

CHAPTER 141

PRIVATE BUSINESS, TRADE, AND CORRESPONDENCE SCHOOLS

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141.01 [Repealed, 1969 c 866 s 17]

141.02 [Repealed, 1969 c 866 s 17]

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141.06 [Repealed, 1969 c 866 s 17]

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141.08 [Repealed, 1969 c 866 s 17]

141.09 [Repealed, 1969 c 866 s 17]

141.10 [Repealed, 1969 c 866 s 17]

141.11 [Repealed, 1969 c 866 s 17]

141.21 DEFINITIONS. Subdivision 1. **Words, terms and phrases.** The following words, terms and phrases shall have the meanings ascribed to them in this section.

Subd. 2. **Commissioner.** "Commissioner" means commissioner of education.

Subd. 3. **Solicitor.** "Solicitor" means a person who for a salary or for commission, acts as an agent, independent contractor, salesman, or counselor in procuring or attempting to procure students or enrollees for a course of instruction by solicitation in any form made at any place except on the actual business premises of the school and except for rendering public information service at the invitation or permission of a school or educational organization.

Subd. 4. **Person.** "Person" means any individual, partnership, association, or corporation or any combination thereof.

Subd. 5. **School.** "School" means any person, within or without the state, that maintains, advertises, solicits or conducts any course of instruction for profit or for a tuition charge, and which is not specifically exempted by the provisions of sections 141.21 to 141.36.

Subd. 6. **Course of instruction.** "Course of instruction" means any classroom, correspondence, or extension course of instruction or any combination thereof.

Subd. 7. **Placement service.** "Placement service" means the facilities or division, if any, operated by the school which advertises or offers to secure jobs for its students. It does not include advising or assisting students in preparation for employment.

[1969 c 866 s 1]

141.22 CITATION. Sections 141.21 to 141.36 may be cited as the private business, trade and correspondence school act.

[1969 c 866 s 2]

141.23 RULES AND REGULATIONS. The state board of education may adopt rules and regulations to carry out the provisions of sections 141.21 to 141.36 pursuant to chapter 15.

[1969 c 866 s 3]

141.24 ADVISORY COMMISSION. The Minnesota advisory commission on private trade, business and correspondence schools is hereby created consisting of 16 members to be appointed by the state board of education as follows: two members, each from trade, business, correspondence, and paramedical schools; one member each representing the secondary school principals and guidance counselors; one mem-

ber representing agriculture, business or management, organized labor, and health occupations, and two members representing the general public. The state board of education shall appoint such members to the advisory commission within 30 days of November 15, 1969. Each member shall be appointed for a four year term except that in making appointments for the first term, the state board of education shall, so far as practicable appoint eight members representative of each category, for a two year term. The state board of education shall appoint the commission chairman from the commission membership and the secretary from the professional staff of the department of education who will serve ex officio. The attorney general shall appoint an attorney to serve as legal counsel for the commission. The advisory commission shall meet at least semiannually on call of the chairman or the commissioner. The commission shall advise the commissioner and the state board of education in promoting the growth, ethical, economic, and successful operation of the schools subject to the act; protecting the interests of the prospective and enrolled students of such schools; and advising the commissioner and the state board of education in formulating rules and regulations contemplated in section 141.23.

[1969 c 866 s 4]

141.25 LICENSE. Subdivision 1. **Required.** No school shall maintain, advertise, solicit for, or conduct any course of instruction in Minnesota without first obtaining a license from the commissioner.

Subd. 2. **Contract unenforceable.** Any contract entered into with any person for a course of instruction after November 15, 1969, by or on behalf of any person operating any school to which a license has not been issued pursuant to sections 141.21 to 141.36, shall be unenforceable in any action brought thereon.

Subd. 3. **Application.** Application for a license shall be on forms prepared and furnished by the commissioner, and shall contain the following:

- (a) The title or name of the school, together with ownership and controlling officers, members, managing employees, and director;
- (b) The specific fields of instruction which will be offered and the specific purposes of such instruction;
- (c) The place or places where such instruction will be given;
- (d) A listing of the equipment available for instruction in each field;
- (e) The maximum enrollment to be accommodated with equipment available in each specified field;
- (f) The qualifications of instructors and supervisors in each specified field;
- (g) A statement of financial resources available to meet the school's financial obligations to provide adequate service to its students or prospective students;
- (h) Copy of representative advertising currently used by such school.

Subd. 4. **Certification.** Each application shall be signed and certified to under oath by the proprietor if the applicant is a proprietorship, by the managing partner if the applicant is a partnership, or by the authorized officers of the applicant if the applicant is a corporation or association.

Subd. 5. **Bond.** No license shall be issued to any school which maintains, conducts, solicits for, or advertises within the state of Minnesota any course of instruction, unless the applicant files with the commissioner a continuous corporate surety bond in the sum of \$10,000 conditioned upon the faithful performance of all contracts and agreements with students made by the applicant. Such bond shall run to the state of Minnesota and to any person who may have a cause of action against the applicant arising at any time after the bond is filed and before it is cancelled for breach of any contract or agreement made by the applicant with any student. The aggregate liability of the surety for all breaches of the conditions of the bond shall not exceed the principal sum of \$10,000. The surety of any such bond may cancel it upon giving 60 days notice in writing to the commissioner and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation. In lieu of bond, the applicant may deposit with the state treasurer the sum of \$10,000 in cash, or securities such as may be legally purchased by savings banks or for trust funds in an aggregate market value of \$10,000.

Subd. 6. **Resident agent.** Schools domiciled outside the state of Minnesota which offer, advertise, solicit for, or conduct any course of instruction within the state of Minnesota shall first file with the secretary of state a sworn statement designating a resident agent authorized to receive service of process. Such statement shall designate the secretary of state as resident agent for service of process in the absence of an agent otherwise so designated. In the event a school fails to file such statement, the secretary of state is hereby designated as the resident agent au-

thorized to receive service of process. Such authorization shall be irrevocable as to causes of action arising out of transactions occurring prior to the filing of written notice of withdrawal from the state of Minnesota filed with the secretary of state.

Subd. 7. Minimum standards. (A) No license shall be issued unless the commissioner determines:

(a) That the applicant has a sound financial structure with sufficient resources for the proper use and support of the school to be maintained;

(b) That the applicant has satisfactory training facilities with sufficient tools and equipment and the necessary number of work stations to train adequately the students proposed to be enrolled;

(c) That the applicant employs a sufficient number of qualified instructors trained by experience and education to give the training contemplated;

(d) That the premises and conditions under which the students work and study are sanitary, healthful, and safe, according to modern standards;

(e) That courses, curriculum, and instruction are consistent in quality and content with recognized accepted standards for the type of course offered;

(f) That the living quarters which may be maintained by the applicant for students are sanitary and safe.

(B) In the event the commissioner refuses to issue a license because one or more of the above standards (a), (b), (c), (d), and (f) have not been met, a party adversely affected by that decision may request a determination of that issue or issues, pursuant to chapter 15.

(C) In the event the commissioner refuses to issue a license because standard (e) above has not been met, a determination on that issue will be made, pursuant to chapter 15, by a group of three qualified persons, one person chosen by the school, one chosen by the first two; in the event the two parties are unable to agree within 30 days as to the appointment of the third party, either party shall apply to the chief justice of the Minnesota supreme court who shall appoint such third party. The commissioner shall clearly and concisely establish for the group determination the particular standard and issue involved that requires a specific determination by such group. After its formulation the group shall have a reasonable period of time after the specific issue has been submitted to conduct its investigation and report its determination to the commissioner.

Subd. 8. Fees and terms of license. (a) Applications for initial license under sections 141.21 to 141.36 shall be accompanied by \$50 as a registration fee.

(b) All licenses shall expire on December 31 of each year. Each renewal application shall be accompanied by a renewal fee of \$25.

(c) Application for renewal of license shall be made on or before November 15 of each calendar year. Each renewal form shall be supplied by the commissioner. It shall not be necessary for an applicant to supply all information required in the initial application at the time of renewal unless specifically authorized by the commissioner.

Subd. 9. Catalog or brochure for trade and business schools. (A) No license shall be issued to a school other than one which offers exclusively a correspondence course of instruction, until such school has furnished to the commissioner a catalog or brochure containing the following:

(a) Identifying data, such as volume number or date of publication;

(b) Name of the school and its governing body and officials;

(c) A calendar of the school showing legal holidays, beginning and ending dates of each course quarter, term, or semester, and other important dates;

(d) School policy and regulations on enrollment with respect to enrollment dates and specific entrance requirements for each course;

(e) School policy and regulations relative to leave, absences, class cuts, make-up work, tardiness, and interruptions for unsatisfactory attendance;

(f) School policy and regulations relative to standards of progress required of the student by the school which policy must define the grading system of the school, the minimum grades considered satisfactory, conditions for interruption for unsatisfactory grades or progress and a description of the probationary period, if any, allowed by the school, and conditions of re-entrance for those dismissed for unsatisfactory progress;

(g) School policy and regulations relative to student conduct and conditions for dismissal for unsatisfactory conduct;

(h) Detailed schedule of fees, charges for tuition, books, supplies, tools, student activities, laboratory fees, service charges, rentals, deposits, and all other charges;

(i) Policy and regulations of the school relative to the refund of the unused portion of tuition, fees, and other charges in the event the student does not enter the course or withdraws or is discontinued therefrom;

(j) A description of the available facilities and equipment;

(k) A course outline for each course offered showing course objectives, subjects or units in the course, type of work or skill to be learned, and approximate time or clock hours to be spent on each subject or unit;

(l) Policy and regulations of the school relative to granting credit for previous education and training.

(B) No license shall be issued to a school which offers exclusively a correspondence course of instruction, until such school has furnished to the commissioner a catalog or brochure containing the following:

(a) Identifying data such as volume number or date of publication;

(b) Name of the school, its governing body and officials;

(c) School policy and regulations on enrollment with respect to enrollment dates and specific qualifications for each course;

(d) School policy and regulations relative to standards of progress required of the student by the school which policy must define the grading system of the school, the minimum grades considered satisfactory, conditions for interruption for unsatisfactory grades or progress and a description of the probationary period, if any, allowed by the school, and conditions of re-enrollment for those students terminated for unsatisfactory progress;

(e) Detailed schedule of fees, charges for tuition, books, supplies, tools, student activities, laboratory fees, service charges, rentals, deposits, and all other charges;

(f) Policy and regulations of the school relative to the refund of the unused portion of tuition, fees and other charges in the event the student does not enter the course or withdraws or is discontinued therefrom;

(g) A description of facilities and equipment used by the school;

(h) A course outline for each course offered showing subjects or units in the course, type of work or skill to be learned, and approximate time or clock hours to be spent on each subject or unit;

(i) Policy and regulations of the school relative to granting credit for previous education and training.

(C) Each school or agent thereof shall deliver the catalog or brochure required in subdivision 9 to each prospective student before accepting a student enrollment.

Subd. 10. Placement records. No license shall be issued to a school which offers or advertises a placement service until the school files with the commissioner for the past year and thereafter at intervals to be determined by the commissioner, a certified copy of the school's placement record, containing a list of graduates, a description of their job, name of their employer, and such other information as the commissioner may prescribe.

[1969 c 866 s 5]

141.26 PERMITS FOR SOLICITORS. Subdivision 1. **Required.** A solicitor representing a school must obtain a solicitor's permit from the commissioner before soliciting students to enroll in such school. Such permit shall expire on December 31 following the date of issuance. Application for renewal of permit shall be made on or before November 15 of each calendar year.

Subd. 2. Application for permit. The application for such permit shall state the full name, address, previous employment, and such other information concerning the solicitor applicant as the commissioner may require.

Subd. 3. Refusal of permit. No permit shall be issued to any solicitor unless such solicitor files with the commissioner a continuous corporate surety bond in the sum of \$2,000 conditioned upon the faithful performance of all contracts and agreements with the students made by the solicitor. Such bonds shall run to the state of Minnesota and to any person who may have cause of action against the applicant arising at any time after the bond is filed and before it is cancelled for breach of any contract or agreement made by the solicitor with any student. The aggregate liability of the surety for all breaches of the conditions of the bond shall not exceed the principal sum of \$2,000. The surety of any such bond may cancel it upon giving 60 days' notice in writing to the commissioner and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation. In lieu of bond, the solicitor may deposit with the state treasurer the sum of \$2,000.

Subd. 4. Additional permits. A solicitor representing more than one school

must obtain a separate permit for each school represented; however when a solicitor represents schools having a common ownership, only one permit shall be required.

Subd. 5. **Fee.** The initial and renewal application for each permit shall be accompanied by a fee of \$25.

[1969 c 866 s 6]

141.27 PAYMENTS. Subdivision 1. **Refunds.** Every school other than one which offers a correspondence course of instruction, shall refund tuition and other charges in those cases where a written contract for enrollment is utilized, when the student gives written notice of cancellation according to the following schedule:

(a) Notwithstanding anything to the contrary in this subdivision, when notice of cancellation is given within five days after the day on which the contract is executed, regardless of whether the course of instruction has started, all tuition and other charges except \$25 will be refunded to the student;

(b) When notice of cancellation is given after the fifth day on which the contract was executed, but before the start of the course of instruction, all tuition and other charges except \$50 will be refunded to the student;

(c) When notice of cancellation is given after completion of ten percent of the course of instruction, the school may retain no more than ten percent of the total charge for the course;

(d) When notice of cancellation is given after completion of ten percent of the course of instruction, but before completion of 25 percent of the course of instruction, the school may retain no more than 25 percent of the total charge for the course;

(e) When notice of cancellation is given after completion of 25 percent of the course of instruction, but prior to completion of 50 percent of such course, the school may retain no more than 50 percent of the total charge for the course;

(f) After completion of 50 percent of the course of instruction, the student is entitled to no refund. This clause shall not prejudice the student's right to recover in an action for breach of contract or fraud.

Subd. 2. **Refunds.** Every school other than one which offers a correspondence course of instruction, shall in those cases where no written contract for enrollment is utilized, refund tuition and other charges when the student gives written notice of cancellation according to the following schedule:

(a) When notice of cancellation is given before the start of the course of instruction, all tuition and other charges except \$25 will be refunded to the student;

(b) When notice of cancellation is given after the start of the course of instruction but prior to the completion of ten percent of the course of instruction, the school may retain no more than ten percent of the total charge for the course;

(c) When notice of cancellation is given after completion of ten percent of the course of instruction but prior to the completion of 25 percent of the course, the school may retain no more than 25 percent of the total charge for the course;

(d) When notice of cancellation is given after completion of 25 percent of the course of instruction, but prior to completion of 50 percent of such course, the school may retain no more than 50 percent of the total charge for the course;

(e) After completion of 50 percent of the course of instruction the student is entitled to no refund. This clause shall not prejudice the student's right to recover in an action for breach of contract or fraud.

Subd. 3. **Refunds.** Every school which offers a correspondence course of instruction either separately, or in combination with a resident course of instruction, shall refund tuition and other charges when the student gives written notice of cancellation according to the following schedule:

(a) When notice of cancellation is given within three days after the date of enrollment, all tuition and other charges except \$25 shall be refunded to the student;

(b) When notice of cancellation is given within 30 days after the date of enrollment, the school may retain no more than the pro rata charge for the lessons of the course of instruction or 15 percent of the contract price of the course plus \$50, whichever is more;

(c) When notice of cancellation is given 30 days after date of enrollment but prior to 60 days from the date of enrollment, the school may retain no more than the pro rata charge for the completed lessons of the course of instruction or 20 percent of the contract price of the course plus \$50 whichever is more;

(d) When notice of cancellation is given 60 days after the date of enrollment but prior to 90 days from the date of enrollment, the school may retain no more than the pro rata charge for the completed lessons of the course of instruction or 25 percent of the contract price plus \$50 whichever is more;

(e) When notice of cancellation is given 90 days after the date of enrollment but prior to 180 days from the date of enrollment, the school may retain no more than the pro rata charge for the completed lessons of the course of instruction or 50 percent of the contract price plus \$50, whichever is more;

(f) After 180 days from the date of enrollment the student is entitled to no refund. This clause shall not prejudice the student's right to recover in an action for breach of contract or fraud.

Subd. 4. Instrument not to be negotiated. No school shall negotiate any promissory instrument received as payment of tuition or other charge prior to completion of 50 percent of the course of instruction. Prior to such time, such instruments may be transferred by assignment to purchasers who shall be subject to all defenses available against the school named as payee.

[1969 c 866 s 7]

141.28 PROHIBITIONS. Subdivision 1. **Not to advertise state approval.** Schools, agents of schools, and solicitors may not advertise or represent in writing or orally that such school is approved or accredited by the state of Minnesota, except that any school, agent, or solicitor may advertise that the school and solicitor have been duly licensed by the state.

Subd. 2. Unlawful designation. No school organized after November 15, 1969, shall apply to itself either as a part of its name or in any other manner the designation of "college" or "university" unless such school applies for and receives certification from the commissioner that it meets appropriate standards and is entitled to such designation. Operating schools now using such designation may continue use thereof.

Subd. 3. False statements. No school, agent, or solicitor shall willfully make any statement or utilize advertising or sales practices which are false, fraudulent, erroneous or deliberately misleading.

[1969 c 866 s 8]

141.29 REVOCATION OF LICENSE OR PERMIT. Subdivision 1. **Grounds.** The commissioner may, after notice and hearing, pursuant to chapter 15, refuse to issue, refuse to renew, revoke, or suspend any license or solicitor's permit for any one or any combination of the following grounds:

(a) Willful violation of any provisions of sections 141.21 to 141.36 or any rule or regulation promulgated by the state board of education;

(b) Willfully furnishing to the commissioner false, misleading, or incomplete information;

(c) Willfully presenting to prospective students information relating to the school which is false, fraudulent, or misleading;

(d) Refusal to allow reasonable inspection or supply reasonable information after written request therefor by the commissioner;

(e) The existence of any circumstance which would be grounds for the refusal of an initial or renewal license under section 141.25.

Subd. 2. Appeal. Any order refusing, revoking, or suspending a school's license or a solicitor's permit is appealable to the district court as provided in chapter 15. Where a school has been operating and its license has been revoked, suspended or refused by the commissioner such order shall not become effective until the final determination of such appeal unless immediate effect shall be ordered by the court.

[1969 c 866 s 9]

141.30 INSPECTION. (a) The commissioner or his delegate may inspect the instructional books and records, classrooms, dormitories, tools, equipment and classes of any school or applicant for license at any reasonable time. The commissioner may require the submission of a certified public audit, or if there is no such audit available the commissioner or his delegate may inspect the financial books and records of the school. In no event shall such financial information be used by the commissioner to regulate or set the tuition or fees charged by the school.

(b) No agent or employee of the state of Minnesota shall divulge to any person other than a member of the department of education, or duly constituted law enforcement official, any data obtained from an inspection of the financial books and other records of a school, except in connection with a legal or administrative proceeding commenced to enforce a requirement of law.

[1969 c 866 s 10]

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141.31 INJUNCTION. Upon application of the attorney general the district courts shall have jurisdiction to enjoin any violation of sections 141.21 to 141.36.
[1969 c 866 s 11]

141.32 MISDEMEANOR. Violation of any provisions of sections 141.21 to 141.36 shall be a misdemeanor punishable by a fine not exceeding \$100 or by imprisonment for a period not exceeding 90 days or both.
[1969 c 866 s 12]

141.33 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.
[1969 c 866 s 13]

141.34 INSTRUMENTS NOT TO BE TRANSFERRED WITHOUT CONSENT OF MAKER. No contract for instruction in social skills or for the use of 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.
[1969 c 866 s 14]

141.35 EXEMPTIONS. None of the provisions of sections 141.21 to 141.36 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 as defined in section 120.05;
- (d) Private schools complying with the requirements of section 120.10, subdivision 2;
- (e) Private and parochial nonprofit schools exempt from taxation under the constitution of Minnesota;
- (f) Private trade schools which are exempt from taxation under section 290.05;
- (g) Courses taught to students in a valid apprenticeship program taught by or required by a trade union;
- (h) Schools exclusively engaged in training physically or mentally handicapped persons for the state of Minnesota;
- (i) Schools now or hereafter licensed by boards authorized under Minnesota law to issue such licenses;
- (j) Schools and educational programs, or training programs, conducted by persons, firms, corporations, or associations, for the training of their own employees, for which no fee is charged the employee;
- (k) Schools engaged exclusively in the teaching of purely avocational or recreational subjects. Private schools teaching a method or procedure to increase the speed with which a student reads are not within this exemption;
- (l) Driver training schools and instructors as defined in section 171.33, subdivisions 1 and 2.

[1969 c 866 s 15]

141.36 PUBLIC POLICY. It shall be the public policy of the state to protect all persons and schools covered by sections 141.21 to 141.36 from unfounded charges, complaints or harassment, and to promote the growth, ethical, economic and successful operation of the schools subject to sections 141.21 to 141.36, and to protect the interests of prospective and enrolled students.
[1969 c 866 s 18]