

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF OHIO

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

STRATFORD CAREER INSTITUTE, INC.,  
a corporation,

Defendant.

Case No. 1:16CV00371

JUDGE JAMES S. GWIN

**STIPULATED ORDER FOR  
PERMANENT INJUNCTION AND  
PARTIAL SUSPENSION OF  
MONETARY JUDGMENT**

Plaintiff, the Federal Trade Commission (“Commission” or “FTC”), filed its Complaint for Permanent Injunction and Other Equitable Relief (“Complaint”) pursuant to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §53(b). The FTC and Defendant stipulate to the entry of this Stipulated Order for Permanent Injunction and Partial Suspension of Monetary Judgment (“Order”) to resolve all matters in dispute in this action between them.

THEREFORE, IT IS ORDERED as follows:

**FINDINGS**

1. This Court has jurisdiction over this matter.
2. The Complaint charges that Defendant participated in deceptive acts or practices in violation of Section 5 of the FTC Act, 15 U.S.C. §15 U.S.C. § 45, in the provision of certain educational products.
3. Defendant neither admits nor denies any of the allegations in the Complaint, except as specifically stated in this Order. Only for purposes of this action, Defendant admits the facts necessary to establish jurisdiction.

4. Defendant waives any claim that it may have under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action through the date of this Order, and agrees to bear its own costs and attorney fees.

5. Defendant waives all rights to appeal or otherwise challenge or contest the validity of this Order.

#### DEFINITIONS

For the purpose of this Order, the following definitions apply:

A. “**Clear(ly) and conspicuous(ly)**” means that a required disclosure is difficult to miss (i.e., easily noticeable) and easily understandable by ordinary consumers, including in all of the following ways:

1. In any communication that is solely visual or solely audible, the disclosure must be made through the same means through which the communication is presented. In any communication made through both visual and audible means, such as a television advertisement, the disclosure must be presented simultaneously in both the visual and audible portions of the communication even if the representation requiring the disclosure is made in only one means.

2. A visual disclosure, by its size, contrast, location, the length of time it appears, and other characteristics, must stand out from any accompanying text or other visual elements so that it is easily noticed, read, and understood.

3. An audible disclosure, including by telephone or streaming video, must be delivered in a volume, speed, and cadence sufficient for ordinary consumers to easily hear and understand it.

4. In any communication using an interactive electronic medium, such as the Internet or software, the disclosure must be unavoidable.

5. The disclosure must appear in each language in which the representation that requires the disclosure appears.

6. The disclosure must comply with these requirements in each medium through which it is received, including all electronic devices and face-to-face communications.

7. The disclosure must not be contradicted or mitigated by, or inconsistent with, anything else in the communication.

8. When the representation or sales practice targets a specific audience, such as children, the elderly, or the terminally ill, “ordinary consumers” includes reasonable members of that group.

B. “**Commerce**” shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44.

C. “**Competent and reliable evidence**” shall mean tests, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area, that has been conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the profession to yield accurate and reliable results.

D. “**Defendant**” means Stratford Career Institute, Inc., and its successors and assigns.

E. “**Educational program**” shall mean any product, service, plan or program offered by Defendant that confers or purports to confer a diploma, certificate, other document, or qualification, records or purports to record success in examinations or successful completion of a course of study, or evidences or purports to evidence that the holder has completed and shown proficiency in a curriculum recognized as necessary to earn the indicated diploma, certificate, other document, or qualification.

**ORDER**

**I. PROHIBITION AGAINST MISREPRESENTATIONS  
RELATING TO EDUCATIONAL PROGRAMS**

IT IS ORDERED that Defendant, Defendant's officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the promoting or offering for sale of any educational program, are permanently restrained and enjoined from:

A. misrepresenting, expressly or by implication, that:

1. consumers can successfully use Defendant's diplomas as valid high school equivalency credentials when seeking enrollment in higher educational institutions, applying for jobs, or for other purposes;

2. diplomas from Defendant's high school program are equivalent to the educational credential awarded by traditional or resident high schools;

3. consumers can in all instances use diplomas from Defendant's high school program to apply for admission to colleges, universities, or other schools of higher education;

4. consumers can in all instances use diplomas from Defendant's high school program to apply for jobs or promotions, or to obtain higher pay; or

5. course credits earned through Defendant's high school program generally are recognized by, accepted by, or otherwise transferable to secondary education institutions.

B. misrepresenting, expressly or by implication, any other fact material to consumers concerning any educational program, including but not limited to representations about the performance or efficacy of any educational program.

**II. PROHIBITION AGAINST UNSUBSTANTIATED REPRESENTATIONS**

IT IS FURTHER ORDERED that Defendant, Defendant's officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with advertising, marketing, promotion, offering for sale, or sale of any educational program, are permanently restrained and enjoined from making, expressly or by implication, a representation enumerated in Section I, unless the representation is non-misleading, and at the time such representation is made, Defendant possesses and relies upon competent and reliable evidence that is sufficient to substantiate that the representation is true.

**III. INJUNCTION CONCERNING DECEPTIVE FAILURE TO DISCLOSE THAT SCHOOLS AND EMPLOYERS MAY NOT RECOGNIZE DEFENDANT'S HIGH SCHOOL DIPLOMAS**

IT IS FURTHER ORDERED that Defendant, Defendant's officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the advertising, promoting, marketing, selling, or offering for sale of any high school diploma program that is substantially equivalent to that offered by a resident secondary school, are permanently restrained and enjoined from representing that consumers who complete Defendant's program will receive a high school diploma or equivalency credential without disclosing clearly and conspicuously that some schools and employers may not recognize Defendant's diploma or equivalency credential.

**IV. MONETARY JUDGMENT AND PARTIAL SUSPENSION**

IT IS FURTHER ORDERED that:

- A. Judgment in the amount of Six Million Five Hundred Thousand Dollars (\$6,500,000) is entered in favor of the Commission against Defendant as equitable monetary relief.

B. Defendant is ordered to pay to the Commission Two Hundred and Fifty Thousand Dollars (\$250,000), comprised of two payments: One Hundred and Twenty-Five Thousand Dollars (\$125,000) which, as Defendant stipulates, its undersigned counsel holds in escrow for no purpose other than payment to the Commission within 7 days of entry of this Order by electronic fund transfer in accordance with instructions previously provided by a representative of the Commission; and One Hundred and Twenty-Five Thousand Dollars (\$125,000) which Defendant is to pay within nine months of entry of this Order by electronic fund transfer in accordance with instructions previously provided by a representative of the Commission. Upon such payments, the remainder of the judgment is suspended, subject to the Subsections below.

C. The Commission's agreement to the suspension of part of the judgment is expressly premised upon the truthfulness, accuracy, and completeness of Defendant's sworn financial statements and related documents (collectively, "financial representations") submitted to the Commission, namely:

1. Defendant's FTC Financial Statement of Corporate Defendant, signed on October 27, 2015;
2. Defendant's Financial Statements for the fiscal years ending April 30, 2014 and 2013; April 30, 2013 and 2012, and April 30, 2012 and 2011;
3. Defendant's U.S. Corporation Income Tax Return for 2013, 2012, and 2011;
4. Defendant's Vermont Corporate Income Tax Returns filed on December 22, 2014; November 20, 2013, and January 14, 2013;
5. the additional documents emailed by Defendant's counsel on October 30, 2015, including but not limited to Stratford Career Institute, Inc.'s Statement of Income and Retained Earnings for the fiscal years ending April 30, 2014 and April 30, 2015, and Defendant's

counsel's email accompanying same;

6. the additional documents emailed by Defendant's counsel on November 2, 2015, including but not limited to Stratford Career Institute, Inc.'s Statement of Overhead Costs, Years Ended April 30, 2015, 2014, 2013, 2012, and 2011, and Defendant's counsel's email accompanying same;

7. the additional documents emailed by Defendant's counsel on November 6, 2015, and February 8 and 11, 2016, including but not limited to documents relating to the electronic check processing and credit card processing agreements, the standby letter of credit for the State of Wisconsin, and Defendant's counsel's emails accompanying same;

8. the additional documents emailed by Defendant's counsel on February 11, 2016, including but not limited to documents relating to Defendant's expenses and Defendant's counsel's emails accompanying same;

9. the February 14, 2016, email sent by Defendant's counsel regarding Stratford's cash on hand and bank accounts; and

10. the additional documents provided by Defendant's counsel on June 17, 2016, including but not limited to Defendant's FTC Financial Statement of Corporate Defendant, signed on June 15, 2016; Defendant's Vermont Corporate Income Tax Returns filed on December 24, 2015 and December 22, 2015; Defendant's Financial Statement for the fiscal year ending April 30, 2015 and 2014; Defendant's U.S. Corporation Income Tax Return for 2014; Defendant's Amended U.S. Corporation Income Tax Return for the tax year ending April 2014; Defendant's unaudited Statement of Cash Flow for the fiscal year ending April 30, 2016 and 2015; and additional documents related to electronic check processing and credit card processing agreements.

D. The suspension of the judgment will be lifted as to Defendant if, upon motion by the Commission, the Court finds that Defendant failed to disclose any material asset, materially misstated the value of any asset, or made any other material misstatement or omission in the financial representations identified above.

E. If the suspension of the judgment is lifted, the payment becomes immediately due as to Defendant in the amount specified in Subsection A above (which the parties stipulate only for purposes of this Section represents the consumer injury alleged in the Complaint), less any payment previously made pursuant to this Section, plus interest computed from the date of entry of this Order.

F. Defendant relinquishes dominion and all legal and equitable right, title, and interest in all assets transferred pursuant to this Order and may not seek the return of any assets.

G. The facts alleged in the Complaint will be taken as true, without further proof, in any subsequent civil litigation by or on behalf of the Commission in a proceeding to enforce its rights to any payment or monetary judgment pursuant to this Order, such as a nondischargeability complaint in any bankruptcy case.

H. The facts alleged in the Complaint establish all elements necessary to sustain an action by the Commission pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral estoppel effect for such purposes.

I. Defendant acknowledges that its Employer Identification Number, which it must submit, may be used for collecting and reporting on any delinquent amount arising out of this Order, in accordance with 31 U.S.C. §7701.

J. All money paid to the Commission pursuant to this Order may be deposited into a fund administered by the Commission or its designee to be used for equitable relief, including

consumer redress and any attendant expenses for the administration of any redress fund. If a representative of the Commission decides that direct redress to consumers is wholly or partially impracticable or money remains after redress is completed, the Commission may apply any remaining money for such other equitable relief (including consumer information remedies) as it determines to be reasonably related to Defendant's practices alleged in the Complaint. Any money not used for such equitable relief is to be deposited to the U.S. Treasury as disgorgement. Defendant has no right to challenge any actions the Commission or its representatives may take pursuant to this Subsection.

**V. INJUNCTION CONCERNING NOTIFICATION TO EXISTING CUSTOMERS REGARDING OPTION TO CANCEL ONGOING CONTRACTS**

IT IS FURTHER ORDERED that Defendant:

A. Shall provide adequate and timely notice of this Order by email (if an email address was provided), and on the web and mobile versions of Defendant's website to each person who (1) signed an enrollment agreement for Defendant's high school program on or after January 1, 2011, and (2) made fewer than all of the payments described in that agreement. For purposes of this Section, adequate and timely notice shall mean:

1. An email (if an email address was provided), sent within fourteen (14) days after the entry of this Order, with the subject line "Your Enrollment in Stratford Career Institute, Inc.'s High School Diploma Program," in the exact wording and format set forth in Attachment A, which does not include any other message, attachment or enclosure; and

2. A message, sent within fourteen (14) days after the entry of this Order, with the subject line "Important Message About Your Enrollment," in the exact wording and format of Attachment B, which appears in the Message Center located on Stratford's eService online student center reached by the student immediately after the person logs in through a student login

link, includes a one-step mechanism allowing a student to cancel his or her enrollment, does not include any other message or attachment, and remains in the Message Center for a period of thirty (30) days from initial posting or until the person cancels his or her enrollment, whichever comes first.

B. Shall be permanently restrained and enjoined from causing any charges to be made or to cause collection of, or attempts to collect, payment, directly or indirectly, from any consumer who has been notified as set forth in paragraph A above and who has communicated to Defendant his or her intention to cancel his or her enrollment in Defendant's high school program as set forth in that notice. Provided, however, that in no event shall Defendant charge, cause collection of, or attempt to collect a payment, directly or indirectly, within 45 days of entry of this Order.

C. Acknowledges that the Commission or its representatives may provide the redress referred to in Section IV.J. above to (1) consumers who have signed an enrollment agreement for Defendant's high school program on or after January 1, 2011, and have made all of the payments described in that agreement and (2) consumers who were notified as set forth in paragraph A above and communicated to Defendant their intention to cancel their enrollment in Defendant's high school program as set forth in that notice.

## VI. CUSTOMER INFORMATION

IT IS FURTHER ORDERED that Defendant is permanently restrained and enjoined from directly or indirectly:

A. Failing to provide sufficient U.S. customer information to enable the Commission to efficiently administer consumer redress. Defendant represents that it has provided this redress information to the Commission. If a representative of the Commission requests in writing any

information related to redress, Defendant must provide it, in the form prescribed by the Commission, within 14 days.

B. Disclosing, using, or benefitting from customer information, including the name, address, telephone number, email address, social security number, other identifying information, or any data that enables access to a customer's account (including a credit card, bank account, or other financial account), that Defendant obtained prior to entry of this Order in connection with the promoting or offering for sale of any educational program. Provided, however, that Defendant may use such customer information for any student who has submitted payments and exams to Defendant within five months of this Order being entered, and who has not cancelled within 45 days of entry of this Order, either pursuant to Part V, above, or directly with Defendant.

#### VII. ORDER ACKNOWLEDGMENTS

IT IS FURTHER ORDERED that Defendant obtain acknowledgments of receipt of this Order:

- A. Defendant, within 7 days of entry of this Order, must submit to the Commission an acknowledgment of receipt of this Order sworn under penalty of perjury.
- B. For three years after entry of this Order, Defendant must deliver a copy of this Order to: (1) all principals, officers, directors, and LLC managers and members; (2) all employees, agents, and representatives who participate in the advertising or marketing of the high school program; and (3) any business entity resulting from any change in structure as set forth in the Section titled Compliance Reporting. Delivery must occur within 7 days of entry of this Order for current personnel. For all others, delivery must occur before they assume their responsibilities.
- C. From each individual or entity to which Defendant delivered a copy of this Order,

Defendant must obtain, within 30 days, a signed and dated acknowledgment of receipt of this Order.

### VIII. COMPLIANCE REPORTING

IT IS FURTHER ORDERED that Defendant make timely submissions to the Commission:

- A. One year after entry of this Order, Defendant must submit a compliance report, sworn under penalty of perjury, that: (1) identifies the primary physical, postal, and email address and telephone number, as designated points of contact, which representatives of the Commission may use to communicate with Defendant; (2) identifies all of Defendant's businesses by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; (3) describes the activities of each business, including the goods and services offered, the means of advertising, marketing, and sales; (4) describes in detail whether and how Defendant is in compliance with each Section of this Order; and (5) provides a copy of each Order Acknowledgment obtained pursuant to this Order, unless previously submitted to the Commission.
- B. For 10 years after entry of this Order, Defendant must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the following: (1) any designated point of contact; or (2) the structure of Defendant or any entity that Defendant has any ownership interest in or controls directly or indirectly that may affect compliance obligations arising under this Order, including: creation, merger, sale, or dissolution of the entity or any subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order.
- C. Defendant must submit to the Commission notice of the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by or against Defendant within 14 days of its filing.
- D. Any submission to the Commission required by this Order to be sworn under penalty of

perjury must be true and accurate and comply with 28 U.S.C. § 1746, such as by concluding: “I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on: \_\_\_\_\_” and supplying the date, signatory’s full name, title (if applicable), and signature.

E. Unless otherwise directed by a Commission representative in writing, all submissions to the Commission pursuant to this Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin: FTC v. Stratford Career Institute, Inc.

#### **IX. RECORDKEEPING**

IT IS FURTHER ORDERED that Defendant must create certain records for 10 years after entry of the Order, and retain each such record for 5 years. Specifically, Defendant, in connection with the advertising and marketing of educational programs, must create and retain the following records:

- A. accounting records showing the revenues from all goods or services sold;
- B. personnel records showing, for each person providing services relating to the high school program, whether as an employee or otherwise, that person’s: name; addresses; telephone numbers; job title or position; dates of service; and (if applicable) the reason for termination;
- C. records of all consumer complaints and refund requests concerning the subject matter of the Order, whether received directly or indirectly, such as through a third party, and any response;
- D. all records necessary to demonstrate full compliance with each provision of this Order, including all submissions to the Commission; and

E. a copy of each unique advertisement or other marketing material for the high school program.

#### **X. COMPLIANCE MONITORING**

IT IS FURTHER ORDERED that, for the purpose of monitoring Defendant's compliance with this Order, including the financial representations upon which part of the judgment was suspended and any failure to transfer any assets as required by this Order:

A. Within 14 days of receipt of a written request from a representative of the Commission, Defendant must: submit additional compliance reports or other requested information, which must be sworn under penalty of perjury; appear for depositions; and produce documents for inspection and copying. The Commission is also authorized to obtain discovery, without further leave of court, using any of the procedures prescribed by Federal Rules of Civil Procedure 29, 30 (including telephonic depositions), 31, 33, 34, 36, 45, and 69.

B. For matters concerning this Order, the Commission is authorized to communicate directly with Defendant. Defendant must permit representatives of the Commission to interview any employee or other person affiliated with Defendant who has agreed to such an interview. The person interviewed may have counsel present.

C. The Commission may use all other lawful means, including posing, through its representatives as consumers, suppliers, or other individuals or entities, to Defendant or any individual or entity affiliated with Defendant, without the necessity of identification or prior notice. Nothing in this Order limits the Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.

#### **XI. RETENTION OF JURISDICTION**

IT IS FURTHER ORDERED that this Court retains jurisdiction of this matter for

purposes of construction, modification, and enforcement of this Order.

SO ORDERED this 31st day of January, 2017.

*s/ James S. Gwin*  
JAMES S. GWIN  
UNITED STATES DISTRICT JUDGE

**SO STIPULATED AND AGREED:**

**FOR PLAINTIFF FEDERAL TRADE COMMISSION:**

*Maria Del Monaco*

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Maria Del Monaco (0067930)  
Amy C. Hocevar (0075510)  
Federal Trade Commission  
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**FOR DEFENDANT STRATFORD CAREER INSTITUTE, INC.:**

Russell D. Duncan

Date: 10/20/16

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Counsel for Stratford Career Institute, Inc.

Luc Romano

Date: OCT 20/2016

LUC ROMANO, as an officer of  
Stratford Career Institute Inc.

**ATTACHMENT A**

[Date]

[Stratford Career Institute, Inc., letterhead or logo]

[Name and address of recipient if sent by first class mail]

RE: Your Enrollment in Stratford Career Institute, Inc.'s High School Diploma Program

Dear [Customer's name]:

We're writing because you're enrolled in Stratford Career Institute, Inc.'s high school program and signed an enrollment agreement on or after January 1, 2011. To settle a lawsuit filed by the Federal Trade Commission ("FTC"), the nation's consumer protection agency, Stratford has agreed to cancel the enrollment agreement of any student who asks. For more information about the lawsuit, in which the FTC says consumers were misled into believing that Stratford graduates could use Stratford diplomas as valid high school equivalency credentials, see [link].

**If you would like to cancel, please contact us by email at \_\_\_\_\_ or by first class postal mail to \_\_\_\_\_ within the next 30 days.** If you email, please state in the message that you wish to cancel your enrollment. If you notify us by mail, check the box below and return the form to us. If you cancel your enrollment within the next 30 days, you will not have to make further payments to us and we will stop providing you with lessons, assignments, and examinations for our high school program. You will need to contact the FTC and follow its procedures to seek any refund of money already paid.

If you continue with Stratford's high school program, you have an obligation to continue payments to us. Your enrollment agreement may or may not give you a right to cancel.



**ATTACHMENT B**

[Date]

[Stratford Career Institute, Inc., letterhead or logo]

RE: Your Enrollment in Stratford Career Institute, Inc.'s High School Diploma Program

Dear Student:

We're writing to students who enrolled in Stratford Career Institute, Inc.'s high school program and signed an enrollment agreement on or after January 1, 2011. To settle a lawsuit filed by the Federal Trade Commission ("FTC"), the nation's consumer protection agency, Stratford has agreed to cancel the enrollment agreement of any student who asks. For more information about the lawsuit, in which the FTC says consumers were misled into believing that Stratford graduates could use Stratford diplomas as valid high school equivalency credentials, see [\[link\]](#).

**If your enrollment agreement is dated on or after January 1, 2011 and you would like to cancel, click [here](#) to go to your account and cancel your enrollment.** If you cancel in the next 30 days, you will not have to make further payments to us and we will stop providing you with lessons, assignments, and examinations for our high school program. You will need to contact the FTC and follow its procedures to seek any refund of money already paid.

If you continue with Stratford's high school program, you have an obligation to continue payments to us. Your enrollment agreement may or may not give you a right to cancel. If you decide to continue, you will not get any money that the FTC returns to students who decided to cancel.

