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CIRCUIT COURT OF OREGON
MARION COUNTY

IN THE MATTER OF:
PENN FOSTER COLLEGE, and PENN
FOSTER INC.,
Respondents.

Case No.
ASSURANCE OF VOLUNTARY
COMPLIANCE

1.

Penn Foster College and Penn Foster Inc. do business in Oregon and are the Respondents herein. This agreement is between Respondents and the Oregon Department of Justice (DOJ) acting pursuant to ORS 646.632.

PROCEDURE

2.

This Assurance of Voluntary Compliance (AVC) is a settlement of a disputed matter. It shall not be considered an admission of a violation for any purpose. For avoidance of doubt, DOJ did not, during its investigation, find either an intent to deceive or manifestly false statements on the part of Respondents.

3.

Respondents acknowledge a notice from the State of Oregon pursuant to ORS 646.632(2) of the alleged unlawful trade practice and the relief to be sought.

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4.

Respondents understand and agree that this AVC applies to Respondents, their principals, officers, directors, agents, employees, representatives, successors and assigns, jointly and severally, while acting personally, or through any corporation or other business entities, whose acts, practices or policies are directed, formulated or controlled by Respondents.

5.

Respondents agree and understand that following acceptance of the AVC by DOJ, DOJ may communicate directly with Respondents for the purpose of executing and enforcing the terms of this agreement, resolving future complaints, and conducting undercover investigations of Respondents.

6.

Respondents understand and agree that if this AVC is accepted by DOJ, it will be submitted to the Circuit Court of the State of Oregon for Marion County for approval, and, if approved, will be filed with the court pursuant to ORS 646.632(2).

7.

Respondents waive any further notice of submission to and filing with the court of this AVC. Respondents agree to accept service of a conformed or court certified copy by prepaid first class mail sent to the address following Respondents' signatures.

8.

If monies which are ordered to be paid in this AVC are not paid timely, DOJ may convert the AVC to a money judgment under ORS 646.632(2) without notice to Respondents. Respondents agree that a copy of the money judgment may be sent to Respondents, first class mail to the addresses following Respondents' signatures.

9.

Respondents understand that, in addition to any other sanctions which may be imposed under this AVC or under the law, violation of any of the terms of this AVC may result in

1 contempt of court proceedings, civil penalties of up to \$25,000 for each violation, and such
2 further relief as the court may deem appropriate. ORS 646.632(4), ORS 646.642(1) and ORS
3 646.642(2).

4 10.

5 After further investigation, DOJ has elected not to pursue the allegations in the
6 December 9, 2014 Notice of Unlawful Trade Practices and Proposed Resolution relating to: (i)
7 Penn Foster College's Better Business Bureau rating; and (ii) the offer to students of free
8 resume mentoring.

9 11.

10 The parties acknowledge that no other promises, representations or agreements of any
11 nature have been made or entered into by the parties. The parties further acknowledge that this
12 AVC constitutes a single and entire agreement that is not severable or divisible, except that if
13 any provision herein is found to be legally insufficient or unenforceable, the remaining
14 provisions shall continue in full force and effect.

15 **REMEDIES**

16 12.

17 Respondents shall obey Oregon's Unlawful Trade Practices Act, ORS 646.605 to ORS
18 646.656.

19 13.

20 Respondents shall not represent or imply that DOJ acquiesces or approves of
21 Respondents' past business practices, current efforts to reform their practices, or any future
22 practices which Respondents may adopt or consider adopting. DOJ's decision to settle this
23 matter or to otherwise unilaterally limit current or future enforcement action does not constitute
24 approval or imply authorization for any past, present, or future business practice.

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14.

Immediately upon execution of this AVC, respondents shall pay restitution directly to the consumer as provided in this paragraph. Respondents shall provide DOJ a copy of the check (or other receipt of payment) and any attendant documents within fifteen [15] days after execution of this AVC:

- a) \$1,900 to Malcolm Strand, sent to Mr. Strand at an address to be provided by DOJ.

15.

Should DOJ receive, after execution of the AVC, any new consumer complaints concerning Respondents based on events arising prior to such execution date, DOJ will review the consumer complaint and, after allowing Respondents a reasonable opportunity to offer a written response to the complaint, make a good faith determination on the amount of restitution owed to the consumer, if any, up to the amount previously paid by the consumer to Respondents with respect to the program giving rise to the claim. If restitution is owed to any consumers based on DOJ's good faith evaluation, that amount of restitution shall be added to the payment plan described in Paragraph 14. Respondents will be notified via prepaid first class mail sent to the address following Respondents' signatures of the additional amount owed in restitution and the deadline for paying the new total amount owed.

16.

Respondents shall pay the full costs of DOJ's investigation. Upon execution of this AVC, respondents shall pay the sum of twenty two thousand dollars [\$22,000] to DOJ. Said sum shall be deposited to the Department of Justice account established pursuant to ORS 180.095. Said sum shall be used by DOJ as allowed by law.

17.

Within 90 days of the execution of this AVC, DOJ shall identify non-profit or governmental organization(s) that work to further educational initiatives for disadvantaged

1 youth in Oregon. Within 30 days of the Attorney General identifying the organization(s),
2 Respondents shall make a contribution to the organization(s) in the amount designated by DOJ.
3 Respondents shall not be required to contribute more than a total of \$50,000. Respondents may
4 not require any *quid pro quo* from the organization(s) that receives the contribution. The
5 recipient of the contribution shall not be required to link or associate the service(s) paid for by
6 the contribution with the Respondents.

7 18.

8 Within thirty (30) days following DOJ's filing of this AVC, Respondents agree to
9 adhere to the following requirements:

- 10 a. Respondents shall not cause a likelihood of confusion or of misunderstanding as to
11 the source, sponsorship, approval or certification of goods or services;
- 12 b. Respondents shall not represent that goods or services have sponsorship, approval,
13 characteristics, uses, benefits, or qualities that the goods or services do not have;
- 14 c. Respondents shall, in all of their advertising and marketing materials which purport
15 to provide details on the accreditation, licensing, and affiliation information of any
16 Penn Foster program (e.g., on the webpage to which a student is directed for a
17 accreditation and licensing information, or in a flyer where the
18 accreditation/licensing information of a school is offered), accurately reflect the type
19 of accreditations, licenses, and affiliations held by the applicable school or program;
- 20 d. In all advertisements that expressly reference regional accreditation, Respondents
21 shall either expressly limit such statement to its schools which have obtained
22 regional accreditation, or expressly exempt its schools which have not;
- 23 e. Respondents shall not make a statement, publish an advertisement, imply, or use any
24 other form of communication discussing the transferability of credits to other
25 learning institutions from Penn Foster without clearly and conspicuously including:
26 (1) a statement that credits earned in Penn Foster programs may transfer to some, but

1 not all, learning institutions; and (2) that the decision to accept transfer credit is
2 always at the discretion of the credit-receiving learning institution;

3 f. Respondents shall include, clearly and conspicuously, on the webpages listed
4 following this provision (or, if Respondents alter the configuration of their website,
5 those webpages having the primary purpose of discussing the accreditation of Penn
6 Foster College or transferring credit from Penn Foster College), the following
7 disclaimer: "No form of accreditation guarantees that any learning institution will
8 accept credits from any school as transfer credits."

9 1. <http://www.pennfoster.edu/college/accreditation>

10 2. <http://www.pennfoster.edu/college/transfer-credits>

11 g. Respondents shall not make a statement, publish an advertisement, imply, or use any
12 other form of communication to represent that students can graduate "debt-free"
13 from Penn Foster;

14 h. In those marketing and advertising materials which reference post-graduation career
15 or salary data from any edition of the United States Department of Labor
16 Occupational Outlook Handbook (or similar publication), Respondents shall either
17 directly quote from or precisely paraphrase the statements in such source, as well as
18 continuing to identify the sourcing document. At a minimum, Respondents'
19 marketing and advertising materials shall not contradict or materially alter the
20 statements from the then-current United States Department of Labor Occupational
21 Outlook Handbook;

22 i. When referencing the United States Department of Labor Occupational Outlook
23 Handbook, Respondents shall include, or direct the reader to a webpage that
24 includes, the following disclaimer: "Statements found in the United States
25 Department of Labor Occupational Outlook Handbook are not a guarantee of any
26 post-graduation salary, in part because the data used to create the Occupational

1 Outlook Handbook includes workers from differing educational backgrounds, levels
2 of experience, and geographic areas of the country.

3 APPROVAL BY COURT

4 SUBMITTED BY E-FILING. APPROVED FOR FILING and SO ORDERED by

5
6
7 Marion County Circuit Court Judge

8 RESPONDENTS' SIGNATURES AND ACKNOWLEDGMENTS

9 Penn Foster College

10 I, Frank Britt, being first duly sworn on oath, depose and say that I
11 am the Chief Executive Officer of Penn Foster College. I have read this agreement,
12 understand it, am fully authorized and empowered to sign this Assurance of Voluntary
Compliance on behalf of Penn Foster College, and bind the same to the terms hereof.

13 DATED this 29 day of April, 2015.

14 Frank Britt
Name

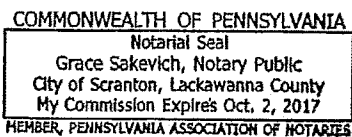
15 Chief Executive Officer
Title

16
17 Address

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19 SUBSCRIBED AND SWORN to before me this 29 day of April, 2015.

20 Grace Sakevich
21 Notary Public

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Grace Sakevich April 29, 2015

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Penn Foster Inc.

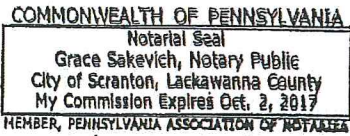
I, Frank Britt, being first duly sworn on oath, depose and say that I am the Chief Executive Officer of Penn Foster Inc. I have read this agreement, understand it, am fully authorized and empowered to sign this Assurance of Voluntary Compliance on behalf of Penn Foster Inc., and bind the same to the terms hereof.

DATED this 29 day of April, 2015.

[Signature]
Name

Chief Executive Officer
Title

925 Oak St Scranton PA
Address



Grace Sakevich April 29, 2015

SUBSCRIBED AND SWORN to before me this 29 day of April, 2015.

[Signature]
Notary Public

REVIEW BY RESPONDENTS' ATTORNEY

Approved and agreed to by counsel for Respondents.

DATED this 29th day of April, 2015.

[Signature]
David H. Angeli, OSB Bar No.: 020244
Angeli Ungar Law Group LLC
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Portland, Oregon 97204
Phone: (503) 954-2232
Fax: (503) 227-0880
Email: david@angelilaw.com


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ACCEPTANCE OF DOJ

Accepted this 29 day of April, 2015.

ELLEN F. ROSENBLUM
Attorney General



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Assistant Attorney General
Oregon Department of Justice
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