs, (i.e., the costs necessarily incurred in carrying out the provisions of this Part III), which costs shall be absorbed by the corporate respondents.

9. Respondents 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 respondents' determination of who is an eligible class member complies with the terms of this order provision; and respondents shall submit simultane-

ously with their request all Appendix D questionnaires they have received as of the date said request for advice is filed. The Commission shall render its advice to respondents and return all Appendix D questionnaires to respondents within two hundred and forty (240) days after the date of service.

10. Respondents or their designee shall deliver, by first class mail, a refund check to each eligible class member or his legal representative.

11. Respondents shall, on the three hundredth (300th) day after the date of service, file with the Commission a report in writing setting forth the manner and form in which they have complied with Part III of this order. This report shall contain a listing of the names, addresses, and refund amounts of those eligible class members whose refund checks were returned by the United States Postal Service. The Federal Trade Commission shall have one year from the date of receipt of this report to locate such eligible class members. Upon notification by the Federal Trade Commission that eligible members whose checks were not delivered have been located, the respondents shall then mail, by certified mail, such refund check to said eligible class member at the address provided by the Federal Trade Commission.

12. Respondents shall maintain records and documents for two (2) years after the filing of the report referred to in Paragraph 11 of Part III of this order, which demonstrate that respondents have complied with Part III of this order.

13. If any duty required to be performed on a certain day under Part III of this order falls upon a non-business day, the respondents herein shall perform such duty on the next following business day.

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.

Commissioner Dole did not participate by reason of absence.

APPENDIX A

IMPORTANT INFORMATION

Regarding Students of Lafayette Academy, Inc.

Course: Medical Receptionist/Office Assistant
(or other course title as appropriate)

Base Period: January 1, 197 ____ through December 31, 197 ____
(or other Base Period as appropriate)

Information Regarding Post-Graduate Employment of Graduates:

683

Decision and Order

Total number of graduates

Total number of graduates who responded to questionnaire seeking employment data

Total number of graduates who so responded who sought employment in the fields of Medical Receptionist or Office Assistant (or other course title as appropriate)

Total number of graduates who so responded and sought employment, who obtained employment in the fields of Medical Receptionist or Office Assistant (or other course title as appropriate)

Percentage of graduates who are known to have obtained employment in the fields of Medical Receptionist or Office Assistant (or other course title as appropriate) per cent

Employers Hiring Persons Who Graduated From Lafayette Academy, Inc.:

Any applicant who desires to obtain a schedule containing the names and addresses of employers of graduates of this course may do so by requesting same, in persons or by telephone or mail, at the offices of the Company, 984 Charles Street, North Providence, Rhode Island.

Salary Information Regarding Persons Who Graduated From Lafayette Academy, Inc.:

As Medical Receptionist/Office Assistant (or other course title as appropriate)

____ * Graduate(s) began at a salary below \$5,000
 ____ Graduate(s) began at a salary between \$5,000 and \$5,999
 ____ Graduate(s) began at a salary between \$6,000 and \$6,999
 ____ * Graduate(s) began at a salary above \$7,000

*Complete by indicating number of graduates employed at each salary range.

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

Total number of students enrolled in this course and scheduled to graduate during the Period Covered:

Total number of such students who failed to complete this course:

Total percentage who failed to complete this course: per cent

* * * * *

APPENDIX B

1. The initial "base period" shall be the twelve-month period ending on the last day of the third full calendar month which follows the date on which the Order shall have become final.
2. The subsequent "base period" shall be twelve-month periods which begin and end on the same calendar days each year as the initial "base period."

Decision and Order

88 F.T.C.

3. The six (6) month period immediately following the close of any base period shall be used by respondents to monitor and record the employment experience of all enrollees whose enrollment terminates during such base period. Respondents may not include in the computation of statistics for such base period persons whose enrollment terminated during this six (6) month recordation period. Such persons will be included in the statistics for the next subsequent base period.

4. On the first day following the six (6) month recordation period respondents shall begin to disseminate statistics for the base period which ended six months earlier and shall continue to disseminate said statistics for twelve months.

APPENDIX C

(Name)
(Address)

Re: Eligibility for partial reimbursement of tuition to certain former students
of Lafayette Academy, Inc., North Providence, Rhode Island

Dear (Name):

In settlement of a complaint brought by the United States Federal Trade Commission, Lafayette Academy, 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.

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 Lafayette Academy, Inc., 984 Charles Street, North Providence, Rhode Island 02904.

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.

APPENDIX D

ELIGIBILITY QUESTIONNAIRE

RE: Your enrollment with Lafayette Academy, Inc.,
North Providence, Rhode Island

1. Did you enroll in a course at the above-named school? (CHECK ONE)

Yes ()
No ()

683

Decision and Order

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. Nursing Assistant/Aide ()
- b. Medical Receptionist/Office Assistant ()
- c. Insurance Claims Adjuster/Investigator ()

3. In what month and year did you enroll in the school? (You must give *both* month and year)

MONTH/YEAR ____ / ____

4. Did you complete the course in which you enrolled? (CHECK ONE)

- No ()
- Yes ()

If the answer is "No", skip to question 7.

5. When you completed the course did you make any effort to seek a job in that field? (CHECK ONE)

- No ()
- Yes ()

If the answer is "No", skip to question 7.

6. Have you ever attained a job in that field at any time after you completed the course? (CHECK ONE)

- Yes ()
- No ()

7. Please give the *most important* reason why you did *not* complete the course; or why you did not seek a job in the field to which the course related. (Mark only one box.)

- a. I took the course for advancement in my job and not for the purpose of seeking a job in another field ()
- b. I preferred a job in another field ()
- c. I decided I did not want a job in the field to which the course related ()
- d. I decided I would not be able to find a job due to a lack of on-the-job experience ()
- e. I decided I would not be able to find a job due to insufficient training ()
- f. I decided there were no jobs available for graduates of this course in the field to which this course related ()
- g. I married or started a family ()

Decision and Order

88 F.T.C.

- h. I was drafted or enlisted in the military service ()
- i. I went to college or other schooling ()
- j. I decided that the course would not help me get a job ()
- k. Other (PLEASE DESCRIBE) ()
- _____
- _____
- _____

8. 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: \$ _____

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

Yes ()

No ()

10. How much was the refund?

AMOUNT: \$ _____

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:

BUSINESS ADDRESS:

Number Street Apt.

Employer's Name

City State Zip Code

Number Street

HOME TELEPHONE:

() _____

City State Zip Code

BUSINESS TELEPHONE:

() _____

688

Decision and Order

APPENDIX E

IMPORTANT NOTICE

(Name)

(Address)

Dear (Name):

Pursuant to a consent order of the Federal Trade Commission issued on (date), Lafayette Academy, Inc., Lafayette United Corporation and Lafayette Motivation Media, Inc. have been directed to make [percentage] per cent refunds of tuition to certain students who had enrolled in certain courses offered by Lafayette Academy, Inc.

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 "Lafayette United Corporation, et al., Docket No. 8963.")

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.

LAFAYETTE ACADEMY, INC.

By _____

Irwin Stein
President

Enclosure

APPENDIX F

IMPORTANT NOTICE

Pursuant to a consent order of the Federal Trade Commission issued on (date), Lafayette Academy, Inc., Lafayette United Corporation and Lafayette Motivation Media, Inc. were directed to make partial reimbursements of tuition to certain students who had enrolled in certain courses offered by Lafayette Academy, Inc. The order of the Commission contains the provisions identifying the class of persons eligible for reimbursement and the procedures for making reimbursements.

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

The order specified that the class of purchasers entitled to reimbursement was limited to those persons who signed enrollment contracts during the period of time from February 1, 1969 to June 30, 1972 and also meet either of the following tests:

- (A)(1) Completed the course for which he or she enrolled; and
- (2) Sought employment in the field described by the relevant course title, or decided for reasons related to the sufficiency or quality of the training, or job demand, not to seek employment in the field described by the relevant course title; and
- (3) After completion of respondents' course, did not obtain employment in the field described by the relevant course title; or

(B) Decided for reasons related to the sufficiency or quality of the training, or job demand, not to complete the course.

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 "Lafayette United Corporation, et al., Docket No. 8963").

IN THE MATTER OF
HERTZ CORPORATION, ET AL.

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

Docket 9033. Complaint, June 10, 1975 — Decision, Oct. 26, 1976

Consent order requiring Hertz Corporation, Avis Rent-A-Car System, Inc., and National Car Rental System, Inc., of New York City, Garden City, N.Y., and Minneapolis, Minn., respectively, the three largest passenger car rental companies in the nation, among other things to cease conspiring to, or entering into anti-competitive agreements which tend to fix prices, monopolize on-airport passenger car rental market, and hinder the effective operations of off-airport competitors. Further, the order prohibits respondents from renewing options in current agreements; and from furnishing false information to airport authorities for the purpose of adversely affecting the competitive position of off-airport competitors.

Appearances

For the Commission: *Robert W. Rosen, Roger J. Leifer, Thomas F. McNerney, William J. Murphy, III and Charles G. Brown, III.*

For the respondents: *Jerome Shestack, Schnader, Harrison, Segal & Lewis, Philadelphia, Pa., and Irving Kagan, New York City, for Hertz Corporation. Alan S. Ward, Baker, Hostetler, Frost & Towers, Washington, D.C., and David I. Schaffer, Garden City, New York, for Avis Rent-A-Car System, Inc. Michael P. Sullivan, Gray, Plant, Mooty & Anderson, Minneapolis, Minn.; J. Wallace Adair, Howrey & Simon, Washington, D.C.; and Robert W. Bird, Minneapolis, Minn., for National Car Rental System, Inc.*

COMPLAINT

The Federal Trade Commission, having reason to believe that the above-named respondents have violated and are now violating Section 5 of the Federal Trade Commission Act (15 U.S.C. §45), and believing that a proceeding by it in respect thereof is in the public interest, hereby issues this complaint charging as follows:

PARAGRAPH 1. A. Hertz Corporation (Hertz) is a corporation organized and doing business under the laws of the State of Delaware with its principal office at 660 Madison Ave., New York, New York. Hertz, with operating revenues of \$677 million in 1973, is the Nation's largest rent-a-car company, and is a wholly-owned subsidiary of RCA Corporation. In 1973, RCA was the 20th largest industrial corporation in the United States, with \$4.2 billion in sales and \$3.3 billion in assets.

B. Avis Rent-A-Car System, Inc. (Avis) is a corporation organized