

## Federal Trade Commission

## § 254.3

inconsistent with these Guides may result in corrective action by the Commission under section 5 of the FTC Act if, after investigation, the Commission has reason to believe that the practices fall within the scope of conduct declared unlawful by the statute.

[63 FR 42572, Aug. 10, 1998, as amended at 78 FR 68989, Nov. 18, 2013]

### § 254.1 Definitions.

(a) *Accredited*. A school or program of instruction that has been evaluated and found to meet established criteria by an accrediting agency or association recognized for such purposes by the U.S. Department of Education.

(b) *Approved*. A school or program of instruction that has been recognized by a State or Federal agency as meeting educational standards or other related qualifications as prescribed by that agency for the school or program of instruction to which the term is applied. The term is not and should not be used interchangeably with “Accredited.” The term “Approved” is not justified by the mere grant of a corporate charter to operate or license to do business as a school and should not be used unless the represented “approval” has been affirmatively required or authorized by State or Federal law.

(c) *Industry member*. Industry Members are the persons, firms, corporations, or organizations covered by these Guides, as explained in § 254.0(a).

[78 FR 68990, Nov. 19, 2013]

### § 254.2 Deceptive trade or business names.

(a) It is deceptive for an Industry Member to misrepresent, directly or indirectly, expressly or by implication, the nature of the school, its Accreditation, programs of instruction, methods of teaching, or any other material fact through the use of any trade or business name, label, insignia, or designation, or in any other manner.

(b) It is deceptive for an Industry Member to deceptively conceal in any way the fact that it is a school or to misrepresent, directly or indirectly, expressly or by implication, through the use of a trade or business name or in any other manner that:

(1) It is a part of or connected with a branch, bureau, or agency of the U.S. Government, including, but not limited to, the U.S. Department of Education, or of any State, or civil service commission; or

(2) It is an employment agency or an employment agent or authorized training facility for any industry or business.

[78 FR 68990, Nov. 19, 2013]

### § 254.3 Misrepresentation of extent or nature of accreditation or approval.

(a) It is deceptive for an Industry Member to misrepresent, directly or indirectly, expressly or by implication, the nature, extent, or purpose of any Approval by a State or Federal agency or Accreditation by an accrediting agency or association. For example, an Industry Member should not:

(1) Represent, without qualification, that its school is Accredited unless all courses and programs of instruction have been Accredited by an accrediting agency recognized by the U.S. Department of Education. If an Accredited school offers courses or programs of instruction that are not Accredited, all advertisements or promotional materials pertaining to those courses or programs, and making reference to the Accreditation of the school, should clearly and conspicuously disclose that those particular courses or programs are not Accredited.

(2) Represent that its school or program of instruction is Approved, unless the nature, extent, and purpose of that Approval are disclosed.

(3) Misrepresent the extent to which a student successfully completing a course or program of instruction will be able to transfer any credits the student earns to any other postsecondary institution.

(b) It is deceptive for an Industry Member to misrepresent, directly or indirectly, expressly or by implication, that a school or program of instruction has been Approved by a particular industry, or that successful completion of a course or program of instruction qualifies the student for admission to a labor union or similar organization or for receiving a State or Federal license to perform certain functions.

(c) It is deceptive for an Industry Member to misrepresent, directly or indirectly, expressly or by implication, that its courses or programs of instruction are recommended by vocational counselors, high schools, colleges, educational organizations, employment agencies, or members of a particular industry, or that it has been the subject of unsolicited testimonials or endorsements from former students. It is deceptive for an Industry Member to use testimonials or endorsements that do not accurately reflect current practices of the school or current conditions or employment opportunities in the industry or occupation for which students are being trained.

NOTE TO PARAGRAPH (c): The Commission's Guides Concerning Use of Endorsements and Testimonials in Advertising (part 255 of this chapter) provide further guidance in this area.

(d) It is deceptive for an Industry Member to misrepresent, directly or indirectly, expressly or by implication, that its courses or programs of instruction fulfill a requirement that must be completed prior to taking a licensing examination.

[78 FR 68990, Nov. 18, 2013]

**§ 254.4 Misrepresentation of facilities, services, qualifications of staff, status, and employment prospects for students after training.**

(a) It is deceptive for an Industry Member to misrepresent, directly or indirectly, expressly or by implication, in advertising, promotional materials, recruitment sessions, or in any other manner, the size, location, services, facilities, curriculum, books and materials, or equipment of its school or the number or educational qualifications of its faculty and other personnel. For example, an Industry Member should not:

(1) Misrepresent the qualifications, credentials, experience, or educational background of its instructors, sales representatives, or other employees.

(2) Misrepresent, through statements or pictures, or in any other manner, the nature or efficacy of its courses, training devices, methods, or equipment.

(3) Misrepresent the availability of employment while the student is un-

dergoing instruction or the role of the school in providing or arranging for such employment.

(4) Misrepresent the availability, amount, or nature of any financial assistance available to students, including any Federal student financial assistance. If the cost of training is financed in whole or in part by loans, students should be informed that loans must be repaid whether or not they are successful in completing the program and obtaining employment.

(5) Misrepresent that a private entity providing any financial assistance to the students is part of the Federal government or that loans from the private entity have the same interest rate or repayment terms as loans received from the U.S. Department of Education.

(6) Misrepresent the nature of any relationship between the school or its personnel and any government agency, or that students of the school will receive preferred consideration for employment with any government agency.

(7) Misrepresent that certain individuals or classes of individuals are members of its faculty or advisory board, have prepared instructional materials, or are otherwise affiliated with the school.

(8) Misrepresent the nature and extent of any personal instruction, guidance, assistance, or other service, including placement assistance and assistance overcoming language barriers or learning disabilities, it will provide students either during or after completion of a course.

(9) Misrepresent the extent to which a prospective student will receive credit for courses or a program of instruction already completed at other post-secondary institutions.

(10) Misrepresent the percentage of students who withdraw from a course or program of instruction, or the percentage of students who complete or graduate from a course or program of instruction.

(11) Misrepresent security policies or crime statistics that the school must maintain.

(b) It is deceptive for an Industry Member to misrepresent, directly or indirectly, expressly or by implication,