



**PIP Procedures  
Memorandum**  
97-04

January 9, 1997

**TO:** Case Management Division Directors  
Area Case Directors  
Co-Team Leaders  
Administrative Actions and Appeals Division Director  
PIP Staff

**THRU:** Howard E. Fenton, Director  
Performance Improvement and Procedures Division

**FROM:** Patricia Hopson, Chief  
Procedures Branch  
Performance Improvement and Procedures Division

**SUBJECT:** Misrepresentations by Private Vocational Schools and Notification to Federal Trade Commission

The Federal Trade Commission (FTC) is responsible for enforcing a variety of federal antitrust and consumer protection laws; and, as part of its mission, the FTC works to eliminate deceptive acts and practices. Accordingly, like the Department of Education (ED), the FTC is concerned with misrepresentations by private vocational schools. Attached is a comparison of FTC Guides for Private Vocational Schools and ED regulations, prepared by the FTC, concerning such misrepresentations. The FTC Guides can be found at 16 C.F.R. 254.

Currently, the FTC has assigned three of its staff to review the Guides for the purpose of updating and modifying the Guides where appropriate and to bring administrative or district court actions against flagrant violators of the Guides. The FTC is willing to work with ED in order to prevent students from being injured as a result of misrepresentation by such schools. Therefore, the FTC should immediately be notified when misrepresentations, including those listed in the FTC Guides, are identified, especially if such misrepresentations are made in advertising or promotional materials. Since the FTC can sometimes obtain injunctions relatively fast in those cases where the misrepresentations are especially fraudulent or pernicious, the FTC may be able to act with greater speed than ED and stop an institution from continuing its fraudulent practices.

Please note that although the FTC does not have Guides covering § 668.73(a) (misrepresentation of offers of scholarships to pay all or part of a course charge) and § 668.74(c) (misrepresentation concerning job market statistics in relation to potential job placement), the FTC should still be notified if these types of practices are encountered. In particular, the FTC is interested in information concerning job placement claims.

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To ensure that the FTC does not get multiple notifications of the same incident, the regional co-team leader will be responsible for notifying the FTC; PIP should also be notified when a referral to the FTC has been made. The FTC contact persons for misrepresentations by private vocational schools are Joseph J. Koman, Jr. and Walter Gross III. Mr. Koman can be reached via e-mail at [jkoman@ftc.gov](mailto:jkoman@ftc.gov) or by phone at (202) 326-3014. Mr. Gross can be reached via e-mail at [wgross@ftc.gov](mailto:wgross@ftc.gov) or by phone at (202) 326-3319.

If you have any questions, please contact Jesus Moya at (202) 260-6168.

Attachment -- *FTC Guides/DOEd Regulations: Comparison*

cc: Marianne Phelps, Director, Institutional Participation and Oversight Service  
Dianne G. Van Riper, Assistant Inspector General for Investigation Services, Office of Inspector General  
Harold Jenkins, Assistant General Counsel, Postsecondary Education and Education Research Division, Office of the General Counsel  
Joseph J. Koman Jr., Attorney, Bureau of Consumer Protection, Division of Enforcement, Federal Trade Commission  
Walter Gross III, Attorney, Bureau of Consumer Protection, Standard Industry Practices Division, Federal Trade Commission

Attachment provided by FTC - electronic copy not available