

IT IS FURTHER ORDERED, That respondents shall forthwith distribute a copy of this order to each officer or employee having direct responsibility for either the marketing or advertising of Morton Lite Salt.

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, the creation or dissolution of subsidiaries, or any other change in the corporation which may affect compliance obligations arising out of the order.

IT IS FURTHER ORDERED, That each respondent shall, within sixty (60) days after the effective date of the order served upon it, file with the Commission a report, in writing, signed by respondents, setting forth in detail the manner and form of their compliance with the order to cease and desist contained herein.

IN THE MATTER OF

GUTHRIE CONSTRUCTION COMPANY, ET AL.

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

Docket C-2708. Complaint, July 21, 1975—Decision, July 21, 1975

Consent order requiring an Englewood, Colo., mortgage loan broker, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *Tommie W. Wakefield.*

For the respondents: *Pro se.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Guthrie Construction Company, a corporation, and Malcolm E. Guthrie, individually and as an officer of said corporation, hereinafter sometimes referred to as respondents, have violated the provisions of said

Acts, and the implementing regulation promulgated under the Truth in Lending 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 Guthrie Construction Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Colorado, with its principal office and place of business located at 7265 E. Maplewood Pl., Englewood, Colo.

Respondent Malcolm E. Guthrie is an officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale and sale of housing to the general public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly arrange for the extension of consumer credit or offer to extend or arrange for the extension of such credit, as "arrange for the extension of credit" and "consumer credit" are defined in Section 226.2 of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of business as aforesaid and in connection with credit sales, have caused, and are causing, to be published, advertisements, as "credit sale" and "advertisement" are defined in Section 226.2 of Regulation Z, which advertisements aid, promote or assist, directly or indirectly, the extension of other than open end credit.

PAR. 5. Respondents, in certain of the abovementioned advertisements, have stated and are stating the amount of the downpayment (in dollars or as a percentage of the sale price) without also stating, as required by Section 226.10(d)(2) of Regulation Z, all the following terms:

- (a) the cash price; [the amount of the loan;]
- (b) the amount of the downpayment required or that no downpayment is required, as applicable;
- (c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and
- (d) the amount of the finance charge expressed as an annual percentage rate.

PAR. 6. Respondents, in certain other of these advertisements, have stated and are stating the rate of interest as a simple annual rate in

conjunction with the "annual percentage rate," but have printed and are printing the simple annual rate more conspicuously than the "annual percentage rate" in violation of Section 226.10(d)(1)(i) of Regulation Z.

PAR. 7. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Kansas City Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act; and

The respondents 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 aforesaid draft of 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 thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Guthrie Construction Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Colorado, with its office and principal place of business located at 7265 E. Maplewood Place, City of Englewood, State of Colorado.

Respondent Malcolm E. Guthrie is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said

corporation, and his principal office and place of business is located at the above-stated address.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

IT IS ORDERED, That respondents Guthrie Construction Company, a corporation, its successors and assigns, its officers, and Malcolm E. Guthrie, individually and as an officer of said corporation, and respondents' agents, representatives, salesmen and employees, directly or through any corporation, subsidiary, division or other device, in connection with any advertisement to aid, promote or assist, directly or indirectly, any arrangement or extension of consumer credit as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR §226) of the Truth in Lending Act (Pub. L. 90-321, 15 U.S.C. §1601, *et seq.*), do forthwith cease and desist from:

1. Representing in any such advertisement, directly or by implication, that no downpayment is required, the amount of the downpayment or the amount of any instalment payment, either in dollars or as a percentage, the dollar amount of any finance charge, the number of instalments or the period of repayment, or that there is no charge for credit, unless all of the following items are clearly and conspicuously stated, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

(a) the cash price; [the amount of the loan;]

(b) the amount of the downpayment required or that no downpayment is required, as applicable;

(c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and

(d) the amount of the finance charge expressed as an annual percentage rate.

2. Stating in any advertisement the simple annual rate of interest in conjunction with the "annual percentage rate" unless the "annual percentage rate" is printed as conspicuously as the simple annual rate as required by Section 226.10(d)(1)(i) of Regulation Z.

3. Failing, in any advertisement, to make all disclosures as required by Section 226.10 in the manner prescribed by Sections 226.6, 226.8 and 226.10 of Regulation Z.

IT IS FURTHER ORDERED, That respondents notify the Commission at least thirty (30) days prior to any proposed change in any corporate 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 corporation which may affect compliance obligations arising out of the order.

IT IS FURTHER ORDERED, That the individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment and of his affiliation with a new business or employment. Such notice shall include respondent's current business address and a statement as to the nature of the business or employment in which he is engaged as well as a description of his duties and responsibilities.

IT IS FURTHER ORDERED, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

IT IS FURTHER ORDERED, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

HALLCRAFT HOMES, INC., ET AL.

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

Docket C-2709. Complaint, July 21, 1975-Decision, July 21, 1975

Consent order requiring a Phoenix, Ariz., and a Denver, Colo., mortgage loan company, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *Tommie W. Wakefield.*

For the respondents: *Charles R. Berry, Snell & Wilmer, Phoenix, Ariz.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Hallcraft Homes, Inc., a corporation, and Hallcraft Homes of Denver,

Inc., a corporation, hereinafter sometimes referred to as respondents, have violated the provisions of said Acts, and the implementing regulation promulgated under the Truth in Lending 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 Hallcraft Homes, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Arizona, with its principal office and place of business located at 4747 N. 22nd, Phoenix, Ariz.

Respondent Hallcraft Homes, Inc., dominates, controls and furnishes the means, instrumentalities, services and facilities for, and condones and approves the acts and practices of its wholly-owned subsidiary corporation, Hallcraft Homes of Denver, Inc., including the acts and practices hereinafter set forth.

Respondent Hallcraft Homes of Denver, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Colorado, with its principal office and place of business located at 4155 E. Jewell Ave., Suite 206, Denver, Colo.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale and sale of housing to the general public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly arrange for the extension of consumer credit or offer to extend or arrange for the extension of such credit, as "arrange for the extension of credit" and "consumer credit" are defined in Section 226.2 of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of business as aforesaid and in connection with credit sales, have caused, and are causing, to be published, advertisements, as "credit sale" and "advertisement" are defined in Section 226.2 of Regulation Z, which advertisements aid, promote or assist, directly or indirectly, the extension of other than open end credit.

PAR. 5. Respondents, in certain of the above-mentioned advertisements, have stated and are stating that no downpayment is required without also stating, as required by Section 226.10(d)(2) of Regulation Z, all the following terms:

- (a) the cash price; [the amount of the loan;]
- (b) the amount of the downpayment required or that no downpayment is required, as applicable;

(c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and

(d) the amount of the finance charge expressed as an annual percentage rate.

PAR. 6. Respondents, in certain of these advertisements, have stated, and are stating, the rate of a finance charge, as "finance charge" is defined in Section 226.2 of Regulation Z, and have not expressed said rate as an "annual percentage rate," using the term "annual percentage rate," as "annual percentage rate" is defined in Section 226.2 of Regulation Z, in violation of Section 226.10(d)(1) of Regulation Z.

PAR. 7. Respondents, in certain other of these advertisements, have stated and are stating the rate of interest as a simple annual rate in conjunction with the "annual percentage rate," but have printed and are printing the simple annual rate more conspicuously than the "annual percentage rate" in violation of Section 226.10(d)(1)(i) of Regulation Z.

PAR. 8. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Kansas City Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act; and

The respondents 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 aforesaid draft of 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 thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed

consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Hallcraft Homes, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Arizona, with its principal office and place of business located at 4747 N. 22nd, Phoenix, Ariz.

Respondent Hallcraft Homes, Inc., dominates, controls and furnishes the means, instrumentalities, services and facilities for, and condones and approves the acts and practices of its wholly-owned subsidiary corporation, Hallcraft Homes of Denver, Inc., including the acts and practices hereinafter set forth.

Respondent Hallcraft Homes of Denver, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Colorado, with its principal office and place of business located at 4155 E. Jewell Ave., Suite 206, Denver, Colo.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

IT IS ORDERED, That respondents Hallcraft Homes, Inc., a corporation, and Hallcraft Homes of Denver, Inc., a corporation, their successors and assigns, their officers, and respondents' agents, representatives, salesmen and employees, directly or through any corporation, subsidiary, division or other device, in connection with any advertisement to aid, promote or assist, directly or indirectly, any arrangement or extension of consumer credit as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR §226) of the Truth in Lending Act (Pub. L. 90-321, 15 U.S.C. §1601, *et seq.*), do forthwith cease and desist from:

1. Representing in any such advertisement, directly or by implication, that no downpayment is required, the amount of the downpayment or the amount of any instalment payment, either in dollars or as a percentage, the dollar amount of any finance charge, the number of instalments or the period of repayment, or that there is no charge for credit, unless all of the following items are clearly and conspicuously stated, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

(a) the cash price; [the amount of the loan;]

(b) the amount of the downpayment required or that no downpayment is required, as applicable;

(c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and

(d) the amount of the finance charge expressed as an annual percentage rate.

2. Stating in any advertisement the rate of a finance charge unless said rate is expressed as an annual percentage rate, using the term "annual percentage rate," as "finance charge" and "annual percentage rate" are defined in Section 226.2 and as required by Section 226.10(d)(1) of Regulation Z.

3. Stating in any advertisement the simple annual rate of interest in conjunction with the "annual percentage rate" unless the "annual percentage rate" is printed as conspicuously as the simple annual rate as required by Section 226.10(d)(1)(i) of Regulation Z.

4. Failing, in any advertisement, to make all disclosures as required by Section 226.10 in the manner prescribed by Sections 226.6, 226.8 and 226.10 of Regulation Z.

IT IS FURTHER ORDERED, That respondents notify the Commission at least thirty (30) days prior to any proposed change in any corporate 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 corporations which may affect compliance obligations arising out of the order.

IT IS FURTHER ORDERED, That the respondent corporations shall forthwith distribute a copy of this order to each of their operating divisions.

IT IS FURTHER ORDERED, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

ZODIAC CONSTRUCTION, LTD., ET AL.

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

Docket C-2710. Complaint, July 21, 1975-Decision, July 21, 1975

Consent order requiring an Aurora, Colo., mortgage loan company, among other things to cease violating the Truth in Lending Act by failing to disclose to

Complaint

86 F.T.C.

consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *Tommie W. Wakefield.*

For the respondents: *Jesse N. Lipschuetz, Hobbs and Waldbaum,*
Denver, Colo.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Zodiac Construction, Ltd., a corporation, and Sol Dichter, individually and as an officer of said corporation, hereinafter sometimes referred to as respondents, have violated the provisions of said Acts, and the implementing regulation promulgated under the Truth in Lending 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:

PAR. 1. Respondent Zodiac Construction, Ltd. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Colorado, with its principal office and place of business located at 456 S. Ironton #404, Aurora, Colo.

Respondent Sol Dichter is an officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale and sale of housing to the general public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly arrange for the extension of consumer credit or offer to extend or arrange for the extension of such credit, as "arrange for the extension of credit" and "consumer credit" are defined in Section 226.2 of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of business as aforesaid and in connection with credit sales, have caused, and are causing, to be published, advertisements, as "credit sale" and "advertisement" are defined in Section 226.2 of Regulation Z,

which advertisements aid, promote or assist, directly or indirectly, the extension of other than open end credit.

PAR. 5. Respondents, in certain of the abovementioned advertisements, have stated and are stating the amount of the downpayment (in dollars or as a percentage of the sale price) and the period of repayment without also stating, as required by Section 226.10(d)(2) of Regulation Z, all the following terms:

- (a) the cash price; [the amount of the loan;]
- (b) the amount of the downpayment required or that no downpayment is required, as applicable;
- (c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and
- (d) the amount of the finance charge expressed as an annual percentage rate.

PAR. 6. Respondents, in certain of these advertisements, have stated, and are stating, the rate of a finance charge, as "finance charge" is defined in Section 226.2 of Regulation Z, and have not expressed said rate as an "annual percentage rate," using the term "annual percentage rate," as "annual percentage rate" is defined in Section 226.2 of Regulation Z, in violation of Section 226.10(d)(1) of Regulation Z.

PAR. 7. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Kansas City Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act; and

The respondents 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 aforesaid draft of 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 thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Zodiac Construction, Ltd. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Colorado, with its office and principal place of business located at 456 S. Ironton #404, City of Aurora, State of Colorado.

Respondent Sol Dichter is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation, and his principal office and place of business is located at the above-stated address.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

IT IS ORDERED, That respondents Zodiac Construction, Ltd., a corporation, its successors and assigns, its officers, and Sol Dichter, individually and as an officer of said corporation, and respondents' agents, representatives, salesmen and employees, directly or through any corporation, subsidiary, division or other device, in connection with any advertisement to aid, promote or assist, directly or indirectly, any arrangement or extension of consumer credit as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR §226) of the Truth in Lending Act (Pub. L. 90-321, 15 U.S.C. §1601, *et seq.*), do forthwith cease and desist from:

1. Representing in any such advertisement, directly or by implication, that no downpayment is required, the amount of the downpayment or the amount of any instalment payment, either in dollars or as a percentage, the dollar amount of any finance charge, the number of instalments or the period of repayment, or that there is no charge for credit, unless all of the following items are clearly and conspicuously stated, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

(a) the cash price; [the amount of the loan;]

(b) the amount of the downpayment required or that no downpayment is required, as applicable;

(c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and

(d) the amount of the finance charge expressed as an annual percentage rate.

2. Stating in any advertisement the rate of a finance charge unless said rate is expressed as an annual percentage rate, using the term "annual percentage rate," as "finance charge" and "annual percentage rate" are defined in Section 226.2 and as required by Section 226.10(d)(1) of Regulation Z.

3. Failing, in any advertisement, to make all disclosures as required by Section 226.10 in the manner prescribed by Sections 226.6, 226.8 and 226.10 of Regulation Z.

IT IS FURTHER ORDERED, That respondents notify the Commission at least thirty (30) days prior to any proposed change in any corporate 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 corporation which may affect compliance obligations arising out of the order.

IT IS FURTHER ORDERED, That the individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment and of his affiliation with a new business or employment. Such notice shall include respondent's current business address and a statement as to the nature of the business or employment in which he is engaged as well as a description of his duties and responsibilities.

IT IS FURTHER ORDERED, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

IT IS FURTHER ORDERED, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

KENNECOTT COPPER CORPORATION

Docket 8765. Order, July 22, 1975

Denial of respondent's petition to reopen proceeding to consider the question of relief.

Appearances

For the Commission: *Fiodie P. Favarella* and *Joseph Eckhaus*.

For the respondents: *John L. Warden, Sullivan & Cromwell*, New York City. *John Bodner, Francis O'Brien, Howrey, Simon, Baker & Murchison*, Wash., D.C.

ORDER DENYING PETITION TO REOPEN PROCEEDINGS

On July 7, 1975, Kennecott Copper Corporation filed a "Petition to Reopen the Proceeding" pursuant to Section 3.72 of the Commission's Rules of Practice. The Bureau of Competition filed an "Answer in Opposition" on July 14, 1975. The arguments raised in both Petition and Answer are essentially the same as those presented before the Commission one year ago when it denied a similar petition by respondent to reopen. The Commission has again considered the arguments of petitioner and does not believe that adequate grounds have been shown to warrant reopening to consider the question of relief. The order in this matter was intended to separate Peabody from Kennecott in a way that would leave Peabody as a viable, vigorous competitor in the mining and sale of coal, as it was before its acquisition. We fully expect that Kennecott will come forth with a firm proposal as of October 1 to achieve this result, either via sale or spinoff. Accordingly,

IT IS ORDERED, That the "Petition to Reopen the Proceeding" be, and it hereby is, denied.

Commissioners Thompson and Nye dissenting.

DISSENTING STATEMENT

JULY 23, 1975

BY THOMPSON, *Commissioner*.

Respondent Kennecott has petitioned the Commission to reopen this matter for the purpose of receiving evidence on the question of whether, in view of certain alleged changes in the industry and in the economy at large since our divestiture order was entered and affirmed by the courts, reconsideration of that order might now be in the public interest. I believe this petition raises a number of serious issues that ought to be examined thoroughly by this Commission and thus would have granted it to the extent of ordering an administrative hearing on the relief question before one of our administrative law judges on an expedited basis, subject, however, to an agreement by respondent that no appeal would be taken from the decision rendered by the Commission on the basis of that supplementary record.

315

Dissenting Statement

SEPARATE STATEMENT

SEPTEMBER 4, 1975

BY ENGMAN, *Chairman.*

In ruling on a similar petition to reopen filed by Kennecott approximately one year ago, I stated:

Although the Commission has decided to deny the petition to reopen the Commission's order of divestiture in this matter, this action does not deny recognition of the importance of the ultimate question that will eventually confront the Commission - whether divestiture under a plan to be submitted by respondent will accomplish not only separation of Kennecott's ownership and control over Peabody, but also continuation of Peabody "as a going concern and effective competitor in the mining, production and sale of coal" as provided in the Commission's order. This question - which in my view is the crucial question underlying the issues that have been argued to us on this petition - cannot be determined now but must await completion of steps by Kennecott to develop an appropriate divestiture plan for submission to the Commission.

Nothing in the present petition causes me to believe that the situation is any different today than it was a year ago.

DISSENTING STATEMENT

SEPTEMBER 4, 1975

BY NYE, *Commissioner.*

I continue to believe these proceedings should be reopened for the purpose of assessing the changes in the structure of the coal industry which have occurred since the Commission filed its original order in this case over four years ago.

During just the last year, every government and private study of the national energy problem has concluded that the energy needs of the country can be met only by a massive increase in coal production.¹ The Federal Energy Administration has begun to order public utilities to convert their generating plants from oil and natural gas to coal.² More large oil companies and public utilities have entered the coal industry. The most recent production statistics indicate that 20 percent of the total industry production of coal was produced by firms which were either not involved in coal production, or only negligibly so, when the Commission entered its original order.

It thus appears indisputable that, since the Commission last examined the facts, the need for coal has increased dramatically, concentration in the coal industry has declined markedly, major companies have aggressively acquired and begun to exploit coal

¹ *E.g.*, National Plan for Energy Research, Development and Demonstration, Prepared by the Energy Research and Development Administration, at the direction of Congress, released by the President on June 30, 1975.

² *Wall Street Journal*, July 2, 1975, page 3, column 2.

Order

86 F.T.C.

reserves, and the feared entrenchment of Peabody's dominance of the coal industry through Kennecott's ownership has not materialized.

There is no suggestion that any customer, competitor, or potential purchaser of Peabody will be prejudiced if the Commission undertakes the requested reexamination. Therefore, I find no substantial public interest to weigh against the benefit to be derived from examining the evidence concerning current developments in the coal industry. I would grant the petition to reopen.

IN THE MATTER OF
KELLOGG COMPANY, ET AL.

Docket 8883. Order, July 25, 1975

Denial of application of respondent General Mills, Inc., for stay of commencement of complaint counsel's deposition program pending appeal.

Appearances

For the Commission: *Anthony L. Joseph.*

For the respondents: *Bierbower & Rockefeller, Howrey, Simon, Baker & Murchison and Clifford, Warnke, Glass, McIlwain & Finney, Wash., D.C. Sullivan & Cromwell and Cravath, Swaine & Moore, New York City. Chadwell, Kayser, Ruggles, McGee & Hastings and Barnett P. Ruthenberg, Chicago, Ill. C. L. Whitehill, J. J. Jenko, R. R. Heer, J. F. Finn and Robert J. Fulgency, Minneapolis, Minn. Peter J. Deluca and Bruce L. Bozeman, White Plains, N.Y.*

ORDER DENYING APPLICATION OF RESPONDENT GENERAL MILLS,
INC., FOR STAY OF COMMENCEMENT OF COMPLAINT COUNSEL'S
DEPOSITION PROGRAM PENDING APPEAL

This matter is before us on the application of respondent General Mills, Inc., for a stay of the commencement of complaint counsel's deposition program pending appeal.

The administrative law judge, by order dated July 15, 1975, denied respondents' joint motion to nullify the law judge's order of June 19, 1975, granting complaint counsel's application for the taking of depositions. On July 18, 1975, respondents filed a joint request under Section 3.23(b) of the Commission's Rules of Practice, 16 C.F.R. §3.23(b), and on the same day, the law judge denied the application of respondent General Mills for a stay of the taking of depositions pending appeal.

The administrative law judge's order denying respondents' motion to

319

Complaint

nullify his previous order granting complaint counsel's application for the taking of depositions will be subject to interlocutory review by the Commission only if the order is certified by the judge and the Commission, in its discretion, permits the appeal. Rules of Practice Section 3.23(b), 16 C.F.R. Section 3.23(b), *Missouri Portland Cement Co.*, 80 F.T.C. 1035 (1972).

Even if the order was subject to interlocutory review under Section 3.23(b), it would be reversible only if there was a clear abuse of discretion, *e.g.*, *Kellogg Co.*, Docket No. 8883, Order of May 29, 1974 Denying Applications for Review at 3, and respondent General Mills has failed to make the necessary showing.¹

It is ordered, That the aforesaid application for a stay is denied.

IN THE MATTER OF

MARALCO ENTERPRISES, INC., ET AL.

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

Docket C-2711. Complaint, July 25, 1975—Decision, July 25, 1975

Consent order requiring four New York City corporations operating a computer programming school, among other things to cease misrepresenting the demand for its graduates, job opportunities, earnings, and using testimonials and endorsements unfairly; and violating the Truth in Lending Act in connection with the sale of its courses.

Appearances

For the Commission: *Alice Petizon and Matthew Gromet.*

For the respondents: *Robert L. Katzman, Blank & Katzman, New York City.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Maralco Enterprises, Inc., a corporation, New York School of Computer

¹ It is, therefore, unnecessary to decide whether the Commission has inherent power to review an interlocutory order of an administrative law judge upon the kind of showing of irreparable harm and clear abuse of discretion that might warrant the granting of extraordinary relief by a court of appeals from an interlocutory order entered by a district court.

Technology, Inc., a corporation, Education Beneficial, Inc., a corporation, Tuition Payments, Inc., a corporation, and Hyman Marcus, Bartholomew Colangeli, and Fred Rosenberg, individually and as officers of said corporations, hereinafter referred to as respondents, have violated the provisions of said Acts and implementing regulation, 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. Respondents Maralco Enterprises, Inc., New York School of Computer Technology, Inc., Education Beneficial, Inc., and Tuition Payments, Inc., are corporations organized, existing and doing business under and by virtue of the laws of the State of New York, with their principal office and place of business located at 200 W. 51st St., New York, N.Y.

Respondents Hyman Marcus, Bartholomew Colangeli, and Fred Rosenberg, are individuals and officers of the corporate respondents. They formulate, direct and control the policies, acts and practices of the corporations, including the acts and practices hereinafter set forth. Their business address is the same as that of the corporate respondents.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale and sale of courses of instruction in computer programming to the public.

COUNT I

Alleging violations of Section 5 of the Federal Trade Commission Act, the allegations of Paragraphs One and Two hereof are incorporated by reference herein as if fully set forth verbatim.

PAR. 3. In the course and conduct of their business, and for the purpose of inducing prospective students to enroll in their courses of instruction, respondents engage in the advertising of said courses of instruction in newspapers of interstate circulation, and the sale of said courses to consumers located in various States of the United States. In the further course and conduct of their business, respondents also cause pamphlets, brochures, checks and other documents and communications pertaining to said courses to be transmitted by the United States mails and other means in commerce. Respondents maintain, and at all times mentioned herein, have maintained, a substantial course of trade in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, and for the purpose of inducing prospective students to enroll in their courses of instruction, respondents have made statements, both specific and

implied, in advertising and promotional material, with respect to the ability, aptitude and training required to become a computer programmer or systems analyst, employment opportunities for graduates of the school, the nature and reliability of the trial period, pay levels for graduates of the school, and the method of instruction at the school. The following are typical and illustrative of the aforesaid statements and representations, but not all inclusive thereof:

- (a) This is the profession of the future, offering the highest opportunities and salaries.
- (b) A vital need exists for competent men and women to fill the personnel shortage created by the expanded use of computer equipment.
- (c) In Government and Industry trained programmers are in demand.
- (d) Individual instruction tailored to your ability.
- (e) Among the computers that you will study are included: IBM 1401 - IBM 1440 - IBM 360 - COBOL - BAL - RPG - Honeywell 200 NCR 315 - RCA Spectra 70 - UNIVAC 418.
- (f) Become a Computer Programmer and Systems Analyst.
- (g) The NYSOCT course is one of the fastest ways to success.
- (h) Trained personnel are in demand.
- (i) In order to find out for yourself if you are qualified and suited for this field, we offer you a Free Trial Period of one full week* * *you will see for yourself whether you like this work and whether you have the ability to do programming.
- (k) College degree not required.

In the course and conduct of their aforesaid business, and for the purpose of inducing prospective students to enroll in their courses of instruction, respondents have made statements, both specific and implied, directly to said prospective students in the oral sales presentations made by their sales persons and other representatives. The following are typical and illustrative of the aforesaid statements and representations, but not all inclusive thereof:

- (a) Respondents' graduates readily find employment as computer programmers.
- (b) Graduates of respondents' school who do not have a college degree can readily find employment as computer programmers.
- (c) A substantial number or percentage of the recent graduates of respondents' courses of instruction earn a salary in excess of \$150 per week.
- (d) In respondents' courses of instruction, students will be taught a significant number of occupationally useful programming languages.

PAR. 5. By and through the use of the aforementioned statements and representations, and others of similar import and meaning but not expressly set out herein, respondents represented, directly or by implication, that:

1. The courses of instruction offered by respondents qualify graduates for employment in the field of data processing as computer programmers and systems analysts.
2. Requirements such as a college education are not necessary for

the placement of graduates of said courses in any position in the field of electronic data processing for which said students were trained.

3. There is a reasonable basis from which to conclude that there is now or will be a significant or substantial need or demand for trained people in the field of computer programming which said training is designed to meet.

4. Graduates of said courses of instruction are virtually assured of placement in positions for which they have been trained.

5. A substantial number or percentage of the recent graduates of said courses of instruction earn a salary in excess of \$150 per week.

6. In said courses of instruction, students will be taught a significant number of occupationally useful programming languages.

7. In their said courses of instruction, respondents provide individual instruction adapted to the needs and ability of each student.

8. The one week free trial period offered by respondents is for the purpose of allowing the prospective student to determine his qualifications and suitability for the field of computer programming.

PAR. 6. In truth and in fact:

1. Said courses of instruction do not qualify students for employment in the field of data processing as computer programmers or systems analysts.

2. In a substantial number of instances a college degree is required to secure a position, for which training was offered, in the field of electronic data processing.

3. Respondents had no reasonable basis from which to conclude that there is now or will be an urgent need or demand for trained people in the field of computer programming which respondents' training is designed to meet. The only reasonable basis for such claims would be competent and reliable statistical evidence obtained prior to the making of such statements.

4. Respondents had no reasonable basis from which to conclude that graduates of their courses of instruction are virtually assured of placement in positions for which they have been trained.

5. Respondents had no reasonable basis from which to conclude that a substantial number or percentage of the recent graduates of said courses of instruction earn a salary in excess of \$150 per week.

6. Respondents do not teach a significant number of occupationally useful programming languages. In fact, a substantial amount of said courses consist of instruction in obsolete programming languages of no occupational usefulness to graduates.

7. Respondents do not provide individual instruction adapted to the needs of each student.

8. The one week free trial period offered by respondents is not for

the purpose of allowing the prospective student to determine his qualifications and suitability for the field of computer programming, but instead serves as an extension of the sales presentation given by respondents. During this trial period respondents' instructors attempt to persuade prospective students to enroll by repeating to said prospective students representations similar to those set forth in Paragraphs Four and Five above.

Therefore, the statements and representations as set forth in Paragraphs Four and Five hereof were, and are, false, misleading, deceptive and unfair.

PAR. 7. In the further course and conduct of their business, and for the purpose of inducing prospective students to enroll in their said courses of instruction, respondents have posted in their place of business photographs of graduates of their school who have succeeded in securing employment as computer programmers, along with their names, addresses, places of employment and starting salaries. Such photographs and accompanying information have been shown to prospective students during the course of the initial sales presentation.

Said photographs and accompanying information have also been included in direct mail flyers sent by respondents to prospective students. On these flyers is the following statement: "The pictures in this brochure are of recent graduates of our school.* * *"

PAR. 8. By and through the use of the aforesaid photographs and accompanying information, and oral statements made directly to prospective students, respondents have represented that they have had significant success within the recent past in placing their graduates in positions as programmers, and at salaries in the range indicated in said photographs.

PAR. 9. In truth and in fact:

Respondents have, in the recent past, been unable to place a significant number of their students in positions as programmers. A significant number of the photographs used in the aforesaid advertising material are of persons who graduated from said courses of instruction in 1966, 1967 and 1968.

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

PAR. 10. In the course and conduct of their aforesaid business, and for the purpose of inducing prospective students to enroll in their courses of instruction, respondents have represented directly to said prospective students in the oral sales presentations made by their sales persons and other representatives, that said courses of instruction will serve as the equivalent of practical programming experience, and that,

therefore, graduates of said courses can represent to prospective employers that they are qualified and experienced programmers, thus allowing them to begin work with the status of experienced programmers and not as programmer trainees, or permitting them to obtain jobs which require programming experience.

PAR. 11. In truth and in fact:

Said courses of instruction do not serve as the equivalent of practical programming experience, and graduates of said courses cannot expect to begin work with the status of experienced programmers.

Therefore, the statements and representations as set forth in Paragraph Ten hereof, were, and are, false, misleading, deceptive and unfair.

PAR. 12. In the further course and conduct of their business, respondents have attempted to place and have placed graduates of said courses in positions as computer programmers by suggesting to these graduates that they present resumes containing false information concerning job experience to prospective employers. Respondents have provided graduates with such resumes and have aided in their preparation. Respondents advise their graduates to include in the aforesaid resumes that they have, in the past, worked as computer programmers for substantial periods of time for fictitious companies. Respondents suggest further that a telephone number be given for the firm listed, that number being the telephone number of respondents' place of business. In the event that a prospective employer attempts to verify the aforesaid information, graduates are informed that such verification will be provided by respondents. In truth and in fact, much of the information suggested by respondents is false.

The acts and practices as set forth in Paragraph Twelve hereof were, and are, false, misleading, deceptive and unfair.

PAR. 13. Respondents offered for sale courses of instruction intended to prepare graduates thereof for entry-level employment as computer operators, computer programmers or computer technicians without disclosing in advertising or through their sales representatives: (1) the percentage of recent graduates of each school for each course offered, that were able to obtain employment in the positions for which they were trained; (2) the employers that hired any such recent graduates for each course offered; (3) the initial salary any such recent graduates received for each course offered; and (4) the percentage of recent enrollees of each school for each course offered that have failed to complete their course of instruction. Knowledge of such facts would be an indication of the probability of graduating from respondents' courses and would indicate the possibility of securing future employment upon graduating and the nature of such employment. Thus,

respondents have failed to disclose material facts, which if known to a consumer would be likely to affect his or her consideration of whether or not to purchase such courses of instruction. Therefore, the aforesaid acts and practices were, and are, false, misleading, deceptive or unfair acts or practices.

PAR. 14. In the course and conduct of their business, and at all times mentioned herein, respondents have been, and now are in substantial competition, in commerce, with corporations, firms and individuals engaged in the sale of courses covering the same or similar subjects.

PAR. 15. The use by respondents of the aforesaid false, misleading, unfair or deceptive statements, representations, acts and practices, and their failure to disclose material facts, as aforesaid, have had, and now have, 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 complete, and to induce a substantial number thereof to purchase respondents' courses by reason of said erroneous and mistaken belief.

PAR. 16. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and of respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce, and unfair or deceptive acts or practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

COUNT II

Alleging violations of the Truth in Lending Act, and the implementing regulation promulgated thereunder, and of the Federal Trade Commission Act, the allegations of Paragraphs One and Two hereof are incorporated by reference herein as if fully set forth verbatim.

PAR. 17. In the ordinary course of their business as aforesaid, respondents regularly extend consumer credit and arrange for the extension of consumer credit, as "consumer credit" and "arrange for the extension of consumer credit" are defined in Section 226.2(f)(k) of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 18. Subsequent to July 1, 1969, in the ordinary course of their business as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Section 226.2(n) of Regulation Z, respondents have caused and are causing their customers to enter into contracts, termed by them as "enrollment agreements," for the sale of respondents' services. On these contracts, respondents specify a particular amount as the cost of their service, which they term "tuition." The full

amount of this tuition is, however, charged only to those who elect to pay on an installment basis. Students who pay the entire amount on or before a specified date are given a discount from the tuition which in most cases equals 10 percent.

On these contracts, respondents provide certain consumer credit cost disclosures. Respondents do not provide any other consumer credit information.

PAR. 19. By and through the use of these contracts, and in connection with their credit sales, respondents:

1. Offer a reduction from the cash price to those who elect to meet their obligation on or before a specified date, and fail to disclose, as required by Section 226.8(o)(i) of Regulation Z:
 - a. The rate of discount and the date by which or period within which the discount may be taken;
 - b. The amount of the discount, designated as a "finance charge," using that term;
 - c. The "annual percentage rate," using that term.
2. Fail to accurately disclose the "cash price," using that term, as required by Section 226.8(c)(i), computed in accordance with Section 226.8(o)(7) of Regulation Z.
3. Fail to use the term "cash downpayment" to describe the amount of the downpayment in money, as required by Section 226.8(c)(2) of Regulation Z.
4. Fail to use the term "unpaid balance of cash price," to describe the difference between the cash price and the total downpayment, as required by Section 226.8(c)(3) of Regulation Z.
5. Fail to use the term "amount financed" to describe the amount of credit extended, as required by Section 226.8(c)(7) of Regulation Z.
6. Fail to use the term "total of payments" to describe the sum of the payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.
7. Fail to use the term "deferred payment price" to describe the sum of the cash price and the finance charge, as required by Section 226.8(c)(8)(ii) of Regulation Z.

PAR. 20. In the ordinary course of their business as aforesaid, respondents have caused to be published advertisements of their courses of instruction, as "advertisement" is defined in Regulation Z. These advertisements aid, promote or assist, directly or indirectly, extensions of consumer credit in connection with the sale of these courses. By and through the use of the advertisements, respondents state the period of payment which can be arranged in connection with a consumer credit transaction, without also stating all of the following

items in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) thereof:

1. The cash price;
2. The amount of the downpayment required or that no downpayment is required as applicable;
3. The number, amount and due dates or period of payments scheduled to repay the indebtedness if credit is extended;
4. The amount of the finance charge expressed as an annual percentage rate;
5. The deferred payment price.

PAR. 21. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108(c) thereof, respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereto with violation of the Federal Trade Commission Act, and the respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondents 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 to issue herein, 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 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 2.34(b) of its rules, the Commission hereby issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondents Maralco Enterprises, Inc., New York School of Computer Technology, Inc., Education Beneficial, Inc., and Tuition Payments, Inc., are corporations organized, existing and doing business under and by virtue of the laws of the State of New York, with their

principal office and place of business located at 200 W. 51st St., New York, N.Y.

Respondents Hyman Marcus, Bartholomew Colangeli and Fred Rosenberg are officers of the corporate respondents. They formulate, direct and control the policies, acts and practices of the corporations, including the acts and practices hereinafter set forth. Their business address is the same as that of the corporate respondents.

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 Maralco Enterprises, Inc., New York School of Computer Technology, Inc., Education Beneficial, Inc., and Tuition Payments, Inc., corporations, their successors and assigns, and their officers, and Hyman Marcus, Bartholomew Colangeli, and Fred Rosenberg, individually and as officers of said corporations, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, or under any other name, in connection with the advertising, offering for sale, or sale of courses of instruction in electronic data processing, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Failing to send by certified mail, return receipt requested, to each person that shall contract with respondents for the sale of any course of instruction, a notice which shall disclose the following information and none other:

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

(b) Paragraphs containing the information set forth below, which shall be compiled and updated at least once every month. Such information shall be computed separately for each course of instruction offered by respondents at each school, location or facility.

(1) A paragraph as follows: "The information below relates to the (name of vocational school). The placement rate is the percentage of graduating students who obtained employment within three months of their graduation, in positions for which they were trained by this school."

(2) The "Placement Rate," using this term, to be determined as follows:

A. Respondents shall ascertain whether each graduate has obtained

employment within three months of graduation in a position for which respondents' course has prepared him. If such employment has been obtained, respondents shall further ascertain the name of the employer, the position and the starting salary obtained by the graduate.

B. The placement rate shall be the percentage of students who have graduated within the base period (as defined in Paragraph 1(b)(2)(C)) who have obtained employment as determined in 1(b)(2)A. The placement rate need not include those students exempted pursuant to subparagraph 1(b)(2)D.

C. The base period shall be the one-year period ending four months prior to the date on which the information required under 1(b) is compiled or updated.

D. At the time each student signs his enrollment contract, respondents shall have him complete the form set forth in Appendix A of this order. Students who indicate their intention not to seek employment in the computer field (by checking box number 3 on such form) need not be included in the computation of the school's placement rate.

(3) The "Salary Range" and the "Average Salary (Median)," using these terms, of the graduates who have obtained employment as determined pursuant to 1(b)(2)A.

(4) The dropout rate, using the term "Students Not Completing Course," which shall be the percentage of students who were scheduled to graduate from respondents' course during the base period who have discontinued or interrupted their studies without completing such course. *Provided, however,* The dropout rate need not include:

A. Any student who indicates in writing his desire to interrupt his course of study, provided such interruption not exceed six months; or

B. Any student whose enrollment contract, and all obligations thereunder, are expressly conditioned upon the receipt by the student of an educational loan guaranteed by a federal or state agency, if the student's application for such a loan is in fact rejected; or

C. Any student who cancels his enrollment contract pursuant to his right of cancellation set forth in Paragraph 8 of this order.

(5) A sentence which sets forth the time period upon which the data in subparagraphs (1)-(4) above are based.

Provided, however, subparagraph (b) shall be inapplicable, and no disclosures shall be made thereunder, in the case of any newly established school or course, as described in subparagraph (c), until such time as the new school or course has been in operation for 16 months.

(c) In the case of any newly established school that respondents may establish in any metropolitan area or county, whichever is larger, where

