

Complaint

- 93 F.T.C.

IN THE MATTER OF
NATIONAL SYSTEMS CORPORATION, ET AL.

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

Docket 9078. Complaint, March 25, 1976 — Decision, Jan. 11, 1979

This consent order, among other things, dismisses the complaint against National Systems Corporation and individually named corporate officers, and requires North American Correspondence Schools, a Newport, Calif. firm offering correspondence courses in various fields, to cease misrepresenting enrollment prerequisites; school accreditation; testimonials; and the potential earnings, employment opportunities, and demand for its graduates. Prior to contracting, customers must be furnished with information regarding the employment success of former students; informed of their right to cancellation and refund; and provided with a seven-day cooling-off period. The order additionally requires the company to make restitution to former eligible students in a specified manner; maintain records; and institute a surveillance program designed to ensure compliance with the terms of the order.

Appearances

For the Commission: *Lani M. Sen Woltmann and Kendall H. MacVey.*

For the respondents: *Robert A. Skitol and Robert M. Cohan, Wald, Harkrader & Ross, Washington, D.C.*

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 National Systems Corporation, a corporation, and North American Correspondence Schools, a corporation and subsidiary of National Systems Corporation doing business as North American School of Conservation, North American School of Advertising, North American School of Drafting, North American School of Travel, North American School of Systems and Procedures, North American School of Recreation and Park Management, North American School of Surveying and Mapping, North American School of Accounting, North American School of Motorcycle Repair, and North American School of Hotel-Motel Management, and John J. McNaughton, individually and as chairman of the board of directors of National Systems Corporation, Maurice H. Sherman, individually and as an officer of North American Correspondence Schools, Richard C. Parsons and Eugene Auerbach, individually and as employees of North American Corre-

spondence Schools, Wallace O. Laub, individually, as a member of the board of directors of North American Correspondence Schools, 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 National Systems Corporation is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware with its principal place of business located at 4361 Birch St., Newport Beach, California.

Respondent North American Correspondence Schools is a corporation and subsidiary of National Systems Corporation, organized, existing and doing business under and by virtue of the laws of the State of California with its principal office and place of business located at 4500 Campus Drive, University Plaza, Newport Beach, California.

Respondent John J. McNaughton was formerly president of National Systems and is now chairman of its Board of Directors and a member of the Board of Directors of North American Correspondence Schools. Respondent Maurice Sherman is president of North American Correspondence Schools. Respondent Eugene Auerbach is Director of Education for North American Correspondence Schools. Respondent Richard C. Parsons is an employee of North American Correspondence Schools. Respondent Wallace O. Laub is a member of the board of directors of North American Correspondence Schools. Together they formulate, direct, and control the acts and practices of North American Correspondence Schools, including the acts and practices hereinafter set forth. The address of Maurice Sherman and Richard Parsons is 4401 Birch St., Newport Beach, California. The address of Eugene Auerbach, Wallace O. Laub and John J. McNaughton is 4361 Birch St., Newport Beach, California.

PAR. 2. Respondents are now, and have been for some time last past, engaged in the advertising, offering for sale, sale and distribution of courses of instruction purporting to prepare students thereof for employment as game wardens, forestry aides, fish hatcherymen, soil conservation officers, government hunters, and various other positions associated with conservation and various positions in other fields of employment.

PAR. 3. In the course and conduct of their business as aforesaid, respondents now cause, and for some time last past have caused, said aforementioned courses of instruction to be distributed from their place of business in the State of California to purchasers thereof

located in various other States of the United States. Respondents utilize the services of salesmen throughout the various states to induce the purchase of respondents' courses. Said salesmen transmit to and receive from respondents contracts, checks and other instruments of commercial nature. Respondents maintain, and at all other times mentioned herein have maintained, a substantial course of trade in said products in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, as amended.

PAR. 4. In the course and conduct of their aforesaid business, and for the purpose of inducing the purchase of their courses of instruction, respondents have made, and are now making, numerous statements and representations to prospective purchasers by way of the United States mail, radio, television, magazines, newspapers, and other forms of advertising, and in oral sales presentations made by their salesmen with respect to the availability of jobs and projections of occupational demand in the conservation field, or other fields of endeavor for which respondents purport to train their students, the degree which aforementioned courses of instruction enable persons to obtain employment, the starting and potential salaries and entry level of such jobs that are available, and the purpose of the salesmen's calls or solicitations.

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

A. Newspaper, Magazine and Direct Mail Advertisements

Ten Year Prediction of Manpower Needs in Conservation 1970-1980: Ecology, Up 180%; Forestry, Up 48%; Forestry Aids (sic), Up 83%; Range Management, Up 34%; Soil Conservation, Up 16%; Wildlife Conservation, Up 34%; Fishing Conservation, Up 67%; Environmental Protection, Up 260%. 425,810 more outdoor careers . . . millions of dollars more federal and state appropriations for acquiring new areas, building new facilities, hiring more conservationists.

* * * * *

Conservation is a growing movement in which thousands of people are finding helpful and satisfying careers.

* * * * *

Exciting job openings now for qualified men who love outdoor work.

* * * * *

Conservation And Ecology . . . a never ending need.

* * * * *

Many [conservation agencies] accepting applications now. Fine starting pay usually with regular advances.

* * * * *

...we show you how to seek exciting outdoor positions.

* * * * *

But the amazing part about outdoor jobs is that in many cases they actually pay off in gunny sacks of money.

* * * * *

Free Facts Mail Coupon on how to become a Game Warden, government hunter, forestry aid (sic), fish-wildlife manager or technician type positions that require less formal education.

* * * * *

Age limit 17-45, sometimes older on luxurious game farms and hunt clubs.

* * * * *

Wear the badge of the future in conservation . . . easy home study plan prepares you now for an outdoor man's dream career in forestry, wildlife, and soil conservation in ecology. (This text is set out in conjunction with pictures of game warden, soil conservationist, forestry aide, government hunter, and fish hatcheryman badges.)

* * * * *

Picture yourself in one of these exciting outdoor jobs. . . . (This text is set out in conjunction with photographs labeled game warden, forestry aide, fish hatcheryman, soil conservation officer and game club manager.)

* * * * *

Most conservation careers combine security with fine starting pay and regular advances.

* * * * *

B. Testimonials Used in Printed Advertisements

In April I became a Conservation Officer—1st Grade. I will be enforcing the fish and game laws of our State. Your Course helped make this life-long ambition a reality.

* * * * *

The NASC course paid off before I finished it. I know for a fact that just being a student . . . contributed toward my becoming a permanent park warden at Lake Louise District of Banff National Park.

* * * * *

North American School of Conservation has paid off for me. I now hold the title of

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State Conservation Director of North Carolina for the National Campers and Hikers Association. Also I am a member of the Conservation Council of North Carolina.

* * * * *

I competed in an examination for park manager of the city of El Paso and won the position. I do not believe that I could have gotten the job without the training that I received from NASC. Thanks.

* * * * *

Lands Job First Day After Graduation. 'I finished my lesson and examination on Sunday and Monday I began work for the California Department of Fish and Game. This is what I consider fast results.

* * * * *

"I am encouraged by the level of work that N.A.S.C. is doing." Steward L. Udall, Former Secretary of the Interior Dept.

* * * * *

C. Television and Radio Advertisements

When you train for work as a game warden, wildlife manager, or government hunter you can forget about strikes and layoffs. . . .work outdoors—and get good pay, plus security and retirement. Call today for career information on how to train at home and qualify for an outdoor job.

* * * * *

If you are looking for a career that offers prestige and adventure . . . discover the opportunities that may await you in a conservation career. . . . And, it can all begin for you right here. . . .at the famed North American School of Conservation, in Newport Beach, California.

* * * * *

D. Oral Presentations

Respondents' sales representatives begin their sales presentations by identifying themselves as representatives of the school sent to determine the prospect's qualifications for enrollment. The prospect is told that only the Director of Education can accept him as a student; however, it is standard procedure for the Director to accept the salesman's recommendation to enroll a student and it is in the salesmen's monetary self-interest to enroll as many prospects as possible.

* * * * *

Respondents' sales representatives insinuate that the programs and courses offered by North American will directly qualify the prospect to become a professional conservationist and that many professional jobs are available.

* * * * *

The openings in conservation are unlimited.

* * * * *

Respondents' School of Conservation is recognized by state and federal conservation agencies.

* * * * *

Respondents' School of Conservation is an accredited institution of higher learning.

* * * * *

Credit for respondents' conservation course is transferable to accredited colleges.

* * * * *

Respondents' course of instruction will enable a person to secure conservation employment, notwithstanding his age, physical fitness, formal educational training, and job experience in the conservation field.

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 have represented, and are now representing, directly or by implication, that:

1. There is an urgent need or demand for all or most of respondents' graduates in positions for which respondents represent they are training such persons.

2. Respondents have a reasonable basis from which to conclude that:

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

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

an urgent need or demand for all or most of respondents' graduates in positions for which respondents represent they are training such persons.

3. The testimonials used in respondents' advertising reflect typical job opportunities awaiting graduates of respondents' schools.

4. The testimonials used in respondents' advertising are true.

5. Completion of respondents' course of instruction, by itself, will enable a person to secure employment in the field of conservation, or other fields of endeavor for which respondents purport to train their students, from government agencies or private institutions, associations or groups.

6. Respondents had a reasonable basis from which to conclude that:

(a) at the time such representations were made, a substantial number of respondents' graduates were being hired, or

(b) a substantial number of persons then enrolling in respondents' courses would upon graduation be hired,

by government agencies or private institutions, associations or groups in the positions for which respondents represent they are training such persons.

7. Graduates of respondents' course qualify for professional or technically skilled employment in conservation or other fields of endeavor for which respondents represent they are training such graduates.

8. Age, physical fitness, formal education training, or job experience are not important hiring considerations for conservation employment or other employment for which students are purportedly trained by respondents.

9. Graduates of respondents' courses will receive high salaries from employment in positions for which respondents represent they are training such graduates.

10. Respondents had a reasonable basis from which to conclude that:

(a) a substantial percentage of persons graduating from respondents' courses at the time such representations were made, were earning, or

(b) a substantial percentage of persons then enrolling in respondents' courses would earn when they graduated,

high salaries in positions they obtained as a result of respondents' training.

11. Enrollment in respondents' course is selective.

12. Respondents' qualification questionnaire is utilized to determine a prospect's enrollment qualifications.

13. Respondents' school is an accredited institution of higher learning and credit therefrom is transferable to accredited institutions of higher learning.

PAR. 6. In truth and in fact:

1. There is not an urgent need or demand for all or most of respondents' graduates in positions for which respondents represent they are training such persons.

2. Respondents 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 enrolling graduated from respondents' courses,

an urgent need or demand for all or most of respondents' graduates in positions for which respondents represent they are training such persons.

3. The testimonials used in respondents' advertising do not reflect the typical job opportunities awaiting graduates of respondents' schools.

4. Some of the testimonials used in respondents' advertising are untrue; while others, because of omission of pertinent facts are deceptive.

5. Completion of respondents' course of instruction by itself will not enable a person to obtain conservation employment or other employment for which students are purportedly trained by respondents, from government agencies or private institutions, associations or groups.

6. Respondents had no reasonable basis from which to conclude that:

(a) at the time such representations were made, a substantial number of respondents' graduates were being hired, or

(b) a substantial number of persons then enrolling in respondents' courses would upon graduation be hired, by government agencies or private institutions, associations or groups in the positions for which respondents represent they are training such persons.

7. Completion of respondents' course of instruction will not qualify a person for professional or technically skilled conservation employment or other employment for which students are purportedly trained by respondents. Such positions often require a college degree or extensive job experience.

8. While employment qualifications vary from state to state, age, physical fitness, formal educational training and job experience are important hiring considerations for most conservation employment or other employment for which students are purportedly trained by respondents.

9. Graduates of respondents' courses will not necessarily receive high salaries from employment in positions for which respondents represent they train such graduates.

10. Respondents had no reasonable basis from which to conclude that:

(a) a substantial percentage of persons graduating from respondents' courses at the time such representations were made, were earning, or

(b) a substantial percentage of persons then enrolling in respondents' courses would earn when they graduated,

high salaries in the positions they obtained as a result of respondents' training.

11. Enrollment in respondents' course of instruction is not selective.

12. Respondents' qualification questionnaire is not utilized to

determine a prospect's enrollment qualifications. It is utilized as a promotional device to induce the purchase of respondents' course of instruction.

13. Respondents' school is not an accredited institution of higher learning and credit therefrom is not transferable to accredited institutions of higher learning.

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

PAR. 7. Respondents offered for sale courses of instruction which purported to prepare graduates thereof for available positions in the field of conservation and other fields of endeavor without disclosing in advertising or through their sales representatives: (1) the percentage of recent graduates for the course offered that were able to obtain employment in the positions for which they were allegedly trained; (2) the employers that hired any such recent graduates for the course offered; (3) the initial salary any such recent graduates from the course received; and (4) the percentage of recent enrollees of the school for the course offered that have failed to complete the course of instruction. Knowledge of such facts would indicate the probability of graduating from respondents' courses, of securing employment upon graduating and of the nature of such employment.

Thus, respondents have failed to disclose material facts, which, if known, would be likely to affect a prospective enrollee's consideration to purchase such courses of instruction. Therefore, the aforesaid acts and practices were, and are, false, misleading, deceptive or unfair acts or practices.

PAR. 8. Respondents, as aforesaid, have been, and are now failing to disclose material facts while using other 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 which were of little use or value to the said persons in obtaining employment in the jobs for which they were trained. Respondents have received the said sums and have failed to offer to refund and have refused to refund such money to such purchasers of their courses.

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

PAR. 9. 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 mislead and deceive the public in the manner and as to the things hereinabove alleged.

PAR. 10. In the course and conduct of their business, and at all times mentioned herein, respondents have been and now are in substantial competition in or affecting commerce, with corporations, firms and individuals engaged in the sale of courses of instruction covering the same or similar subjects.

PAR. 11. The use by respondents of 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 respondents' said courses of instruction by reason of said erroneous and mistaken belief.

PAR. 12. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and of respondents' competitors and constituted, and now constitute, unfair methods of competition in or affecting commerce, and unfair or deceptive acts or practices in or affecting commerce, in violation of Section 5 of the Federal Trade Commission Act, as amended.

DECISION AND ORDER

The Commission having issued its complaint on March 25, 1976, charging respondents with violation of Section 5 of the Federal Trade Commission Act, and respondents having been served with a copy of that complaint; and

The Commission having duly determined upon a joint motion of complaint counsel and respondents' counsel that in the circumstances presented, the public interest would be served by withdrawal of the matter from adjudication pursuant to Section 3.25 of the Commission's Rules; and

The respondent North American Correspondence Schools and complaint counsel having executed an agreement containing a consent order, an admission by the respondent 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 respondent that the law has been violated as alleged in such complaint, as amended, 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, now in further conformity with the procedure prescribed in Section 3.25(d) of its Rules, the Commission hereby

makes the following jurisdictional findings, and enters the following order:

1. Respondent North American Correspondence Schools is a corporation and subsidiary of National Systems Corporation, organized, existing and doing business under and by virtue of the laws of the State of California with its principal office and place of business located at 4401 Birch St., Newport Beach, California.

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 North American Correspondence Schools (hereinafter "respondent"), a corporation and a subsidiary of National Systems Corporation, doing business as North American School of Conservation, North American School of Advertising, North American School of Drafting, North American School of Travel, North American School of Systems and Procedures, North American School of Recreation and Park Management, North American School of Surveying and Mapping, North American School of Accounting, North American School of Motorcycle Repair, and North American School of Hotel-Motel Management, 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 advertising, promoting, offering for sale, sale or distribution of courses of instruction 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, visually, in writing or in any other manner, directly or by implication that:

(a) There is a need or demand of any size, proportion or magnitude for persons completing any of the courses offered by respondent in the field of conservation or any other field, or otherwise representing that opportunities for employment, or opportunities of any size, figure or number are available to such persons, or that persons completing any such courses will or may earn any specified amount of money, or otherwise representing by any means the prospective earnings of such persons, unless respondent possesses, and relies upon at the time such representation is made, a reasonable basis for such representation, which may consist of a statistically valid and

reliable survey, a reliable study, a government or industry publication or other data or material which would be relied upon by an individual generally recognized as qualified as an expert on the subject matter pertaining to the representation in question.

(b) Completion of respondent's courses of instruction in conservation by itself will enable a person to secure employment in conservation from government agencies or private institutions, associations or groups; or, misrepresenting in any manner the importance or significance of any of the courses offered by respondent for qualifying any person for employment in any field with any firms.

(c) Graduates of respondent's conservation courses qualify for employment in conservation of a kind normally requiring a junior or senior college degree; or, misrepresenting in any manner that persons completing any of the courses offered by respondent will qualify for employment of a kind normally requiring a junior or senior college degree.

(d) Graduates of respondent's conservation courses qualify for employment in conservation irrespective of age, physical fitness, formal educational training or job experience; or, misrepresenting in any manner the employment qualifications for conservation or any other field.

(e) Respondent's School of Conservation, or any other school of respondent, is an accredited institution of higher learning, or that credits therefrom are transferable to accredited institutions of higher learning, unless such is the case.

(f) Respondent's courses of instruction in conservation, or in any other field, are approved or recommended by any persons, groups, or organizations knowledgeable in the field of conservation, or in any other field, unless said persons, groups, or organizations have in fact approved or recommended such courses.

2. Representing orally, visually, in writing or in any other manner, including but not limited to the use of photographs or testimonials, the positions or salaries obtained by graduates of respondent's courses, or the employers who have hired such graduates, unless respondent possesses and relies upon at the time such representation is made, a reasonable basis for such representation, which may consist of a statistically valid and reliable survey, a reliable study, a government or industry publication or other data or material which would be relied upon by an individual generally recognized as qualified as an expert on the subject matter pertaining to the representation in question.

3. Altering or omitting any part of the text of a testimonial used

in respondent's advertising in a manner which is likely to deceive members of the public as to the benefits to be obtained from any of the courses offered by respondent; or, misrepresenting in any manner the content of any testimonial used by respondent in any of its advertising.

4. Failing to state, clearly and conspicuously, in conjunction with any testimonial used in respondent's advertising, that it has been solicited, or is required, as part of the course work, or that the entity giving such testimonial has received remuneration therefor, when such is the case.

5. Failing to obtain, at least twenty-four (24) hours prior to an interview or visit in the home or residence of a prospective student, the prospective student's consent to an interview or visit in her (his) home; failing to disclose to said prospective student, at the outset of any telephone call or other contact intended to solicit her (his) consent to an interview or visit in her (his) home, that the purpose of the contact is to request an opportunity to interview or visit the prospective student at her (his) home, and that the purpose of such interview or visit would be to sell an enrollment in one of the courses of instruction offered by respondent.

6. Failing to disclose, in writing, clearly and conspicuously, prior to the signing of any contract, to any prospective student of any course of instruction offered by respondent, the following information in the format prescribed in Appendix A:

(a) the percentage of graduates from respondent's course available for employment and employed in the field to which the course relates, as shown by respondent's most recent survey conducted in the manner required or approved by the Veterans Administration (VA) pursuant to 38 U.S.C. 1673 and 1723, as amended, and all applicable regulations and circulars; and

(b) the percentage of students in respondent's course during the time period covered by the VA survey used as the basis for the disclosure required by subparagraph (a) of this paragraph who, after having commenced the course, cancelled their enrollment or were terminated by respondent before completion of the course.

Provided, however, that this paragraph shall be inapplicable:

(a) to any school newly established by respondent in a metropolitan area or county, whichever is larger, where it previously did not operate a school, until such time as the school has graduated the number of students sufficient to conduct a valid survey under the

applicable VA regulations and circulars and has conducted such a survey at the earliest possible time; or

(b) to any course newly introduced by respondent, until such time as the course has graduated the number of students sufficient to conduct a valid survey under the applicable VA regulations and circulars and has conducted such a survey at the earliest possible time; or

(c) to any school or course of instruction whose advertising or marketing does not entail employment or earnings claims.

However, in the instance of (a) and (b) above, the following statement, and no other, shall be made in lieu of the Appendix A Disclosure Form required by this paragraph:

DISCLOSURE NOTICE

THIS SCHOOL [OR COURSE, AS THE CASE MAY BE] HAS NOT BEEN IN OPERATION LONG ENOUGH TO INDICATE WHAT, IF ANY, ACTUAL EMPLOYMENT OR SALARY MAY RESULT UPON GRADUATION FROM THIS SCHOOL [COURSE].

7. (a) Contracting for the sale of any course of instruction in the form of a sales contract or any other agreement which does not contain in close proximity to the space reserved in the contract for the signature of the prospective student, in a clear and concise manner, and in type that is readable and conspicuous and not smaller than the majority of type used on the enrollment form, the following statement:

You may cancel this transaction at any time prior to midnight of the seventh (7th) calendar day after the date you sign this contract. See enclosed notice of cancellation form for an explanation of this right.

(b) Failing to furnish each prospective student, at the time she (he) is furnished the enrollment contract, a complete form enclosed immediately after the enrollment contract, containing the following information and statements:

NOTICE OF CANCELLATION

You may cancel this transaction, without any penalty or obligation, within seven (7) calendar days from the date you sign the enrollment application.

If you cancel, any payments made by you under the contract or sale, and any note or other evidence of indebtedness executed by you will be returned within seven (7) calendar days following receipt by the school of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, the school may ask that you return any materials delivered to you as part of the course, at the school's expense and risk.

To cancel this transaction, sign, date and mail or deliver this cancellation notice or any other written notice, or send a telegram to North American Correspondence

Schools at [address] not later than midnight of the seventh (7th) calendar day after you sign the enrollment application.

I HEREBY CANCEL THIS TRANSACTION.

(Date)

(Student's signature)

(c) Where a sales representative is involved in the enrollment process, failing to inform orally each prospective student of her (his) right to cancel at the time she (he) signs a contract or agreement for the sale of any course of instruction.

(d) Misrepresenting in any manner the prospective student's right to cancel.

(e) Failing or refusing to honor any valid notice of cancellation by a prospective student and, within seven (7) calendar days after the receipt of such notice, to: (i) refund all payments made under the contract or sale and return any check not cashed or deposited; (ii) return any goods or property traded in, in substantially as good condition as when received by respondent; (iii) cancel and return any note or other evidence of indebtedness executed by the prospective student in connection with the contract or sale.

(f) During the cancellation period described herein, respondent shall not initiate oral contacts with such contracting persons other than contacts permitted by this paragraph, and such contracting persons shall not receive any written materials from respondent before expiration of the cancellation period.

(g) *Provided, however,* that the above statement and cancellation notice may be omitted from enrollment contracts signed during or following an interview or sales presentation in a person's home or residence by a sales representative if, in such circumstances, respondent complies with Paragraph I(8) of this order.

8. Failing to mail, by certified mail return receipt requested, to each person who signs an enrollment contract during or immediately following an interview or sales presentation in her (his) home or residence by a sales representative, a form in duplicate, printed in boldface type of at least ten (10) points and containing the following language:

AFFIRMATION STATEMENT

The enrollment contract that you have signed with North American School of _____ on [date] to enroll in [name of course] is not effective or valid unless you first sign this statement and mail it to the 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 want to enroll in the 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.

I want to enroll in the North American School of _____

(Date)

(Signature)

9. Failing to inform orally each person interviewed or visited at home or in such person's residence by a sales representative, in the course of any such interview or visit, that any enrollment contract signed by such person will not be effective or valid unless and until that person signs and mails an Affirmation Statement that she (he) will receive from the school in the mail, and that she (he) is free to cancel the contract by simply not mailing the Affirmation Statement back to the school within ten (10) days of its receipt.

10. Treating any enrollment contract signed during or immediately following an interview or sales presentation in a person's home or residence by a sales representative as effective or valid, or sending course materials to any such person, unless and until the Affirmation Statement described in Paragraph I(8) of this order is signed and mailed within the prescribed affirmation period; failing to treat any such contract for which an Affirmation Statement is not signed and mailed within the affirmation period as null and void; and failing within ten (10) business days of the expiration of the affirmation period, to return all monies received, and to cancel and return all evidence of indebtedness, relating to any such unaffirmed contract.

11. Representing orally through sales representatives that respondent accepts only qualified candidates for enrollment in its conservation courses; or misrepresenting in any manner the prerequisites or qualifications for enrollment in any of the courses of instruction offered by respondent.

12. Representing orally through sales representatives that respondent's qualification questionnaire is utilized to determine a prospective student's enrollment qualifications; or misrepresenting in any manner the purpose or use of respondent's qualification questionnaire.

13. Furnishing or otherwise placing in the hands of others the means and instrumentalities by and through which the public may

be misled or deceived in the manner, or by the acts and practices, prohibited by this order.

II

1. *It is further ordered, That:*

(a) Respondent herein deliver a copy of this decision and order to each of its sales representatives, and to all personnel having oral contact with prospective students of the courses offered by respondent or otherwise directly engaged in the promotion, offering for sale, sale or distribution of any course of instruction included within the scope of this order;

(b) Respondent herein provide each person so described in subparagraph (a) of this paragraph with a form returnable to the respondent clearly stating her (his) intention to conform her (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) Respondent herein inform each person described in subparagraph (a) of this paragraph that respondent will not use or engage, or will terminate the use or engagement of, any such person unless such person agrees to and does file notice with the respondent that she (he) will conform to the provisions contained in this order;

(d) If a person described in subparagraph (a) of this paragraph will not agree to file the notice set forth in subparagraph (b) above with the respondent and conform to the provisions of this order, the respondent shall not use or engage or continue the use or engagement of such person to promote, offer for sale, sell or distribute any course of instruction included within the scope of this order;

(e) Respondent herein inform the persons described in subparagraph (a) above that the respondent is 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;

(f) Respondent herein institute a program of continuing surveillance designed to reveal whether the business practices of each said person described in subparagraph (a) above conform to the requirements of this order;

(g) Respondent herein discontinue dealing with or terminate the use or engagement of any person described in subparagraph (a) above, who continues on her (his) own any act or practice prohibited by this order as revealed by the aforesaid program of surveillance;

(h) Respondent herein maintain files containing all inquiries or complaints from any source relating to acts or practices prohibited by this order, for a period of two (2) years after their receipt, and that such files be made available for examination by a duly authorized agent of the Federal Trade Commission during the regular hours of the respondent's business for inspection and copying.

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 in such person's home or residence, a 5" x 7" card containing only the following language:

YOU WILL BE TALKING TO A SALESPERSON.

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

4. *It is further ordered*, That respondent shall, for a period of twenty (20) years following the effective date of this order, notify the Commission at least thirty (30) days prior to any proposed change in the corporate structure of respondent such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the respondent which may affect compliance obligations arising out of this order.

5. *It is further ordered*, That should the Federal Trade Commission promulgate a trade regulation rule governing the advertising or promotion of educational courses of instruction subject to this order, provisions of this order relating to practices, requirements or prohibitions covered by such a rule shall automatically be replaced by the provisions of such a rule relating to the same kind of practices, requirements or prohibitions, to the extent covered by such provisions, and any such replacement provisions of the rule shall be incorporated in this order, on the date such rule becomes effective; but shall remain so incorporated only as long as the rule remains effective. If such replacement provisions of the rule should be rescinded or otherwise invalidated, the original provisions of the order herein shall then become effective.

III

It is further ordered, That:

1. Within twenty-one (21) days after the date this order is served on respondent (hereinafter "date of service"), respondent shall

employ an independent contractor (hereinafter "contractor") acceptable to the Commission.

2. Within thirty (30) days after the date of service, respondent shall compile and give to the contractor a list containing the information described in this paragraph. For each person (a) whose enrollment application was accepted and registered by respondent for any of respondent's conservation courses [whether consisting of one hundred and fifty (150) or one hundred (100) lessons; hereinafter "the course"] from March 26, 1973, through March 25, 1976, inclusive; and, (b) who, on or before June 30, 1977, either (1) completed all the lessons in the course (but need not have submitted the final examination or received a diploma) and paid in full the tuition for the course, or (2) cancelled the course or was terminated by the school [for academic reasons or because of lack of communication from the student for two hundred and twenty (220) days] after having completed at least ten (10) examinations in the course and paid at least the pro rata portion of the tuition attributable to ten (10) examinations, (hereinafter "student"), respondent shall provide the following information:

- (a) Name;
- (b) Last known home address;
- (c) Name and address of the nearest relative of the student, or if no such address appears in respondent's files relating to such student, then the student's last known business address if such information is contained in respondent's files relating to such student;
- (d) Date student's enrollment application was accepted and registered by respondent;
- (e) Date student completed the course (but need not have submitted a final examination or received a diploma) or date she (he) cancelled the course or was terminated by respondent for academic reasons or for failure to communicate with respondent for two hundred and twenty (220) days;
- (f) Total tuition paid by or for the student to respondent;
- (g) Total amount of any tuition refund(s) paid by respondent to the student;
- (h) Total amount of any deficiency in the student's pro rata tuition payments; and
- (i) If known, the total amount of tuition paid on behalf of, or reimbursed to, the student by any government agency or department (other than the Veterans Administration), or any private business or other organization.

3. On the sixtieth (60th) day after the date of service, the contractor shall send, via first class mail, to each student at her (his)

last known home address (as it appears in the section of the list referred to in Paragraph III(2)(b) of this order) an envelope which bears the contractor's return address and contains:

(a) A copy of the letter and the Eligibility Questionnaire (hereinafter "questionnaire") in the language, manner and form shown in Appendices B and C respectively; and

(b) A first class postage-prepaid envelope addressed to the contractor.

4. With respect to each student whose mailed inquiry (as described in Paragraph III (3)) is returned to the contractor undelivered or from whom no response has been received within one hundred and five (105) days after the date of service, then, within one hundred and ten (110) days after the date of service, the contractor shall do either of the following:

(a) solicit a more recent address by sending via first class mail to the name and address of the student's nearest relative shown on the list referred to in Paragraph III(2), an envelope which bears the contractor's return address and contains both a letter in the language, manner and form shown in Appendix D and a first-class postage-prepaid envelope addressed to the contractor; if informed of an address more recent than the address referred to in Paragraph III(2), then within five (5) business days of receiving said address, the contractor shall send, via first class mail, to the student at said address, an envelope bearing the contractor's return address and containing the same letter, questionnaire and return envelope referred to in Paragraph III(3) of this order; or

(b) if there is no name or address of a relative on the list referred to in Paragraph III(2), send via first class mail to the student's last known business address if and as it appears on said list an envelope bearing the contractor's return address and containing the same letter, questionnaire and return envelope that were previously mailed to the student's home address.

5. (a) On the one hundred and fifth (105th) day after the date of service, the contractor shall transmit to the Commission a list containing the name of each student whose envelope is returned to the contractor, or from whom no response has been received within one hundred and five (105) days after the date of service, and for whom neither a business address nor a relative's address appears on the list referred to in Paragraph III(2) of this order;

(b) The Commission shall have up to one hundred and forty-five (145) days from the date of service to obtain and transmit to the contractor more recent addresses for the students whose names appear on the list described in Paragraph III(5)(a) of this order;

(c) With respect to each student for whom a more recent address is transmitted to the contractor by the Commission pursuant to the provisions of Paragraph III(5)(b) of this order, the contractor shall, on the one hundred and fiftieth (150th) day after the date of service, send, via first class mail, an envelope which bears the contractor's return address and contains the questionnaire, letter and return envelope described in Paragraph III(3)(a) and (b) of this order.

6. If a student marks more than one answer to questions 2 and/or 4 (see Appendix C) when at least one answer would be a qualifying answer and the other a disqualifying answer under the eligibility criteria enumerated in Paragraph III(8)(a-e) in this order, and if the student is not disqualified on the basis of an answer to any other question, the contractor within five (5) days shall send to such student via first class mail an envelope bearing the contractor's return address and containing: a letter as depicted in Appendix E; an unmarked copy of the question(s) to which the student had given inconsistent answers; and a first-class postage-prepaid envelope addressed to the contractor.

7. On the two hundredth (200th) day after the date of service, the contractor shall transmit to respondent and to the Commission a copy of each completed questionnaire in the contractor's possession, custody, or control. No student whose questionnaire is received by the contractor after that day will be considered for eligibility.

8. Within two hundred and ten (210) days after the date of service, the contractor shall make an initial determination of those students who are "eligible class members" pursuant to the criteria enumerated in this paragraph, Paragraph 9 and the guidelines set forth in Appendix H of this order, and shall transmit to the respondent and to the Commission a list of the names of students who are eligible class members and the most current address for each such student known to the contractor. An "eligible class member" is defined as that person:

(a) whose enrollment application was accepted and registered by respondent between March 26, 1973 and March 25, 1976, inclusive;

(b) who enrolled in the course to enable her (him) to get a job in the conservation or ecology field;

(c) who failed to obtain employment in the conservation or ecology field (1) within two (2) years after completing or terminating the course, or (2) by the date of receipt of the questionnaire, whichever is earlier;

(d) who has demonstrated her (his) eligibility by her (his) responses to the questionnaire and any subsequent questionnaire or inquiry mailed by the contractor pursuant to the provisions of this

order; and the contractor has received all such responses before two hundred (200) days after the date of service; and

(e) who falls into one of the following groups:

(1) that person who completed all the lessons in the course (but may not have submitted the final examination or been issued a diploma), and paid in full the tuition for the course on or before June 30, 1977, and made three (3) "meaningful attempts" (as defined in Paragraph 9) to find a job in the conservation or ecology field at least one (1) of which was either a written application for a job or a personal visit to an agency or employer for the purpose of finding a job; or

(2) that person who cancelled her (his) enrollment in the course or was terminated by respondent (for academic reasons or because of lack of any communication from the student for two hundred and twenty (220) days) and made at least two (2) "meaningful attempts" (as defined in Paragraph 9) to find a job in the conservation or ecology field.

9. For the purposes of Paragraph III(8)(e)(1) and (2), a "meaningful attempt" to find a job in the conservation or ecology field is one in which the student:

(a) Filed a written application for employment with an agency or other employer in the conservation or ecology field, and can reasonably identify the agency or employer to which, and the approximate date on which, application was made;

(b) Wrote to an agency or employer in the conservation or ecology field to inquire about employment but did not file a written application for employment, and can reasonably identify the agency or employer to which, and the approximate date on which, the inquiry was sent;

(c) Contacted the North American School of Conservation for assistance in getting a job in the conservation or ecology field;

(d) Telephoned an employer in the conservation or ecology field to inquire about the availability of a conservation or ecology job but failed to apply for a conservation or ecology job because (1) she (he) was ineligible to apply, (2) she (he) chose not to apply because the salary was too low, or (3) she (he) was advised that no jobs were available; and can reasonably identify the agency or employer contacted and the approximate date of the contact; or

(e) Personally visited an employer in the conservation or ecology field to inquire about the availability of a conservation or ecology job but failed to apply for a conservation or ecology job because (1) she (he) was ineligible to apply, (2) she (he) chose not to apply because the salary was too low, or (3) she (he) was advised that no jobs were

available; and can reasonably identify the agency or employer contacted, the person to whom she (he) spoke (name, position, title or description), and the approximate date of the contact.

10. Within two hundred and forty (240) days after the date of service, respondent shall present to the contractor any challenge respondent may wish to make to the contractor's initial determinations of eligibility, and respondent shall present to the contractor simultaneously with its challenge any substantiating materials in its possession, custody, or control. On the same day that respondent presents its challenges to the contractor, it shall transmit copies of all challenges and substantiating materials constituting said presentation to the Commission.

11. (a) Within two hundred and seventy (270) days after the date of service, the contractor shall, after considering all of respondent's challenges to the contractor's initial determinations of eligibility, make its final determinations of those students who are eligible class members. Also within two hundred and seventy (270) days after the date of service, the contractor shall notify respondent and the Commission simultaneously of said final determinations by transmitting to each of them a list of the names and most current addresses of students who are eligible class members, a report explaining the basis for upholding or denying any challenge(s) and copies of all materials considered by the contractor in upholding or denying any challenge.

(b) In resolving disputes about whether particular students are eligible class members, the contractor shall consider all evidence presented to it that bears on the appropriateness and reasonableness of the contractor's interpretation of responses to the questionnaire and all evidence presented to it that bears on the accuracy or veracity of a student's responses to the questionnaire pursuant to the guidelines set forth in Appendix H of this order. The contractor's decision in upholding or denying any challenge shall be fair and impartial. No financial or other material benefit shall accrue to the contractor contingent upon the nature of the outcome of her (his) decision.

12. Within two hundred and eighty (280) days after the date of service, respondent shall file, under Rule 3.61(d) of the Commission's Rules of Practice, a written request for advice as to whether the contractor's final determinations of eligible class members comply with the terms of this order. The Commission shall render its advice to respondent within three hundred and forty (340) days after the date of service.

13. Within three hundred and sixty-five (365) days after the date

of service, respondent shall send, via registered mail, return receipt requested, an envelope to each of the eligible class members at the address on the list prepared by the contractor pursuant to Paragraph III(11)(a) of this order containing a letter in the language, manner, and form shown in Appendix F and:

(a) In the case of a student who has completed all the lessons in the course (but may not have submitted the final examination or been issued a diploma) and paid in full the tuition for the course, on or before June 30, 1977, a check for the lesser of the following amounts:

(1) Two hundred dollars (\$200.00);

(2) The amount by which the tuition paid by or for the student exceeds the amount paid on behalf of, or reimbursed to, the student by any government agency or department (other than the Veterans Administration) or any private business or other organization (excluding loans); or

(b) In the case of a student whose enrollment has been cancelled or terminated as described in Paragraph III(8)(e)(2) of this order, a check for the lesser of the following amounts:

(1) One hundred dollars (\$100.00);

(2) The amount by which the tuition paid by or for the student exceeds the amount paid on behalf of, or reimbursed to, the student by any government agency or department (other than the Veterans Administration) or any private business or other organization;

provided, however, that if the student had not paid for all of the lessons completed prior to cancellation or termination of her (his) enrollment, the pro rata cost of the lessons she (he) completed but for which she (he) had not paid will be deducted from the refund to which she (he) is otherwise entitled.

14. On the same day that respondent mails envelopes containing refund checks to eligible class members, pursuant to Paragraph III(13) of this order, respondent shall send, via first class mail, an envelope which bears respondent's return address and contains a letter in the language, manner and form shown in Appendix G and a copy of this order to the last known home address of each student who was determined on the basis of her (his) returned questionnaire to be ineligible for a refund under Part III of this order.

15. On the four hundred and twenty-fifth (425th) day after the date of service, respondent shall 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. 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.

16. The Federal Trade Commission shall have one hundred and eighty (180) days from the date of receipt of the report described in Paragraph III(15) of this order to locate such eligible class members and to notify respondent of such members' most recent addresses, if found.

17. Within five (5) days of receiving the notification referred to in Paragraph III(16) of this order, respondent shall send, via registered mail, return receipt requested, an envelope to each of the eligible class members whom the Federal Trade Commission has located, at the address found by the Commission, which bears respondent's return address and contains the letter and check referred to in Paragraph III(13) of this order.

18. Any administrative costs incurred by respondent in carrying out the provisions of this Part III, including the cost of employing the contractor, shall be borne by respondent.

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

IV

It is further ordered, That:

1. Respondent shall maintain records and documents for two (2) years after the filing of the report referred to in Paragraph III(15) of this order, which demonstrate that respondent has complied with Part III of this order, and shall further maintain all documents and other materials relied upon in compliance with Parts I and II of this order for a period of two (2) years following the last date such documents and materials were relied upon. Such records, documents and materials demonstrating compliance with this order shall be made available for inspection and copying by the Commission during normal business hours.

2. In addition to all other reports required by this order, respondent shall file with the Commission within sixty (60) days after service upon it of this order, a report, in writing, setting forth in detail the manner and form in which it has complied with Parts I and II of this order.

3. The Complaint against National Systems Corporation, a Corporation; John J. McNaughton, individually and as chairman of the board of directors of National Systems Corporation; Maurice H. Sherman, individually and as an officer of North American Correspondence Schools; Eugene Auerbach and Richard C. Parsons,

individually and as employees of North American Correspondence Schools; and Wallace O. Laub, individually and as a member of the board of directors of North American Correspondence Schools, be, and it hereby is, dismissed.

APPENDIX A

DISCLOSURE FORM

(Name of School)

EMPLOYMENT AND COMPLETION RECORD FOR (NAME OF COURSE)
FOR THE PERIOD OF (DATE) TO (DATE)

1. (Name of School) recently conducted a survey, pursuant to regulations of the Veterans Administration,¹ of students who graduated from the (name of course) between (date) and (date). (Number) questionnaires were mailed; (number) were returned. The survey shows that among the graduates who responded to the questionnaire, (percentage) of graduates available for employment actually obtained jobs in the (name of field) or a related field.

2. (Percentage) of the students who enrolled in (name of course) between (date) and (date) completed the course; (percentage) of the students who enrolled in that period cancelled their enrollment or were terminated by the school before completion of the course; (percentage) of the students who enrolled in that period are still studying the course.

APPENDIX B

(Name)

(Address)

Dear (Name):

In settlement of a proceeding brought by the United States Federal Trade Commission, North American Correspondence Schools has agreed to a Consent Order. Under that Order, North American is undertaking to make tuition adjustments for some former students of its Conservation course, if they meet certain requirements. The purpose of the enclosed questionnaire is to help determine your eligibility for such an adjustment.

You are under no obligation to fill out or send in this questionnaire. You must return this questionnaire, however, if you wish to have your eligibility determined. You may already have received and sent in other questionnaires relating to the Conservation course. Those questionnaires were used for other purposes and do not contain sufficient information to determine your eligibility.

DIRECTIONS: Please read each question carefully and mark or fill in the appropriate spaces on the questionnaire enclosed. After you have answered every applicable question, take the questionnaire to a notary public. Sign and swear to the Affidavit in the presence of the notary public, who will then notarize it. If you do not live within twenty-five (25) miles of a notary public, you may sign and swear to the Affirmation before three persons who are not related to you and who are at least

¹ [The following disclaimer shall be inserted if the course has not been approved by the Veterans Administration: "This course is not approved for veterans benefits."]

eighteen (18) years of age, each of whom must attest that he or she has witnessed your signing of the Affirmation statement.

If you decide to send in this questionnaire, you must follow the directions and 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. Please keep in mind that you can be exposed to criminal penalties if you knowingly give false information.

Please return the completed, signed and notarized (or witnessed) questionnaire in the enclosed stamped addressed envelope. You should fill out and mail in this questionnaire no later than [insert day 30 days after contractor mailed questionnaire]. If you should misplace the envelope provided, please mail your questionnaire to [insert contractor's name and address].

APPENDIX C

ELIGIBILITY QUESTIONNAIRE

Please type or carefully print your answers.

Name

Address

1. Did you enroll in the North American School of Conservation?
☐ Yes ☐ No
2. What was the *MOST IMPORTANT* reason why you enrolled? (MARK ONE BOX ONLY. Be sure to read all of the alternatives below before marking *the one* that applies to you.)

MARK ONLY ONE BOX

- ☐ Primarily to increase my knowledge and further my education.
- ☐ Primarily to enable me to get a job in the conservation or ecology field.
- ☐ Primarily to get a promotion in my present job.
- ☐ Primarily to help me decide if I wanted to go into the conservation or ecology field.
- ☐ Primarily to enhance my enjoyment of the outdoors.
- ☐ Other (please explain)

3. Generally speaking, were you satisfied with the course?

☐ Yes
☐ No
☐ Somewhat satisfied, but not entirely.

4. If you *completed* the course, skip this question. If you did *not* complete the course, please give the *MOST IMPORTANT* reason why you did not complete the course. (MARK ONE BOX ONLY. Be sure to read all of the alternatives below before marking *the one* that applies to you.)

MARK ONLY ONE BOX

- ☐ Primarily because I could no longer afford the course for financial reasons.
- ☐ Primarily because I changed my career goal.
- ☐ Primarily because I became convinced that the course would not help me get a job in the conservation or ecology field.
- ☐ Primarily because I did not have enough time to study or I found the course materials too difficult.
- ☐ Primarily because I was drafted or enlisted in the military service.

- _____ Primarily because I went to college or other schooling.
- _____ Primarily because I married, started a family, or stopped taking the course for other personal reasons such as illness or relocation.
- _____ Other (please explain)
- _____
- _____

5. Did you try to get a job in the conservation or ecology field?

_____ Yes _____ No (If no, skip to question 8.)

6.(a) Please list as many agencies or employers that you can recall where you filled out or submitted a *written application* for employment in the conservation or ecology field and the approximate date of your application. (If you need more space, please use the back of this page or add more pages.)

Agency or Employer _____ Approximate Date _____

(b) Please list as many agencies or employers that you can recall you *wrote to* about employment in the conservation or ecology field, but to which you did *not* make written application for a job. *Also*, please give the approximate date when you wrote, and a brief summary of the reply you received. (If you need more space, please use the back of this page or add more pages.)

Agency or Employer: _____

Approximate Date: _____

The reply I received was: _____

Agency or Employer: _____

Approximate Date: _____

The reply I received was: _____

Agency or Employer: _____

Approximate Date: _____

The reply I received was: _____

(c) Please list as many agencies or employers that you can recall you *personally visited* to see employment in the conservation or ecology field and the approximate date that you visited. *Also*, please identify the person you spoke with and give a brief summary of what happened. Tell what questions you asked and what you were told. (If you need more space, please use the back of this page or add more pages.)

Agency or Employer: _____

Approximate Date: _____

Name, title, position or description of person you spoke with: _____

The questions I asked and the answers I received were:

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Agency or Employer: _____

Approximate Date: _____

Name, title, position or description of person you spoke with:

The questions I asked and the answers I received were:

Agency or Employer: _____

Approximate Date: _____

Name, title, position or description of person you spoke with:

The questions I asked and the answers I received were:

- (d) Please list as many agencies or employers that you can recall you *telephoned* with regard to employment in the conservation or ecology field and the approximate date that you telephoned. *Also*, please give a brief summary of what happened. Tell what questions you asked and what you were told. (If you need more space, please use the back of this page or add more pages.)

Agency or Employer: _____

Approximate Date: _____

The questions I asked and the answers I received were:

Agency or Employer: _____

Approximate Date: _____

The questions I asked and the answers I received were:

Agency or Employer: _____

Approximate Date: _____

The questions I asked and the answers I received were:

- (e) Did you contact North American School of Conservation for assistance in getting a job?

_____ Yes _____ No

If yes, approximately when? _____

7. Did you get a job in the conservation or ecology field within 2 years of completing or dropping out of the course?

_____ Yes _____ No

- 8.(a) Did any private business or other organization, or any government agency or department other than the Veterans Administration, pay any of the tuition for the course in which you enrolled? (Do not include any loan which you have

repaid, are repaying, or are obligated to repay.)

____ Yes ____ No

(b) If yes, how much of your tuition was paid by each private business, or organization, or government agency or department? (Do not include any loan which you have repaid, are repaying, or are obligated to repay.)

Amount \$ _____

In order for you to be eligible for any tuition adjustment, you must, after completing the questionnaire, sign the following Affidavit in the presence of a Notary Public. However, if there is not a Notary Public within twenty-five (25) miles of the place you live, you may sign the Affirmation in the presence of three (3) witnesses who are not related to you and who are eighteen (18) years of age or older.

Also, in order for you to be eligible for any tuition adjustment, you must mail us the completed questionnaire promptly. Please mail the questionnaire by [insert date 30 days after contractor mailed questionnaire]. If you misplace the enclosed postage-prepaid envelope, you should mail the completed questionnaire to [insert contractor's name and address].

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.)

AFFIDAVIT

I hereby affirm that I am the person to whom this questionnaire was sent and that I have answered the above questions completely and truthfully, to the best of my knowledge.

Signature

Subscribed and sworn to before me this _____ day of _____, _____.

My commission expires: _____

Notary Public

If and only if you live more than 25 miles away from a Notary Public, you may sign this before 3 witnesses other than your spouse or relative; but all 3 witnesses must fill in the blanks below.

AFFIRMATION

I hereby affirm that I am the person to whom this questionnaire was sent and that I have answered the above questions completely and truthfully, to the best of my knowledge.

Signature

We affirm that we witnessed (*name of student*) sign the above statement; that we are not related to (*name of student*) by blood or marriage; that we are each at least eighteen (18) years of age; and that we hereby sign our names as attesting witnesses.

1. _____
Signature

Address

Date

Decision and Order 93 F.T.C.

2. _____
Signature

Address

Date

3. _____
Signature

Address

Date

APPENDIX D

(Name)

(Address)

Dear (Name):

Pursuant to an Order of the Federal Trade Commission, agreed to by this company, you are requested to provide us with the last known address of [insert name of student].

It is believed that this person was a student in the North American School of Conservation between 1973 and 1976. The Federal Trade Commission has determined that it is necessary to collect information from certain North American Conservation students to implement the terms of an Order which, among other things, requires the company to make tuition adjustments for certain students, possibly including the person named above.

If you know the current address of the person named above, please write it in the place provided at the bottom of this page and return it to us in the enclosed postage prepaid envelope as soon as possible, but *not later than* [insert date representing the one hundred and thirtieth (130th) day after the date of service].

Your cooperation will be appreciated.

Sincerely,

(current address of person listed above)

APPENDIX E

(Name)

(Address)

Dear (Name):

This letter relates to the questionnaire about your enrollment in the North American School of Conservation which you recently returned to us. We cannot evaluate your response because you marked more than one answer to Question[s] [2 and/or 4]. In order for us to evaluate your response you must return the enclosed copy of Question[s] [2 and/or 4] with ONLY ONE answer marked under [that, those] question[s]. You may not receive a tuition adjustment unless you mark ONLY ONE answer to [the, each] question.

Select the ONE answer for Question[s] [2 and/or 4] that best applies to you. You are reminded that your answer[s] must be truthful to the best of your knowledge.

Although your response to this inquiry need not be notarized or witnessed, you can be subjected to the same criminal penalties for an untruthful answer as you would be for untruthful answers to the Eligibility Questionnaire itself.

Your answer, on the enclosed copy of Question[s] [2 and/or 4] must be mailed to us not later than [insert date representing the earlier of the twenty-first (21st) day after contractor mails this letter or the one hundred and ninetieth (190th) day after the date of service]. If you misplace the enclosed postage-prepaid envelope, mail your answer[s] in an envelope addressed to [independent contractor's address].

By _____

Enclosures

APPENDIX F

(Name)

(Address)

Dear (Name):

Pursuant to a Consent Order issued by the Federal Trade Commission, the North American School of Conservation has agreed to make a partial tuition adjustment for certain former students in its Conservation courses.

The Order of the Commission contains the provisions identifying the class of persons eligible for adjustments, and the procedures for making adjustments. (You may obtain a copy of the Order without charge by writing to the Federal Trade Commission, Public Reference Branch, Room 130, Washington, DC 20580. Refer to National Systems Corp., *et al.*, Docket No. 9078.)

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

NORTH AMERICAN SCHOOL OF
CONSERVATION

By _____

APPENDIX G

IMPORTANT NOTICE

Pursuant to an Order of the Federal Trade Commission issued on _____, the North American School of Conservation agreed to make a partial tuition adjustment for certain former students in its Conservation courses. The Order of the Commission contains provisions identifying the class of persons eligible for adjustments and the procedures for making adjustments.

In accordance with Part III of the Order, it has been determined, based upon your responses to the "Eligibility Questionnaire," that you are not eligible for an adjustment. A copy of this Order is enclosed.

NORTH AMERICAN SCHOOL OF
CONSERVATION

By _____

APPENDIX H

INSTRUCTIONS TO INDEPENDENT CONTRACTOR

Respondent North American Correspondence Schools (NACS) shall require the independent contractor referred to in Part III of the Order to comply with the following instructions:

Determination of Eligible Class Members

The contractor shall receive the responses to the Appendix C Eligibility Questionnaire. From these responses, the contractor will determine all eligible class members, and, supplemented by NACS's records, the amount of refund to which each member is entitled, pursuant to the terms of Part III of this Order. All references regarding question numbers refer to the questions on the Appendix C Eligibility Questionnaire.

a. Vocational Intent Requirement

By checking the second response to question 2, the respondent to the questionnaire shall have met the requirement that she (he) enrolled in a NACS conservation course to enable her (him) to get a job in the conservation or ecology field. The contractor shall evaluate any answers to the sixth response to question 2 in Order to make a reasonable determination as to whether the respondent to the questionnaire met this requirement. If the respondent to the questionnaire checks two or more responses, one of which is a qualifying answer and one or more others is (are) disqualifying answer(s), and the respondent is not disqualified on the basis of an answer to any other question, then the contractor shall follow the procedure set forth in Paragraph III(6) of the Order. That is, within five (5) days after receiving the questionnaire, the contractor shall send, via first class mail, an envelope to the student bearing the contractor's return address and containing (a) a letter in the language, manner and form shown in Appendix E to the Order; (b) a copy, from an unanswered questionnaire, of that question or those questions to which the student had given inconsistent answers in her (his) first response; and (c) a first class postage-prepaid envelope addressed to the contractor.

b. Question 3

The contractor shall ignore the answers to question 3 in her (his) initial determination of eligibility.

c. Dropouts

Question 4 is to be answered only by those who did not complete NACS's conservation course. By checking the third response to question 4, the respondent to the questionnaire shall have met the requirement that the reason for not completing the course was that she (he) did not believe the course would help in getting employment in the conservation or ecology field. The contractor shall evaluate any answers to the eighth response to question 4 in order to make a reasonable determination as to whether the respondent to the questionnaire met this requirement. If the respondent to the questionnaire checks a qualifying answer and one or more disqualifying answer(s), but is not otherwise disqualified on the basis of an answer to any other question, then the contractor shall follow the procedure set forth in Paragraph III(6) of the Order. That is, within five (5) days after receiving the questionnaire, the contractor shall send, via first class mail to the student, an

envelope bearing the contractor's return address and containing (a) a letter in the language, manner and form shown in Appendix E to the Order; (b) a copy, from an unanswered questionnaire, of that question or those questions to which the student had given inconsistent answers in her (his) first response; and (c) a first class postage-prepaid envelope addressed to the contractor.

d. Meaningful Attempts to Find a Job

Those who completed NACS's course in conservation must have made three meaningful attempts to find a job in conservation or ecology at least one of which was either a written application or a personal visit. Those who did not complete said course must have made two meaningful attempts. An attempt may be made in person, in writing, or by telephone. A "yes" answer to question 6(e) establishes the fact of one meaningful attempt. In determining whether any other action or effort constitutes a meaningful attempt, the contractor shall be governed by the criteria set forth in Paragraph III(9) of the Order. That is, a meaningful attempt is one in which the student:

(a) Filed a written application for employment with an agency or other employer in the conservation or ecology field, and can reasonably identify the agency or employer to which, and the approximate date on which, application was made;

(b) Wrote to an agency or employer in the conservation or ecology field to inquire about employment, and can reasonably identify the agency or employer to which, and the approximate date on which, the inquiry was sent;

(c) Contacted the North American School of Conservation for assistance in getting a job in the conservation or ecology field;

(d) Telephoned an employer in the conservation or ecology field to inquire about the availability of a conservation or ecology job but failed to apply for a conservation or ecology job because (1) she (he) was ineligible to apply, (2) she (he) chose not to apply because the salary was too low, or (3) she (he) was advised that no jobs were available; and can reasonably identify the agency or employer contacted and the approximate date of the contact; or

(e) Personally visited an employer in the conservation or ecology field to inquire about the availability of a conservation or ecology job but failed to apply for a conservation or ecology job because (1) she (he) was ineligible to apply, (2) she (he) chose not to apply because the salary was too low, or (3) she (he) was advised that no jobs were available; and can reasonably identify the agency or employer contacted, the person to whom she (he) spoke (name, position, title or description), and the approximate date of the contact.

A student who completed the course must have provided a total of at least three (3) acceptable responses under these criteria to questions 6(a) through 6(e) of the Eligibility Questionnaire, of which at least one (1) must have been an acceptable response under these criteria to question 6(a) or 6(c).

A student who did not complete the course must have made two (2) meaningful attempts to find a job; thus, such student must have provided a total of at least two (2) acceptable responses under these criteria to questions 6(a) through 6(e) of the questionnaire.

e. Obtained Employment

A student who obtained employment in the conservation or ecology field within two (2) years after completing, cancelling or being terminated from the course is not eligible for a tuition refund. Therefore, any student who answered "Yes" to question 7 shall be deemed ineligible.

f. Out of Pocket Payments for Tuition

In determining the amount of refund to which an eligible class member is entitled, the contractor shall be guided by the provisions of Paragraph III(13) of the Order. Where an eligible class member's tuition was paid by a private business or organization or by a state or federal agency (other than the Veterans Administration) in whole or in part, that member shall not receive an amount greater than the amount not paid for by such business, organization or agency. To determine the amount of such tuition assistance an eligible class member received, the contractor shall contact NACS for any records it may have indicating the nature and amount of such assistance. If NACS does not have such records, then the contractor may refer to the response to question 8 of the questionnaire in determining the amount to be paid to the eligible class members.

If NACS's records indicate that an eligible class member had not paid for all of the lessons completed prior to cancellation or termination of her (his) enrollment, the contractor shall deduct from the refund to which the student is otherwise entitled the pro rata cost for the lessons she (he) completed but for which she (he) had not paid. Thus, for example, if a student had enrolled in the one hundred (100) lesson course with a total tuition cost of five hundred dollars (\$500.00), and had completed sixty (60) lessons (for which the pro rata cost would be \$300.00), but paid only two hundred and fifty dollars (\$250.00) in tuition, that student would have fifty dollars (\$50.00) deducted from the refund to which she (he) would otherwise be entitled.

g. Affidavit and Affirmation Forms

If a questionnaire is not properly sworn or witnessed, the contractor shall photostat and promptly return the original questionnaire to the respondent of the questionnaire along with new Affidavit and Affirmation forms and the following notice:

"We are returning your questionnaire because you did not properly sign it. Enclosed is a new Affidavit which you must sign before a notary public. *But* if you live more than twenty-five (25) miles from the nearest notary public, then sign the enclosed Affirmation before three witnesses (spouse and relatives don't count). Please sign the proper form and mail it along with the questionnaire within 2 weeks to (*name, and address*). If you fail to do so, you will be ineligible for a tuition adjustment."

If respondent challenges the eligibility of a student initially determined to be eligible on the ground that the student signed before three witnesses rather than before a notary public notwithstanding the fact that the student lives within twenty-five (25) miles of a notary public, and respondent furnishes evidence that the student in fact lives within twenty-five (25) miles of a notary public, the contractor shall photostat and promptly return the original questionnaire to the student along with a new Affidavit and the following notice:

"We are returning the questionnaire because you did not properly sign it. Since you live within twenty-five (25) miles of a notary public, you should have signed the Affidavit before a notary public rather than the Affirmation before three witnesses. Enclosed is a new Affidavit which you must sign before a notary public. Please sign it and mail it along with the questionnaire within 2 weeks to (*name and address*). If you fail to do so, you will be ineligible for a tuition adjustment."

h. Resolution of Challenges

In resolving challenges to the contractor's initial determinations of eligibility, the contractor shall be governed by the provisions of Part III(11)(b) of the Order. That is, the contractor shall consider all evidence presented to it that bears on the appropriateness and reasonableness of the contractor's interpretation of responses to the questionnaire and all evidence presented to it that bears on the accuracy or veracity of a student's responses to the questionnaire. Such evidence may include, *inter alia*, (1) evidence that the student has answered a question on the questionnaire in a manner inconsistent with the student's answer or answers to a previous questionnaire or inquiry, (2) evidence that the student did not in fact file a written application or otherwise contact an agency or employer listed on the questionnaire, and (iii) the student's failure to have the questionnaire notarized or affirmed in compliance with the questionnaire's instructions. The contractor's decision in upholding or denying any challenge shall be fair and impartial. No financial or other material benefit shall accrue to the contractor contingent upon the nature of the outcome of her (his) decision.

Complaint

93 F.T.C.

IN THE MATTER OF
ZAYRE CORPORATION

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

Docket C-2951. Complaint, Jan. 19, 1979 — Decision, Jan. 19, 1979

This consent order, among other things, requires a Framingham, Mass. discount department store chain to cease inducing or receiving discriminatory promotional allowances, services or facilities from its suppliers; and prohibits the firm from boycotting or decreasing its purchases from recalcitrant suppliers. The company is also required to maintain specified records for a five-year period; and to bear all costs of any trade show it sponsors, organizes or directs.

Appearances

For the Commission: *David W. DiNardi* and *Norman H. Jackman*.
For the respondent: *Harry L. Shniderman, Covington & Burling*,
Washington, D.C.

COMPLAINT

The Federal Trade Commission, having reason to believe that Zayre Corp., a corporation, has violated the provisions of Section 5 of the Federal Trade Commission Act, as amended, (15 U.S.C. 45), and believing that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges with respect thereto as follows.

I. Respondent

PARAGRAPH 1. Respondent Zayre Corp. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware with its office and principal place of business located at 770 Cochituate Road, Framingham, Massachusetts.

PAR. 2. Respondent is now and for many years has been engaged in the business of selling general merchandise to the public at retail. Respondent operates a chain of discount department stores which sell a large variety of clothing, hard goods, and other general merchandise. There are presently approximately two hundred and sixty department stores in respondent's chain, which stores are located in twenty-six states in the eastern half of the United States. Its sales in fiscal 1977 amounted to \$1,160,572,000.

PAR. 3. In the course and conduct of its business, respondent is now and has been in competition with other corporations, persons, firms, and partnerships in the purchase, sale, and distribution of clothing,