

Complaint

IN THE MATTER OF

BELL & HOWELL COMPANY, ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket 9099. Complaint, May 27, 1977—Decision, May 8, 1980*

This consent order requires, among other things, a Lincolnwood, Ill. seller of home study courses and its subsidiary to cease misrepresenting admission criteria, potential earnings, employment opportunities, and the need or demand for their graduates. The firms are further prohibited from misrepresenting the effectiveness of their job placement service; that experience is not necessary or advantageous in obtaining employment; that their courses are endorsed by a governmental agency; and that students are provided with instructional assistance. The order also requires respondents to make prescribed disclosures regarding the job success of previous students; the manner in which contracts can be cancelled; and the method used to calculate tuition obligations should a student drop out of a course. Additionally, Bell & Howell is required to deposit in an escrow account the sum of \$1.2 million to provide refunds for former eligible students.

Appearances

For the Commission: *Brian Hennigan, Carlton Lowe, and David Marx, Jr.*

For the respondents: *Samuel Weisbard, Bruce Schoumacher and William A. Cerillo, McDermott, Will & Emery, Chicago, Ill.*

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 Bell & Howell Company, a corporation, and Bell & Howell Schools, Inc., a 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 Bell & Howell Company, (hereinafter sometimes referred to as BHC), is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois with its principal office and place of business located at 7100 McCormick Ave., Lincolnwood, Illinois.

Respondent Bell & Howell Schools, Inc., (hereinafter sometimes

referred to as BHS), is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 4141 West Belmont Ave., Chicago, Illinois. Respondent BHS is a wholly-owned subsidiary of respondent BHC.

The aforementioned respondents have cooperated, and acted together in carrying out the acts and practices hereinafter set forth. Respondents BHC has known of, condoned and approved, expressly or tacitly, the acts and practices of respondent BHS hereinafter set forth. Respondent BHC is materially and financially interested in and responsible for respondent BHS. BHC has received monies from BHS flowing from the acts and practices set forth herein.

PAR. 2. Respondents have been engaged for some time last past in the advertising, promotion, formulation, offering for sale, sale and distribution of resident training and home study courses to the public purported to prepare completing students thereof for employment, advancement or increased earnings in the fields of accounting, television repair, electronics, and other related career fields. The home study courses consist of a series of home study lessons pursued by correspondence through the U.S. mails. The resident training programs consist of a series of lessons similar in content and purpose to the home study courses. The violations alleged in this complaint relate to the acts and practices of respondents in connection with their home study program.

Further, for the purpose of enabling students to finance respondents' home study courses, respondents have arranged or assisted in the arrangement of credit and deferred payment terms and in the application for benefits under the Veterans Educational Assistance Act, 38 U.S.C. 1651, et seq. ("VEAA"), and federally insured student loans under the Higher Education Resources and Student Assistance Act, 20 U.S.C. 1071, et seq. ("FISLP"). Respondents have accepted the revenues and proceeds flowing therefrom.

Further, respondents have engaged in recruitment of employees by means of advertisements in printed media of general circulation, and through other means, whereby members of the general public are induced to accept employment under written agreements and compensation schedules as members of respondents' sales force.

PAR. 3. In the course and conduct of their aforesaid business, respondents have disseminated, and caused to be disseminated, by means in or affecting commerce as "commerce" is defined in the Federal Trade Commission Act, certain advertisements concerning the home study courses including, but not limited to, advertisements inserted in newspapers and magazines of general interstate circulation,

and by means of brochures, pamphlets and other promotional materials disseminated through the United States mails, and by other means, for the purpose of obtaining leads or prospects for the sale of such home study courses, for the purpose of inducing the purchase of such home study courses, and for the purpose of recruiting and inducing the acceptance of employment by sales force members. Respondents' sales force members have visited prospective purchasers throughout the various states to induce the purchase of respondents' home study courses. Respondents have transmitted and received, and caused to be transmitted and received, in the course of advertising, offering for sale, sale and distribution of such home study courses, and in the course of advertising, recruiting, and inducing employment of sales force members, lessons and equipment from the home study courses, advertising and promotional materials, sales contracts, invoices, billing statements, checks, monies, and other business papers and documents, to and from prospective students, students, prospective sales force members, and sales force members, located in various States of the United States, other than the state of origination.

Respondents, at all times mentioned herein, have maintained a substantial course of trade in said home study courses and recruitment of sales force members in or affecting commerce as "commerce" is defined in the Federal Trade Commission Act.

PART I

PAR. 4. In the course and conduct of their aforesaid business, for the purpose of obtaining leads or prospects for the sale of their home study courses and inducing the purchase of such home study courses, respondents have made numerous statements and representations in magazines, newspapers, and other media, regarding opportunities for employment or advancement, occupational demand, earnings potentials, the placement assistance furnished to students completing respondents' home study courses, the instruction and assistance available to students, and other matters.

In the further course and conduct of their aforesaid business, respondents have caused persons who respond to their advertisements to be visited by respondents' sales force members in the homes of such persons. For the purpose of inducing the sale of respondents' home study courses, such sales force members have made to prospective purchasers many statements or representations, directly or by implication, as enumerated above in this paragraph. In addition, such sales force members have made representations, directly or by implication, regarding entry level wages and salary potentials, content and degree

of difficulty of home study courses, contract terms and financing arrangements, VEAA benefits and FISLP loans, and other matters. Some of the aforesaid statements and representations have appeared in brochures and other printed materials furnished by respondents to sales force members, and other statements and representations have been made orally by such sales force members to prospective purchasers.

PAR. 5. By and through the use of the aforesaid statements and representations respondents have represented, directly or by implication that:

1. There is an urgent need or demand for students who complete respondents' home study courses in the positions and career fields for which respondents train such students.
2. Students completing respondents' home study courses receive high wages or salaries from employment in the positions or career fields for which respondents train such students.
3. A substantial proportion of students completing respondents' home study courses obtain employment through respondents' placement service.
4. Respondents are selective in enrollment.
5. A high school education or its equivalent is sufficient for admission and successful completion of respondents' home study courses.
6. Help sessions are available to respondents' home study students at regular and frequent intervals and provide personalized instruction and assistance.
7. Instruction and assistance from instructors are readily available to home study students through telephone services provided by respondents.
8. Respondents' home study electronics courses are simple and involve primarily manual skills.

PAR. 6. In truth and in fact:

1. In many instances there is not an urgent need or demand for students completing respondents' home study courses in the positions or career fields for which respondents train such students.
2. In many instances students completing respondents' home study courses do not receive high wages or salaries from employment in positions for which respondents train such students.
3. A substantial proportion of students completing respondents' home study courses do not obtain employment through the placement service offered by respondents.

4. Respondents are not selective in enrollment; to the contrary, respondents require few qualifications of prospective students and accept all or most persons for enrollment in such courses who are willing to execute a contract to pay for such home study courses.

5. In many instances a high school education or its equivalent is not sufficient for successful completion of respondents' home study courses.

6. In many instances help sessions are not available to respondents' home study students at regular and frequent intervals and do not provide personalized instruction and assistance.

7. In many instances instruction and assistance from instructors are not readily available to home study students through telephone services provided by respondents.

8. Respondents' home study electronics courses are not simple and do not involve primarily manual skills.

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

PAR. 7. Respondents have offered for sale home study courses and have accepted students for enrollment on the basis of a high school education or its equivalent, without disclosing to prospective students:

1. That certain aptitudes or background are requisite for successful completion of such home study courses;

2. That a high school education or its equivalent does not necessarily insure that the prospective student has such requisite aptitudes or background; and

3. That respondents do not test or screen home study students to determine whether such students actually have the requisite aptitudes or background.

Disclosure of such facts to home study students would indicate to such students the significance of respondents' admission requirements and the probability of their completing such home study courses. Thus, respondents have failed to disclose material facts which, if known to certain prospective students, would be likely to affect their consideration of whether to purchase such home study courses.

Therefore, the aforesaid acts and practices were and are false, misleading, deceptive or unfair acts or practices.

PAR. 8. In the course of offering for sale and selling home study electronics courses, respondents have emphasized fun, simplicity and manual training, while understating, obscuring and failing to disclose the significance, nature and extent of written lessons and instructional

material involved in such courses. The aforesaid representations and non-disclosures have deceived students with respect to the content and nature of home study electronics courses. Therefore, the aforesaid acts and practices were and are false, misleading, deceptive or unfair acts or practices.

PAR. 9. Through the use of the aforesaid advertisements, materials, oral presentations and otherwise, and for the purpose of inducing the purchase of home study courses, respondents have degraded, debased or disparaged the present or potential career opportunities, education and training, self-image or other personal characteristics of prospective students. Further, respondents have represented, directly or by implication, that such prospective students can alter or improve such personal characteristics through respondents' home study courses.

The effect of the aforesaid disparagements and representations has been to aggravate and continue the unfair and deceptive effect of the acts and practices set forth herein. Therefore, the aforesaid acts and practices of respondents were and are unfair acts or practices.

PAR. 10. In the further course and conduct of their aforesaid business, respondents have assisted prospective students in making application or contracts for enrollment, deferred payment financing, benefits under VEAA, and loans under FISLP. In many instances respondents have made false, misleading or deceptive representations, directly or by implication, relating to the information, terms, conditions and obligations contained in such contracts, applications and agreements or remaining thereunder upon termination of enrollment. In many instances respondents have failed to fully explain and disclose material facts regarding the terms and conditions of such forms and agreements.

The aforesaid acts of respondents have deceived students with respect to the nature, terms and conditions of contractual obligations, veterans educational benefits, Federally Insured Student Loans, and other consequences of the contracts, applications and agreements.

The deceptions resulting from the acts or practices described in this Paragraph Ten are continuing, in many instances, through the period of the students' enrollment and concomitant deferred payment obligations.

Therefore, the aforesaid acts and practices of respondents were and are false, misleading, deceptive or unfair acts or practices.

PAR. 11. In the further course of their aforesaid business, and at all times mentioned herein, respondents have offered for sale home study courses intended to train students for employment in certain positions or career fields without disclosing in their advertising and printed material or through their sales force members:

1. the percentages of students recently completing the home study courses who were able to secure employment in the positions or career fields for which they were trained;
2. the initial salary received by such completing students; and
3. the percentage of recent students for each home study course offered that have failed to complete their courses of instruction.

Knowledge of such facts by prospective students of respondents' home study courses would indicate that a significant number of students have not completed such courses and not secured employment. Thus, respondents have failed to disclose material facts which, if known to certain prospective students, would be likely to affect their consideration of whether to purchase such home study courses.

Therefore, the aforesaid acts and practices were and are false, misleading, deceptive or unfair acts or practices.

PAR. 12. In the further course and conduct of their aforesaid business, and in furtherance of their purpose of inducing prospective students to execute enrollment contracts for the purchase of their home study courses, respondents and their employees, sales force members, and representatives, through the use of the false, misleading and deceptive statements, representations and practices set forth herein in this complaint, have induced prospective students to execute enrollment contracts and deferred payment financing agreements upon initial contact without affording such students sufficient time to carefully consider the purchase of the home study course or the financing thereof. Therefore, the aforesaid acts and practices were and are unfair acts or practices.

PAR. 13. In the further course and conduct of their aforesaid business, respondents have made representations and entered into contracts with home study students whereby respondents are obligated to provide and deliver, and such students are entitled to receive, in accord with their progress through the course, lessons and examinations, laboratory materials and equipment, tuition refunds upon cancellation, and certain services including, but not limited to, grading of lessons and examinations, and instruction or assistance through help sessions and telephone services. In many instances respondents have failed to provide or deliver such lessons, examinations, laboratory materials, equipment, tuition refunds and other services to home study students in a timely manner and in accord with the terms of the aforesaid contracts and representations. Such failures and delays on the part of respondents have impeded such students in their efforts to derive benefit from and progress through such home study courses and have resulted in inconvenience, expense and financial detriment to

such students. Therefore, the aforesaid acts and practices of respondents were and are unfair acts or practices.

PAR. 14. Through the false, misleading, deceptive, and unfair acts or practices herein set forth in this complaint, respondents have induced students and other persons or entities to pay, or contract to pay, to respondents substantial sums of money to purchase or pay for respondents' home study courses. In many instances such monies were paid to and received by respondents although such courses were of little value to students. Respondents have received the aforesaid monies and have failed to offer or refund such sums to, or to rescind the contractual obligations of, many students and other persons or entities participating in the financing of such home study courses.

By inducing students and other persons or entities to pay, or contract to pay, to respondents substantial sums of money for respondents' home study courses where such home study courses are of little value to students and by failing to offer or refund such sums to, or to rescind the contractual obligations of many students and other persons or entities where such courses are of little value, respondents have engaged in unfair acts and practices.

Therefore, the said acts or practices constitute unfair acts or practices in violation of Section 5 of the Federal Trade Commission Act.

PART II

PAR. 15. In the further course and conduct of their business as aforesaid, respondents have recruited and induced members of the general public to accept employment under written agreements and to sell respondents' home study courses. In the course of such recruitment respondents have published or caused to be published advertisements in newspapers of general and interstate circulation throughout the United States and have made oral presentations through their agents, representatives, and employees. Through such publications, advertisements, oral presentations and otherwise, respondents have made statements and representations, directly or by implication, respecting earnings potential, sales territory, job security, sales quotas, company-generated leads and other terms of the employment relationship in order to induce individuals to accept employment in respondents' sales force and to sell home study courses on behalf of respondents.

PAR. 16. Furthermore, respondents have, through the acts and practices described herein, recruited and induced persons to accept employment in respondents' sales force and to enter into, as a condition

of such employment, written agreements and compensation schedules, which include the following termination provisions, in substance:

1. Employment under this schedule may be terminated by either party at any time.
2. Termination of the representatives' employment with the company will cause this (compensation) schedule to be cancelled and no amounts will be considered earned or accrued after the last day of active employment, as shown by the company records, unless termination is for one of the following reasons: death, retirement (as defined by the Bell & Howell profit sharing trust), or permanent total disability (as defined by the Bell & Howell group insurance master policy).

Through such contracts respondents have retained and exercised the power to unilaterally and substantially alter the terms of the employment relationship and the compensation received by sales force members. Included among such unilateral powers and practices, but not all inclusive thereof, are the following:

1. Respondents have arbitrarily and without cause denied, altered or periodically withheld sales leads from sales force members, thereby hindering such sales force members in obtaining enrollments and fulfilling the sales quotas or other performance requirements set by respondents.
2. Respondents have arbitrarily and unilaterally altered or increased the sales quotas and performance requirements.
3. Respondents have arbitrarily and unilaterally altered and reformed the commission schedule and other payment schedules, for the purpose of inducing or coercing such sales force members to fulfill increasingly higher sales quotas and other performance requirements.
4. Respondents have used various threats and forms of coercion against their sales force members, including but not limited to probation, termination, and restriction of sales leads, to coerce sales force members to comply with sales quotas and performance requirements.

As a result of the aforesaid powers and practices, respondents have, in many instances, induced or coerced sales force members to terminate employment; and respondents have thereby caused such terminated sales force members to forfeit earned compensation in accordance with the terms and conditions of the written agreements and compensation schedules.

The failure of respondents to make payment of earned compensation

to sales force members at termination does unjustly enrich respondents and is unfair.

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

PAR. 17. At the time of the false, misleading, deceptive, and unfair acts or practices set forth in this complaint, and as a result thereof, respondents have received certain complaints, reports and information from their home study students, sales force members and other persons, and from surveys and studies conducted by or on behalf of respondents, which indicated or reported the occurrence, causes, or results of such acts or practices. At the time of such complaints, reports or information respondents were engaged in the courses of conduct and business behavior herein set forth in Paragraphs Fifteen and Sixteen of this complaint.

Respondents have received the aforesaid complaints, reports and information and have continued to engage in the aforesaid courses of conduct and business behavior and have continued to enroll large numbers of home study students.

PAR. 18. The effect of the courses of conduct and business behavior set forth in Paragraph Fifteen through Seventeen herein, and the continuation of such conduct and business behavior, has been to aggravate and continue the unfair and deceptive effect of the acts and practices of respondents as alleged in Parts I and III of this complaint.

Therefore, engaging and continuing in such courses of conduct and business behavior is an unfair act or practice in violation of Section 5 of the Federal Trade Commission Act.

PART III

PAR. 19. In the further course and conduct of their aforesaid business, respondents have advertised and promoted the availability of educational benefits under the Veterans Educational Assistance Act, 38 U.S.C. 1651, et seq. ("VEAA"), as an inducement to veterans to purchase and pay for respondents' home study courses. Said Act allows each eligible veteran to "select a program of education to assist him in attaining an educational, professional or vocational objective at any educational institution (approved in accordance with the terms of the Act) selected by him." 38 U.S.C. 1670. Rules promulgated by the Veterans Administration to carry out the policy and purposes of the VEAA further provide that programs of education will be approved for veterans educational benefits where "the veteran is not already

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qualified for the objective for which the program of education is offered." 38 C.F.R. 21.4230.

In their advertisements, materials, oral presentations and otherwise, respondents have stressed non-vocational themes or benefits and have emphasized monetary benefits available through VEAA from enrollment in respondents' home study courses.

Respondents have made such representations and have assisted veterans in making application for VEAA benefits, while misrepresenting or failing to disclose to such veterans the vocational objectives and requirements for use of such benefits. Respondents have thereby induced veterans to enroll and to use their VEAA benefits for the effect of the aforesaid acts or practices has been to aggravate and continue the unfair and deceptive effect of the acts and practices of respondents set forth in Part I of this complaint. Such acts or practices violate the spirit and purpose of the VEAA and rules promulgated thereunder, are contrary to public policy, and were and are unfair acts or practices in violation of Section 5 of the Federal Trade Commission Act.

PAR. 20. Through the false, misleading and deceptive acts or practices, and the unfair acts and practices herein set forth in this complaint, respondents have induced or arranged the application and use of monies available under VEAA to purchase or pay for respondents' home study courses. In many instances monies available under VEAA were paid over and received by respondents in contradiction of the vocational policies, purposes or requirements of said Act or rules thereunder. As a result, the eligibility of such students for VEAA benefits was diminished, depleted or expired; and such students lost the opportunity to attain an educational, professional or vocational objective from use of their VEAA benefits, as contemplated by said Act.

The use by respondents of the aforesaid acts and practices, their continued retention of VEAA funds where the policies, purposes or requirements of the VEAA or rules thereunder are contradicted, does unjustly enrich respondents.

Therefore, the said acts or practices constitute unfair acts or practices in violation of Section 5 of the Federal Trade Commission Act.

PAR. 21. By and through the use of the aforesaid acts and practices, respondents have placed in the hands of others the means and instrumentalities by and through which they may mislead and deceive the public in the manner hereinabove alleged.

PAR. 22. The use by respondents of the aforesaid false, misleading,

unfair or deceptive statements, representations, acts and practices has had, and now has, the tendency and capacity to mislead and deceive a substantial portion of members of the general public in the erroneous and mistaken belief that said statements and representations were, and are, true and complete, and to induce a substantial number thereof to purchase respondents' courses or to accept employment under written agreements and to sell home study courses for the benefit of respondents by reason of said erroneous and mistaken beliefs.

PAR. 23. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and constituted, and now constitute, unfair or deceptive acts or practices in or affecting commerce in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore issued its complaint charging the respondents named in the caption hereof with violation of Section 5 of the Federal Trade Commission Act, as amended, and the respondents having been served with a copy of that complaint, together with a notice of contemplated relief; and

The respondents, their counsel, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having considered the matter and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, and having duly considered the comments filed thereafter by interested persons pursuant to Section 3.25 of its Rules, now in further conformity with the procedure prescribed in Section 3.25(f) of its Rules, the Commission hereby makes the following jurisdictional findings and enters the following order:

1. Respondent Bell & Howell Company 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 7100 McCormick Ave., Lincolnwood, Illinois.

Respondent Bell & Howell Schools, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the

State of Illinois, with its principal office and place of business located at 2201 West Howard, Evanston, Illinois.

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 Bell & Howell Company, a corporation, and Bell & Howell Schools, Inc., a corporation, their successors and assigns and their agents, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division, franchise or other device in connection with the advertising, promoting, offering for sale, sale or distribution of home study courses, home study training or home study instruction in the fields of accounting, television repair, electronics, or any other subject, trade or vocation 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 significant or substantial need or demand for persons completing any of respondents' courses offered in the fields of accounting, television repair, electronics, or any other field or otherwise representing that significant or substantial opportunities for employment, or significant or substantial opportunities of any other type, are available to such persons, or that persons completing said courses will or may earn a specified amount of money, or otherwise representing by any means the prospective earnings of such persons, unless such representations are accompanied by a written disclosure form which contains the following information under the heading "Placement Record" in the format prescribed in Appendix A and for the most recently completed base period designated as described in Appendix B:

(1) the number and percentage of graduates who, within four months of leaving the course, obtained employment in jobs for which the course prepared them;

(2) the number of these graduates by their yearly gross salary, in increments of two thousand dollars (\$2,000);

(3) the percentage of these graduates within each salary increment to the total number of graduates;

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(4) at its option, the number and percentage of these graduates who refused to provide salary information.

Provided, however, that this subparagraph (a) shall be inapplicable to any course newly introduced by respondents until such time as the new course has been in operation for the base period established pursuant to Appendix B as prescribed in this paragraph. However, during such period the following statement, and no other, shall be made in lieu of the Appendix A Disclosure Form required by this paragraph:

DISCLOSURE NOTICE

Because this course is new, we can't tell you how our previous students did or about your chances of getting a job when you finish.

All we can talk about is the general demand for people in the field we train you for. But this demand may be higher or lower in the area where you live, and it can change in the future. Or you may need some past experience in the field. We suggest you speak to a counselor or state employment office about these things.

(b) Experience is not required or advantageous for employment in the field of accounting, television repair, electronics, or any other field, or misrepresenting in any manner the qualifications or requirements necessary to obtain employment in the fields of accounting, television repair, electronics or any other field.

2. Misrepresenting orally, visually, in writing or in any other manner, directly or by implication:

(a) The employment prospects of respondents' graduates or the ease with which respondents' graduates will obtain employment.

(b) The types of jobs available to respondents' graduates, or that there will be job security or steady employment for respondents' graduates in positions for which respondents train such persons.

(c) The effectiveness or the success of the placement service offered by respondents in placing their graduates in positions in the fields of accounting, television repair, electronics, or any other field.

(d) That the placement service offered by respondents has names of employers seeking respondents' graduates in the fields of accounting, television repair, electronics, or any other field; or misrepresenting in any manner the capabilities, functions or service offered by respondents' placement service.

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

(a) Help sessions are available or personalized instruction and

assistance are provided to respondents' home study students, unless, regarding help sessions, any representation is accompanied by a statement which clearly and fully discloses the time, dates, and locations of help sessions scheduled for the location in which such representation is made for the 12-month period immediately following such representation; *provided, however*, that if any changes are made in the time or location of help sessions, all students shall be notified of such changes within 30 days.

(b) Instruction or assistance is available to home study students through telephone services provided by respondents, unless any representation regarding telephone services is accompanied by a statement which clearly and fully discloses the time of operation of such telephone services, discloses whether use of such telephone service is at the student's expense, and informs the student that incoming telephone lines might be busy.

4. Failing to disclose, in writing, clearly and conspicuously, prior to the signing of any contract, to any prospective enrollee in any course of instruction offered by respondents, the admission criteria, if any, required for enrollment in the school, the number of written lessons required to be submitted by the student, the educational or occupational background needed for successful completion of the course, and if a representation is made that equipment will be furnished in the course, the number of written lessons that must be completed before the student receives any equipment furnished in the course.

5. Failing to disclose, in writing, clearly and conspicuously, prior to the signing of any contract, to any prospective enrollee in any accounting course offered by respondents, the following information in the following form:

(a) The title "IMPORTANT INFORMATION" printed in ten (10) point bold face type across the top of the form.

(b) Paragraphs providing the following information:

(1) Many employers of accountants require accountant-applicants to have a college degree or prior work experience in the field of accounting.

(2) Many employers of accountants give preferential consideration in hiring to accountant-applicants who are Certified Public Accountants (CPAs). Each of the 50 states has different requirements for the CPA examination. Before you enroll in this course, be sure to check with the Secretary of the State Board of Accountancy of your state to determine whether, after you've graduated from this course, you will be qualified to take the CPA examination.

6. Failing to disclose, in writing, clearly and conspicuously, prior to the signing of any contract, to any prospective enrollee in any television repair or electronics course offered by respondents, the following information in the following form:

(a) The title "IMPORTANT INFORMATION" printed in ten (10) point bold face type across the top of the form.

(b) Paragraphs providing the following information:

(1) Many employers of television repairmen or electronics technicians require applicants to have additional educational experience and/or previous occupational experience in the field of electronics.

(2) If you intend to open your own television or electronics entertainment equipment repair shop, you may need more training and experience than this course will give you.

7. Failing to keep adequate records which may be inspected by Commission staff members upon reasonable notice which substantiate the data and information required to be disclosed by Part I, Paragraphs 1(a) and 8 of this order and prescribed in Appendix A.

8. Failing to disclose, in writing, clearly and conspicuously, prior to the signing of any contract, to any prospective enrollee in any course of instruction in the fields of accounting, television repair, electronics or any other subject, trade or vocation offered by respondents, the following information in the format prescribed in Appendix A and for a base period designated as described in Appendix B:

(a) the number of students who enrolled in that period;

(b) the number and percentage of such students who were graduated during that period;

(c) the number and percentage of such students whose course of study was terminated during that period; and

(d) The number and percentage of such students who remained actively enrolled at the end of that period.

9. (a) Contracting for the sale of any course of instruction in the field of accounting, television repair, electronics or any other subject, trade or vocation in the form of a sales contract or any other agreement which does not contain on the front page of the contract in bold face type of a minimum size of ten (10) points, a statement in the following form:

If You Change Your Mind

After you sign this contract, we will send you a Disclosure Form that will tell you how many of our students graduate and get jobs. At the same time, we will mail you another disclosure form headed "If You Change Your Mind." You should know that if we mail

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you this disclosure form this means that we have accepted you as a student. If we don't send you both of these forms in the mail, this contract is automatically cancelled and you don't owe us anything.

If you have changed your mind, you have fourteen days to get out of this contract. The fourteen days start on the day that we mail you the disclosure forms, but you can cancel before then. All you have to do is sign the cancellation notice on the bottom of this page or the disclosure form, put a date on it, and mail it to us by midnight of the fourteenth day after the disclosure form is mailed to you. The disclosure form will tell you when your fourteen days are up.

If you want, you can also send a letter of your own during this fourteen day period that says you want to get out of this contract. Be sure that you sign and date the letter. If possible, keep a copy. Your contract will be cancelled the day you mail us the written notice.

If you decide not to take this course during this fourteen day period, we will send you a full refund of any money that you have paid. Once we know that you have decided not to take the course, we will return your money within two weeks from the day we receive notice of your cancellation.

(b) Failing to place at the bottom of the first page of the enrollment contract the following detachable cancellation notice:

I've changed my mind and am getting out of the contract.

Date

(Student's Signature)

(c) Failing to mail to the student, after the school has accepted the enrollment contract, the disclosure of the school's graduation and placement rate, as required by Part I, Paragraph 8 herein, and, on a separate sheet of paper, the following dated notice, as required by Part I, Paragraph 9(a).

If You Change Your Mind

If you have changed your mind, you have fourteen days to get out of this contract. These fourteen days will end at midnight on [14 days from the day notice is mailed]. All you have to do is sign this paper on the bottom, put a date on it, and mail it back to us by this date. Your contract will be cancelled the day you mail this notice back to us.

If you decide not to take this course during this fourteen day period, we will send you a full refund of any money that you have paid. Once we know that you have decided not to take the course we will return your money within two weeks from the time we receive notice of your cancellation.

If you change your mind and want to get out of this contract after you have started the course, you will owe the school some money. See the part of the contract called "Refund In the Event of Termination After You Start the Course" for an explanation of your rights to cancel after the course has started.

I've changed my mind and am getting out of the contract.

Date

(Student's signature)

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(d) Failing to orally inform each prospective enrollee that he/she has a right to cancel at the time he/she signs a contract or agreement for the sale of any course of instruction.

(e) Misrepresenting in any manner the prospective enrollee's right to cancel.

(f) Failing or refusing to refund all payments made under the contract or sale and cancel and return any negotiable instrument executed by the prospective enrollee in connection with the contract or sale, to the prospective enrollee within fourteen (14) business days after receipt of such notice of cancellation.

10. (a) Contracting for the sale of any course of instruction in the field of accounting, television repair, electronics or any other subject, trade or vocation in the form of a sales contract or any other agreement which does not contain on the front page of the enrollment contract, immediately following the disclosure notice required by Part I, Paragraph 9(a) herein, the following statement:

Refund In the Event of Termination After You Start the Course

If you change your mind after this fourteen day period, you can still drop this course any time. All you have to do is send or give us a letter signed and dated by you that says you want to drop the course.

If possible, you should keep a copy of the letter. The day you send us this letter, you've dropped the course.

If you do drop out, you still will have to pay for the lessons you sent in. We'll figure the amount you owe us like this. The price per lesson is \$ _____. We multiply this by the number of lessons you sent in. We add \$ _____ registration fee. The total is what you owe us.

If you've already paid more, we'll refund you the difference within 28 days after we receive the letter.

(b) Receiving, demanding or retaining more than a pro rata portion of the total contract price plus a registration fee in an amount not to exceed \$75 in the event a student cancels his course in accordance with the terms of this paragraph, and such pro rata portion will be calculated in the following manner:

(1) the school must calculate the number of lessons received from the student before the student's cancellation;

(2) this number must be divided by the total number of lessons required to complete the course; and

(3) the resulting number shall be multiplied by the total contract price.

(c) Failing to provide the student with the correct refund payment, if any, or to cancel that portion of the student's indebtedness that

exceeds the amount due the school, within twenty-one (21) days of the receipt of cancellation pursuant to this paragraph.

(d) Failing to orally inform each prospective enrollee that there is a refund policy in the event the student cancels his course of instruction prior to completion of the course of instruction.

(e) Misrepresenting in any manner the nature of the prospective enrollee's tuition obligation and right to a refund upon cancellation.

11. Misrepresenting, orally, visually, in writing or in any other manner, directly or by implication that respondents' courses are endorsed by the Veteran's Administration, HEW or any Government Agency or Department; or misrepresenting in any manner the extent or nature of any approval or other form of government action taken with respect to any school or course of instruction.

12. In the event the Commission promulgates a final Trade Regulation Rule on Advertising, Disclosure, Cooling-Off and Refund Requirements Concerning Proprietary Vocational and Home Study Schools, then, so long as and to the extent that such Rule shall be in effect, such Trade Regulation Rule shall completely supersede and replace the provisions of this order set forth in Part I, Paragraphs 1(a), 7, 8, 9 and 10, provided that if no provision of the Trade Regulation Rule relates in whole or in part to any matter covered by provisions of one of the aforesaid Paragraphs of this order, then said provisions of said Paragraph shall remain in full force and effect.

II

It is further ordered, That:

1. Respondents deliver a copy of this decision and order to each of its present and future employees, salesmen, agents, solicitors, independent contractors or to any other person or entity who promotes, offers for sale, sells or distributes (hereinafter referred to as "sells") any course of home study instruction included within the scope of this order.

2. Respondents provide each person or entity described in Part II, Paragraph 1 of this order with a form returnable to the respondents clearly stating his or her intention to be bound by and to conform his or her business practices to the requirements of this order; retain said statement during the period said person or entity is so employed and for a period of five (5) years thereafter; and make said statement available to the Commission's staff for inspection and copying upon request.

3. Respondents inform each person or entity described in Part II,

Paragraph 1 of this order that the respondent will not employ or will terminate the employment of any such person or entity in selling such home study courses, unless such party agrees to and does file notice with the respondents that he or she will be bound by the provisions contained in this order.

4. If a person or entity described in Part II, Paragraph 1 of this order will not agree to file with respondents the notice set forth in Part II, Paragraph 2 of this order and be bound by the provisions of the order, respondents shall not employ or continue the employment of, such person or entity to sell any course of instruction covered by this order.

5. Respondents inform the persons or entities described in Part II, Paragraph 1 of this order that respondents are obligated by this order to discontinue dealing with or to terminate the employment in selling their courses of persons or entities who continue on their own the acts or practices prohibited by this order.

6. Respondents discontinue dealing with or terminate the employment in selling the courses of any person or entity described in Part II, Paragraph 1 of this order, who continues on his or her own any act or practice prohibited by this order.

7. Respondents shall forthwith distribute a copy of this order to each of its divisions or subsidiary corporations which is involved in the advertising, promotion or sale of any home study course of instruction included within the scope of this order.

III

It is further ordered, That:

1. Respondents shall not issue any instructions or directions respecting the Escrow Account to the Federal Trade Commission or its designee, or the Escrow Agent in the performance of their duties pursuant to this Agreement and the Escrow Instructions attached hereto as Appendix C and incorporated herein, including but not limited to, investment of the Property held by the Escrow Agent, determination of purchasers pursuant to Part IV of this order and the written directions of the Federal Trade Commission or its designee, or disbursement of the Property by the Escrow Agent. Respondents shall not exercise any control over the property in the Escrow Account.

2. Respondents shall provide the Federal Trade Commission or its designee access on respondents' premises to any student file folders maintained by respondents, provided the Federal Trade Commission has the consent of the students whose files are sought for inspection.

IV

It is further ordered, That:

1. For the purposes of Part IV of this order, the following definitions shall apply:

(a) The term "Purchasers" shall mean those students who paid all or some portion of their own tuition to respondents and who did not have their tuition paid in full or their payments fully reimbursed, by any federal, state or local government agency or department, or any private business organization, other than one that he/she owns;

(b) The term "Relevant Period" shall mean the period commencing May 27, 1974 to the present.

(c) A purchaser shall be deemed to be covered by the relevant period if such purchaser:

(1) enrolled in a Bell & Howell Schools, Inc. electronics or accounting home study course during the relevant period; or

(2) enrolled in a Bell & Howell Schools, Inc. electronics or accounting home study course after January 1, 1971 and made any tuition payment during the relevant period to Bell & Howell Schools, Inc. or to any person or entity on account of any such course.

2. Respondents shall submit to the Chicago Regional Office of the Federal Trade Commission, within thirty (30) days after the date this order is served on respondents, a notarized affidavit executed by a duly authorized officer of respondents, to the effect that respondents have made a good faith search of documents that pertain to purchasers of respondents' accounting, television repair, and electronics courses of instruction, and that respondents, to the best of their knowledge, have previously or simultaneously with said affidavit submitted to the Chicago Regional Office of the Federal Trade Commission the names and most current known addresses of all such purchasers who enrolled in said courses after January 1, 1971.

3. The Federal Trade Commission has determined that purchasers who may be eligible to receive refunds from the Escrow Account are those purchasers who in the relevant period:

(a) (1) Enrolled in the course for the purpose of obtaining employment in their fields of instruction; and

(2) Successfully completed 100% of the lessons in the course; and

(3) Sought employment in their fields of instructions; and

(4) Did not obtain employment in their fields of instruction.

(b) (1) Terminated, or were terminated, from their course of instruction prior to completion of 100% of the lessons because:

(a) They were unable to successfully assimilate the subject matter of the course because they lacked adequate education or background; or

(b) They were unable to successfully assimilate the subject matter of the course because they could not obtain instructional assistance through help sessions, or telephone services, or requests for technical consultation and they indicate that such assistance was necessary to progress through the course; or

(c) They were unable to devote sufficient time to study for the course.

(c) (1) Enrolled in an accounting course with the expectation that they would be qualified by graduation from the course to take the state licensing examination to become a Certified Public Accountant in the state in which the purchasers resided; and

(2) Later determined that they were not thereby qualified to take the state licensing examination to become a Certified Public Accountant in the state in which they resided as of the date of the sales presentation, and

(3) Indicate that they terminated from the course of instruction because, or determined after graduation that, they were not thereby qualified to take the state licensing examination to become a Certified Public Accountant.

(d) (1) Were misled as to the cost of the course of instruction which would have to be borne by the purchasers or as to the refund policy of Bell & Howell Schools, Inc. in the event such purchasers terminated their enrollment in such course; and

(2) Terminated, or were terminated, from the course of instruction prior to completion of 100% of the lessons of the course.

(e) (1) Were terminated from their courses of instruction because the purchasers failed to submit lessons in a timely manner to Bell & Howell Schools, Inc.; and

(2) Indicated that the reason for their delay was that Bell & Howell Schools, Inc. failed to supply equipment or lessons to the purchasers as represented in its advertisements, sales presentation, or enrollment contracts.

(f) (1) Enrolled in the course for the purpose of obtaining employment in their fields of instruction; and

(2) Terminated from the course of instruction because they were informed that such course was not adequate to prepare them for employment in the fields for which such course offered training.

4. The fact that a purchaser is canvassed does not itself mean that such purchaser will receive a refund. The Federal Trade Commission or its designee shall determine which purchasers shall be entitled to a

refund and the amount to be paid such purchasers; *provided, however*, that such refund shall be based upon no more than the amount of the purchaser's tuition obligation not paid or reimbursed by any federal, state or local government agency or department, or any private business organization, other than one that he/she owns. In no event shall any purchaser receive an amount greater than his/her tuition obligation less his/her reimbursement or other payment from the aforementioned agencies, departments or organizations. Such refunds shall be paid out of the Escrow Account established pursuant to Paragraphs 9 through 13 and Part III of this order.

5. No purchasers shall be deemed by respondents to have waived any claim that they may have, or may hereafter have, against respondents, their successors and assigns, arising in any manner whatsoever from enrollment in any of respondents' home study courses prior to January 21, 1976, unless such purchasers accept a refund pursuant to Part IV of this order. Acceptance of a refund pursuant to Part IV of this order will be a bar to assertion of any such claim.

V

It is further ordered, That respondents maintain for a period of ten (10) years, records which shall show the manner and form of respondents' continuing compliance with the above terms and provisions of this order.

VI

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondents such as dissolution, assignment, or sale resulting in the emergence of a successor corporation or corporations, the creation or dissolution of subsidiaries or any other change in the corporations which may affect compliance obligations arising out of the order; *provided, however*, that if respondents do not have thirty (30) days lead time between proposal of such change and its consummation, respondents shall notify the Commission thereof at the earliest feasible time before consummation and any entity which may succeed to any part of the business covered by this order will have been advised of every provision of this order and will have agreed to be bound thereby.

VII

It is further ordered, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the

FEDERAL TRADE COMMISSION DECISIONS

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Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

APPENDIX A

ABC SCHOOL - Drafting Course

Jobs and Earnings Record for students enrolled between January 1, 1974 and January 1976

I. Graduation Record

100 students enrolled.

50 students graduated. That's 50% of the class.

30 students didn't finish the course. That's 30% of the class.*

20 students are still enrolled. That's 20% of the class.

II. Placement Record

36 graduates have told us that they got jobs in drafting within four months of leaving school.** That's 72% of those who graduated.

Here's what they earned:

9 earned \$6000-\$7999. (18% of all graduates)

11 earned \$8000-\$9999. (22% of all graduates)

7 earned \$10,000-\$11,999. (14% of all graduates)

7 earned \$12,000-\$13,999. (14% of all graduates)

2 refused to tell us what their salary was. (4% of all graduates)

APPENDIX B

The first Base Period shall be the two (2) year period ending three (3) months prior to the effective date of this Order. Subsequent base periods shall be of two (2) year duration commencing on the next day following the termination of the prior base period. Base Periods shall be numbered consecutively beginning with the first base period (i.e. Base Period #1) as defined above.

The three (3) month period immediately following the close of a base period shall be used by respondents to record and compile the information required by Part I, Paragraph 1(a) 8 and Appendix A. In addition, respondents may not include in the computation of students for the base period any person whose enrollment terminated during the three (3) month recordation period. Such persons will be included in the statistics for the subsequent base period.

On the first business day falling more than three (3) months after the termination of the base period, respondents shall begin dissemination of that base period's statistics as

* Students may drop out of a course for any of several reasons, such as dissatisfaction with the course, inability to do the work, or personal reasons.

** [Optional] Some (many) of our students don't take this course to get a job, and we were unable to reach some of our graduates to find out whether they got jobs.

required by this Order. Respondents shall continue to distribute said statistics until the first business day falling three (3) months after the termination of the next base period, at which time dissemination of the next set of base period statistics must begin.

The following example describes how the two (2) year base period and three (3) month recordation period will be utilized by the respondents:

Base Period 1 will cover that period which begins two (2) years and 90 days prior to the effective date of the Order. If the Order is effective October 1, 1978, the base period will encompass the period June 1, to June 30, 1978. Respondents will then have from July 1 to September 30, 1978 to compile the data required by the Order. Respondents will disseminate the gathered data on October 1.

Base Period 2 would begin on July 1, 1978 and end July 30, 1980. From August 1 to October 31 respondents would compile the data required by the Order. This data is to be disseminated on the first business day after November 1.

FEDERAL TRADE COMMISSION DECISIONS
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CONTINENTAL BANK
121 SOUTH LA SALLE STREET
CHICAGO, ILLINOIS 60603

REC OF INSTRUCTIONS

To: Continental Illinois National Bank and Trust Company of Chicago
Corporate Trust Division, 11th Floor, La Salle Street
231 South La Salle Street
Chicago, Illinois 60603

The following property is deposited with you by the undersigned:
One Million Two Hundred Thousand Dollars (\$1,200,000.00)

As Enclosed, you are hereby directed to hold, deal with and dispose of the aforesaid property and any other property at any time held by you hereunder in the following manner subject, however, to the terms and conditions hereinafter set forth:

- A. In the event you are notified in writing by the Federal Trade Commission (hereinafter called the "FTC") or its designee that it has accepted the Agreement Containing Consent Order to Cease and Desist entered into between Bell & Howell Company (hereinafter called the "Company"), and its wholly-owned subsidiary, Bell & Howell Schools, Inc., dated September 15, 1978, and that the FTC has issued a Decision and Order in Matter of Bell & Howell Company, a corporation, and Bell & Howell Schools, Inc., a corporation, Docket No. 9099, you will hold the property and any other property at any time held by you hereunder (hereinafter called the "property") until directed in writing by the FTC or its designee to distribute the property in accordance with that order. In addition to defraying such fees, costs and expenses as incurred by you under Paragraph 7 and 8 hereof, you also will pay from the property, such sum as you are authorized by the FTC or its designee to pay for the administration of the claims paid on the property under the Agreement Containing Consent Order to Cease and Desist entered into between Bell & Howell Company, a corporation, and Bell & Howell Schools, Inc., a corporation.

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In addition, you shall execute such contracts regarding administration of the Escrow Account as the FTO or its designee directs. In the event the FTO or its designee does not direct you to disburse all or any of the Property within three and one-half (3 1/2) years of the date hereof, you shall return any of the Property remaining to the Company, less your fees, costs and expenses, within ten days of the end of the three and one-half (3 1/2) year period. Subject to this paragraph and paragraph 16 hereof, this escrow will terminate upon the disbursement of all the Property pursuant to the written direction of the FTO or its designee.

- B. In the event the FTO or its designee notifies you that it has determined not to accept the Agreement Containing Consent Order to Cease and Desist and to issue a Decision and Order as provided in Paragraph A, this escrow will terminate and the Property will be returned by you to the Company not later than ten days after receipt of written notice from the FTO or its designee that the Agreement was not accepted.
- C. Upon receipt of the Property you will invest the proceeds in either certificates of deposit or obligations of the United States Government or its agencies. You will invest the Property with the aim of securing principal, while maximizing interest income. In the exercise of your sound discretion, if you determine it necessary to sell any or all of the Property prior to maturity and invest the proceeds in either other certificates of deposit or obligations of the United States Government or its agencies, you may do so.
- D. Upon maturity of any of the Property, you will invest the proceeds in either additional certificates of deposit or obligations of the United States Government or its agencies.

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You will invest the proceeds with the aim of securing principal, while maximizing interest income. In the exercise of your sound discretion, if you determine it necessary to sell any or all of the Property prior to maturity and invest the proceeds in either other certificates of deposit or obligations of the United States Government or its agencies, you may do so.

E. You will send the Company, the attorneys for the Company, and the FTC or its designee, monthly cash and asset statements of this escrow account.

F. In the event the FTC directs you to make checks payable to individual purchasers of Bell & Howell Schools, Inc. home study courses each check shall bear the following inscription on the back of its face:

"If you cash, sign or deposit this check,

it means that you are giving up forever any legal right you may have to assert any claim against or to sue Bell & Howell Schools, Inc. and Bell & Howell Company, or their successors or assigns, regarding anything that arose due to your enrollment prior to January 21, 1976 in any home study course of Bell & Howell Schools, Inc."

G. These escrow instructions may be amended any time by a document duly executed by the Company and the FTC or its designee entitled "Amendment to Escrow Instructions" to which you acknowledge receipt.

H. If the FTC decides to use a designee, you will not act pursuant to such designee's orders, until you receive a certified copy of the order of the FTC naming such designee.

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Terms and Conditions

1. Your duties and responsibilities shall be limited to those expressly set forth in these terms and conditions, and you shall not be subject to, nor obliged to recognize, any other agreement between, or directions or instructions of any or all of the parties hereto even though reference thereto may be made herein. Provided, however, that your written consent these terms and conditions may be amended at any time or times by an instrument or writing signed by all the then parties in interest.
2. You are authorized, in your sole discretion, to disregard any and all notices or instructions given by any of the undersigned or by any other person, firm or corporation, except only such notices or instructions as are hereinabove provided for and orders or process of any court entered or issued with or without jurisdiction. If any property subject herein is at any time attached, garnished, or levied upon under any court order or in case the payment, assignment, transfer, conveyance or delivery of any such property shall be stayed or enjoined by any court order, or in case any order, judgment or decree shall be made or entered by any court affecting such property or any part thereof, then and in any of such events you are authorized, in your sole discretion, to rely upon and comply with any such order, writ, judgment or decree which you are advised by legal counsel of your own choosing is binding upon you; and if you comply with any such order, writ, judgment or decree you shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance even though such order, writ, judgment or decree may be subsequently reversed, modified, annulled, set aside or vacated.
3. You shall not be personally liable for any act taken or omitted hereunder if taken or omitted by you in good faith and in the exercise of your own best judgment. You shall also be fully protected in relying upon any written notice, demand, certificate or document which you in good faith believe to be genuine.
4. Unless otherwise specifically indicated herein you shall proceed as soon as practicable to collect any checks or other collection items at any time deposited hereunder. All such collections shall be subject to the usual collection agreement regarding items received by your commercial banking department for deposit or collection. You shall not be required or have a duty to notify anyone of any payment or maturity under the terms of any instrument deposited hereunder, nor to take any legal action to enforce payment of any check, note or security deposited hereunder. You shall have no liability to pay interest on any money deposited or received hereunder.
5. You shall not be responsible for the sufficiency or accuracy of the form, execution, validity or genuineness of documents or securities now or hereafter deposited hereunder, or of any endorsement thereon, or for any lack of endorsement thereon, or for any document thereon, nor shall you be responsible or liable in any respect on account of the identity, authority or rights of the persons executing or delivering or purporting to execute or deliver any such document, security or endorsement or these terms and conditions.
6. Any action which you are required or desire to give hereunder to any of the undersigned shall be in writing and may be given by mailing the same to the address indicated below opposite the signature of such undersigned (or to such other address as said undersigned may have herebefore substituted herefor by written notification to you), by United States mail, postage prepaid. For all purposes hereof any notice so mailed shall be as effectual as though served upon the person of the undersigned to whom it was mailed at the time it is deposited in the United States mail by you, whether or not such undersigned thereafter actually receives such notice. Notice to you shall be in writing and shall not be deemed to be given until actually received by your trust department employee or officer who administers this escrow. Whenever under the terms hereof the time for giving a notice or performing an act falls upon a Saturday, Sunday, or holiday, such time shall be extended to the next business day.

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7. If you believe it to be reasonable necessary to consult with counsel throughout any of your duties in connection with this escrow, or in case you become involved in disputes as to the amount of such escrow, or in the amount of having received property subject to this escrow, in either case, your legal expenses, and the legal expenses of the Company, shall be paid by each party to this escrow in proportion to the time and expenses incurred by each party.
8. You shall be paid a reasonable fee for your services and reimbursement for your costs and expenses incurred by the Company, to be paid to you by the Company, in cash, within 30 days after the date of the termination of this escrow, and after the expenses of the Company have been paid. A, B, and C.
9. If your fees, costs, expenses, or reasonable attorney's fees provided for herein, are not promptly paid, you shall have the right to sell the property then held hereunder and reimburse yourself therefor from the proceeds of such sale or from the cash held hereunder.
10. If, by its terms, this escrow shall not have previously terminated, then it shall terminate on April 30, 1972, at which time the property then held hereunder, less your fees, costs and expenses shall be distributed in the following manner:

All the Property then held hereunder, less your fees, costs and expenses, shall be paid by you to the Company no later than April 25, 1972.

11. These escrow instructions shall be construed, enforced, and administered in accordance with the laws of the State of Illinois.

Dated at Chicago, Illinois, September 15, 1978

<u>Party to Escrow</u>	<u>Address</u>
<u>Bell & Howell Company</u>	<u>7100 McCormick Road</u>
By <u>[Signature]</u>	<u>Lincolnwood, Illinois 60465</u>
<u>Its Vice President</u>	
<u>Bell & Howell Schools, Inc.</u>	<u>2101 West Howard Street</u>
By <u>[Signature]</u>	<u>Evanston, Illinois 60202</u>
<u>Its President</u>	

Receipt

The undersigned Escrowee hereby acknowledges receipt of the property described in the above Escrow Instructions and agrees to hold, deal with and dispose of said property and other property at any time held by it hereunder in accordance with the foregoing Escrow Instructions.

Dated at Chicago, Illinois 9-15-1978

ATTEST:

[Signature]
Trust Clerk

Centennial Trust National Bank
and Trust Company of Chicago
By [Signature]
Escrow Agent

Executed in _____ Copies

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Decision and Order



CONTINENTAL BANK

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO - 221 SOUTH LA SALLE STREET, CHICAGO, ILLINOIS 60601

SCHEDULE OF FEES FOR OPERATING SERVICES AS ESCROW AGENT

As Escrow Agent, Continental Bank prepares and mails checks to participants or claimants, maintains a record of each participant or claimant, and prepares the necessary IRS tax forms.

Distributions:

For issuance by check of payments to participants or claimants.

First 5,000 checks	each	\$0.30
Next 5,000 checks	each	.25
Over 10,000 checks	each	.20
Minimum charge:	Number of Checks	Per Distribution
	1-5	\$10
	6-49	\$25
	50 or Greater	\$50

Maintenance of Records for Participants or Claimants:

For opening and maintaining a record for each participant or claimant and posting subsequent changes.

1 - 10 Accounts	\$25 minimum
11 - 50 Accounts	\$50 minimum
51 - 1,000 Accounts	each \$1.25
Excess over 1,000 Accounts	each \$.75
Applies Over 50 Accounts:	
(minimum annual charges \$100)	

Preparing and Filing Taxpayer Reports:

For obtaining taxpayer identification numbers, using IRS Form 1435 (postage billed separately) Each \$.20

For reporting interest paid to holders on IRS Form 1099 (postage billed separately)
(minimum annual charge: \$10) Each \$.25

APPENDIX A

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Addressing and Enclosing:

For addressing envelopes, per name	\$.11
For enclosing materials, manually, in standard envelope	
First Enclosure	\$.15
Additional Enclosures	\$.115
Manual Folding Additional (minimum charge: \$25 per mailing)	\$.025

Expenses and Other Charges: The fees quoted in this schedule apply to services ordinarily rendered in administering an Escrow, and are subject to reasonable adjustment where the Agent is called upon to undertake unusual duties or responsibilities, or if changes in laws, procedures, or cost of doing business demand. The cost of all stationery and supplies, telephone, postage, printing, taxes, mail insurance premiums, and other out-of-pocket expenses will be added to our regular service charges. Fees are ordinarily billed annually.

Effective 1-1-77

Decision and Order

CONTINENTAL BANK

ESROW FEES AND CHARGES

The following rates are applicable for escrow services to funding an escrow, subject to a minimum initial charge of \$150 and a minimum annual charge of \$150.

ACCEPTANCE FEE:

\$2.50 per \$1,000 on first \$	100,000 valuation	= \$250.00
1.50 per \$1,000 on next	100,000 valuation	= 150.00
.50 per \$1,000 on next	100,000 valuation	= 50.00
.05 per \$1,000 on next	1,000,000 valuation	= 5.00
.02 per \$1,000 on excess above \$1,000,000 valuation		

ANNUAL FEE:

\$1.50 per \$1,000 on first \$	100,000 valuation	= \$150.00
1.00 per \$1,000 on next	100,000 valuation	= 100.00
.50 per \$1,000 on next	100,000 valuation	= 50.00
.05 per \$1,000 on next	1,000,000 valuation	= 5.00
.02 per \$1,000 on excess above \$1,000,000 valuation		

TERMINATION:

There are no termination charges. When an escrow terminates within an annual fee period, the annual fee will be prorated to the date of termination; however, that when an escrow terminates within six months from date of execution, a full annual fee will be charged.

If the escrow requires the investment of funds, an additional \$15.00 charge will be made for each transaction. When an escrow requires extraordinary services or provides for extraordinary activities or responsibilities, an additional reasonable charge will be made, depending on the services performed and responsibilities involved.

In cases where the only service to be performed is the execution of the escrow, the minimum annual fee will be \$150.00. In all other cases, the minimum annual fee will be \$150.00 plus the cost of the services performed and responsibilities involved.

Complaint

95 F.T.C.

IN THE MATTER OF
HAYOUN COSMETIQUE, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SECS. 5 AND 12 OF THE FEDERAL TRADE COMMISSION ACT

Docket C-3019. Complaint, May 9, 1980—Decision, May 9, 1980

This consent order requires, among other things, a New York City marketer and advertiser of products known as Hayoun Miracle Lotion, Hayoun Drying Lotion, Hayoun Lemon Moisturizer and Hayoun Black Mask, and its corporate president, to cease disseminating advertising representing that the use of these products, alone or as part of the Hayoun Cosmetique Kit, will cure acne; eliminate acne scars and pockmarks; and result in a skin free of acne blemishes. Respondents are required to have a reasonable basis for representations relating to product characteristics, performance and efficacy; and maintain substantiating evidence for a period of three years. The order additionally requires that respondents conspicuously disclose that no product cures acne in every advertisement for the first six months of actual advertising of an acne preparation.

Appearances

For the Commission: *Mark A. Heller, Ira Nerken and Ross D. Petty.*

For the respondents: *Norman R. Grutman, Grutman & Schafarina,*
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 that Hayoun Cosmetique, Inc., (hereafter "Cosmetique") a corporation and Edouard Hayoun, (hereafter "Hayoun") as an individual and corporate officer, at times referred to as respondents, having 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. Cosmetique is a corporation organized existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at 212 E. 68 St., New York, New York.

PAR. 2. Hayoun is an individual and corporate president of Cosmetique. He formulates, directs and controls the acts and practices of said corporate respondent including the acts and practices hereinafter set forth. His address is the same as that of said corporation.