

## CHAPTER 142

### PRIVATE TRADE, CORRESPONDENCE, AND SOCIAL TRAINING SCHOOLS

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**142.01 PROHIBITIONS.** No person, firm, association or corporation maintaining, advertising or conducting in Minnesota any course of instruction for profit, or for tuition charge, whether by classroom instructions or by correspondence, shall:

(a) Falsely advertise or represent to any person any matter material to such course of instruction or that such course of instruction is approved, accredited or licensed by the state of Minnesota; or

(b) Sell, assign or transfer, without recourse, any note accepted in payment, or part payment, for any such course until the obligations of the party furnishing the instruction have been performed.

[1961 c 739 s 1]

**142.02 CATALOGS, PROSPECTUS OR BROCHURES; CONTENT.** Subdivision 1. When such courses are taught by classroom instruction, any catalog, prospectus or brochure used by any such person, firm, association or corporation shall be filed with the secretary of state prior to the general distribution thereof and shall state the cost of the course or courses offered; the number of hours to be devoted to each subject offered in the course of instruction; the total amount of time, to the nearest month, necessary to complete the course; the facilities available for placement of students in employment and housing; the schedule, if any, by which the person, firm, association or corporation will pay refunds for portions of the course not completed (whether or not the course is maintained or conducted pursuant to a contract); and if no refunds are to be paid, the catalog, prospectus or brochure shall so state and any non-refundable charge for books and supplies or other items.

Subd. 2. When such courses are home study courses conducted by correspondence, any catalog, prospectus or brochure used by any such person, firm, association or corporation shall be filed with the secretary of state prior to the general distribution thereof in the state of Minnesota, and such catalog, prospectus or brochure shall state the cost of the course or courses offered; the number of lessons included in the course of instruction; and the facilities available, if any, for placement of students in employment; and such person, firm, association or corporation shall file with the secretary of state the schedule, if any, by which the person, firm, association or corporation will pay refunds for portions of the course not completed (whether or not the course is maintained or conducted pursuant to a contract), and said catalog, prospectus or brochure shall state that the refund policy of the person, firm, association or corporation is filed with the secretary of state, or that there is no refund policy and any non-refundable charge for books and supplies or other items.

[1961 c 739 s 2]

**142.03 REFUNDS.** Any moneys refunded for portions of any course not completed shall be paid only to the persons who made the original payment or to the assignees of such persons.

[1961 c 739 s 3]

**142.04 REGISTRATION.** Any person, firm, association or corporation maintaining, advertising or conducting in Minnesota any course of instruction for profit, or for tuition charge, whether by classroom instruction or by correspondence, shall register with the secretary of state the name of such person, firm, association or corporation, the trade name used in the course of business, and the names of all salesmen soliciting business in Minnesota. The trade name used in the course of

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such business shall not include the word "college" or "university", except as otherwise provided by Minnesota Statutes, Section 141.08.

[1961 c 739 s 4]

**142.05 PREREQUISITES FOR CONDUCTING.** Any person, firm, association or corporation maintaining or conducting in Minnesota any such course of instruction, by classroom instruction or by correspondence, or soliciting in Minnesota the sale of such course, shall:

(a) Have financial resources sufficient to enable it to maintain or conduct adequately the courses which it offers;

(b) Have sufficient buildings, work stations, equipment or other training facilities to train adequately the number of students proposed to be enrolled in such course;

(c) Employ a number of instructors, qualified by training or experience, to train adequately the number of students proposed to be enrolled in such course; and

(d) File with the secretary of state a continuous corporate surety bond to the state of Minnesota in the sum of \$10,000 conditioned for the faithful performance of all contracts and agreements with students made by such person, firm, association or corporation, or their salesmen. The aggregate liability for the surety for all breaches of the conditions of the bond, in no event, shall exceed the principal sum of \$10,000. The surety on any such bond may cancel such bond upon giving sixty days notice in writing to the secretary of state and thereafter the surety shall be relieved of liability for any breach of condition occurring after the effective date of cancellation. In lieu of such bond such person, firm, association or corporation may deposit with the state treasurer the sum of \$10,000 in cash, or securities such as may legally be purchased by savings banks or for trust funds in an aggregate market value of \$10,000.

Any person, firm, association, or corporation having a bond on file and in effect under this section shall not be required to file the bond required under Minnesota Statutes, Section 141.05, as a prerequisite for the issuance of a license to a private trade school. Provided, however, that whenever a bond under this section ceases to be in effect, for any reason, such person's license under Minnesota Statutes, Section 141.04, shall be revoked unless such person, firm, association, or corporation promptly files the bond required under Minnesota Statutes, Section 141.04.

[1961 c 739 s 5]

**142.06 VIOLATIONS; INJUNCTIONS; INVESTIGATIONS.** Subdivision 1. Violation of any of the provisions of sections 142.01 to 142.04 inclusive shall be a misdemeanor, punishable by a fine not exceeding \$100, or by imprisonment for a period not exceeding ninety days.

Subd. 2. Upon the application of the attorney general the district courts of this state shall have jurisdiction to enjoin any violation of the provisions set forth in sections 142.01 to 142.05 inclusive.

Whenever the attorney general has reason to believe that a violation of sections 142.01 to 142.05 has been committed or may be about to be committed he shall have full power to summon and compel the attendance of witnesses before him to testify on oath in relation to any matter pertinent to such violation and may require the production of any books or records pertinent thereto. The summons shall be served in the same manner and have the same effect as subpoenas from the district court. All witnesses summoned shall receive the same compensation as is paid to witnesses in the district court, which shall be paid out of the funds of the attorney general.

The attorney general is authorized to administer oaths and affirmations to any person appearing as a witness before him; and false swearing in any matter or proceeding shall be perjury and punished as such.

Disobedience of any subpoenas in such proceeding, or contumacy of a witness may, upon application of the attorney general, be punished by any judge of the district court in the same manner as if the proceedings were pending in such court.

[1961 c 739 s 6]

**142.07 RESIDENT AGENT.** Every person, association or firm not a corporation offering courses of instruction, whether by classroom instruction or by correspondence or by a combination thereof, where the classroom instruction concerned is wholly outside the state or, in the case of correspondence, where the person, firm,

or association's principal place of business is located out-of-state, shall file with the secretary of state a statement designating a resident agent for the purpose of receiving service. Any person, firm or association violating this section shall be subject to the penalties set out in Minnesota Statutes, Section 303.20. Service of process shall be made on such persons, firms, associations or corporations required to register under this section in the manner provided by Minnesota Statutes, Section 303.13.

[1961 c 739 s 7]

**142.08 EXCLUSIONS.** None of the provisions of sections 142.01 to 142.07 inclusive shall apply to the following:

(a) Colleges authorized by the laws of Minnesota or of any other state or foreign country to grant degrees;

(b) Schools of nursing accredited by the State Board of Nursing or an equivalent public board of another state or foreign country;

(c) Public schools;

(d) Private schools complying with the requirements of Minnesota Statutes, Section 120.10, Subdivision 2;

(e) Private and parochial non-profit schools exempt from taxation under the Constitution of Minnesota;

(f) Private trade schools which are exempt from taxation under Minnesota Statutes, Section 290.05;

(g) Schools exclusively engaged in training physically handicapped persons for the state of Minnesota;

(h) Schools now or hereafter licensed by boards authorized under Minnesota law to issue such licenses, except schools licensed under Minnesota Statutes, Chapter 141; and

(i) Schools and educational programs conducted by firms, corporations or persons for the training of their own employees, for which no fee is charged.

(j) Schools engaged exclusively in the teaching of purely avocational or recreational subjects.

[1961 c 739 s 8]

**142.09 APPLICATION.** Sections 142.01 to 142.09 are not intended to repeal any of the provisions of Minnesota Statutes, Chapter 141.

[1961 c 739 s 9]

**142.15 LIMITATIONS ON CERTAIN CONTRACTS FOR INSTRUCTION OR USE OF CERTAIN SOCIAL TRAINING FACILITIES.** Subdivision 1. **Contract for life invalid.** Any contract for instruction in social skills, or for the use by a patron of a dance hall, studio, ballroom, or other social training facility, which is measured by the life of the person receiving such instruction, or the use of such social training facility as a patron shall be deemed void and unenforceable as contrary to public policy.

Subd. 2. **Contracts for consideration greater than \$500 invalid.** Any contract or contracts for instruction in social skills, or for the use by a patron of a dance hall, studio, ballroom, or other social training facility which requires payment by the person receiving such instruction, or the use of such social training facility, of a total amount in excess of \$500, or granting to the person furnishing such instruction or providing the use of such facilities, an automatic renewal option where the payments to be made during the original contract period and the option period combined are in excess of \$500, shall be void in their inception and unenforceable.

[1963 c 628 s 1]

**142.16 INSTRUMENTS NOT TO BE TRANSFERRED WITHOUT CONSENT OF MAKER.** No contract for instruction in social skills or for the use by a patron of a dance hall, studio, ballroom, or other social training facility or instrument received in payment thereof, shall be negotiated or assigned without the separate written consent of the person receiving such instruction or the use of such social training facility.

[1963 c 628 s 2]

**142.17 APPLICATION.** Nothing herein shall be construed to apply to contracts for instruction at schools otherwise subject to regulation by the department of education.

[1963 c 628 s 3]