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UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA,
Plaintiff,

v.

BROWN UNIVERSITY IN PROVIDENCE
IN THE STATE OF RHODE ISLAND,
AND PROVIDENCE PLANTATIONS;

THE TRUSTEES OF COLUMBIA
UNIVERSITY IN THE CITY
OF NEW YORK;

CORNELL UNIVERSITY;

THE TRUSTEES OF DARTMOUTH
COLLEGE;

PRESIDENT AND FELLOWS OF
HARVARD COLLEGE, MASSACHUSETTS;

MASSACHUSETTS INSTITUTE OF
TECHNOLOGY;

THE TRUSTEES OF PRINCETON
UNIVERSITY;

THE TRUSTEES OF THE UNIVERSITY
OF PENNSYLVANIA; and

YALE UNIVERSITY,

Defendants.

FILED

MAY 22 1991

MICHAEL E. KUNZ, Clerk
By CU Dep. Clerk

Civil Action No. 91-CV-3274

COMPLAINT FOR EQUITABLE
RELIEF FOR VIOLATION
OF 15 U.S.C. § 1,
SHERMAN ANTITRUST ACT

Filed:

VERIFIED COMPLAINT

The United States of America, by its attorneys, acting under the direction of the Attorney General of the United States, brings this civil action to obtain equitable relief

[Handwritten signature]

against the above-named defendants and complains and alleges as follows:

I.

JURISDICTION AND VENUE

1. This Verified Complaint is filed under Section 4 of the Sherman Act (15 U.S.C. § 4) to prevent and restrain violations by defendants of Section 1 of the Sherman Act (15 U.S.C. § 1).

2. The defendants transact business and are found within the Eastern District of Pennsylvania.

II.

DEFENDANTS

3. Brown University in Providence in the State of Rhode Island, and Providence Plantations ("Brown") is made a defendant. Brown was incorporated in 1764, and its principal place of business is Providence, Rhode Island.

4. The Trustees of Columbia University in the City of New York ("Columbia") is made a defendant. Columbia was established by Royal Charter in 1754, and its principal place of business is New York, New York.

5. Cornell University ("Cornell") is made a defendant. Cornell is a New York corporation chartered in 1865, and its principal place of business is Ithaca, New York.

6. The Trustees of Dartmouth College ("Dartmouth") is made a defendant. Dartmouth was established by Royal Charter in 1769, and its principal place of business is Hanover, New Hampshire.

7. President and Fellows of Harvard College, Massachusetts ("Harvard") is made a defendant. Harvard was chartered in 1650, and its principal place of business is Cambridge, Massachusetts.

8. Massachusetts Institute of Technology ("MIT") is made a defendant. MIT is a Massachusetts corporation chartered in 1861, and its principal place of business is Cambridge, Massachusetts.

9. The Trustees of Princeton University ("Princeton") is made a defendant. Princeton was established by Royal Charter in 1746, and its principal place of business is Princeton, New Jersey.

10. The Trustees of the University of Pennsylvania ("Penn") is made a defendant. Penn is a Pennsylvania corporation chartered in 1791, and its principal place of business is Philadelphia, Pennsylvania.

11. Yale University ("Yale") is made a defendant. Founded in 1701, Yale is a Connecticut corporation, and its principal place of business is New Haven, Connecticut.

12. Whenever this Complaint refers to any act, deed, or transaction of any defendant, it means that the defendant engaged in the act, deed, or transaction by or through its

officers, directors, employees, agents, or other representatives while they actively were engaged in the management, direction, control, or transaction of its business or affairs.

III.

CO-CONSPIRATORS

13. Various others, not named as defendants, have participated as co-conspirators with defendants in the violations alleged in this Complaint, and have performed acts and made statements to further the conspiracy.

IV.

TRADE AND COMMERCE

14. The defendants compete with each other to enroll highly-selective undergraduate student bodies. The defendants also compete with each other in providing and selling an undergraduate education.

15. The defendants charge different prices to different students. Students who are not awarded financial aid pay the full "list" price. This price may include tuition, room and board, and mandatory fees, and is often referred to as "tuition," "TRB" (for tuition, room and board), the "term bill," "student fees," or the "package."

16. The defendants' undergraduate fees are among the highest in the United States. Each defendant's term bill for the 1989-90 school year exceeded \$18,500.

17. Students awarded financial aid pay less than the full term bill, receiving, in effect, a discount reducing their cost of attendance. This reduced cost is made up of two components, "family contribution" and "self-help." The family contribution is the cash payment that a college determines a student's family will make from its assets and income. Self-help is the non-grant portion of financial aid and consists of loans and the student's income during the school year from campus employment. Self-help and grants make up the financial aid award. The less aid a student receives, the more a student's family pays.

18. All defendants belong to a group of financial aid administrators known as the "Overlap" group. The Overlap group schools hold a series of meetings each year and have made the following agreements restricting the financial aid they award undergraduate students:

- (a) First, the Overlap group has agreed to award all financial aid solely on the basis of family income and assets; this agreement requires the Overlap group schools not to offer financial aid based on "merit," such as academic achievement, talent or diversity;

- (b) Second, the Overlap members use an agreed-upon formula to determine the family contributions for financial aid applicants;
- (c) Third, at an annual spring meeting, the Overlap members compare the family contributions for financial aid applicants admitted to more than one Overlap school, and eliminate significant differences so that the family contributions will be comparable; and
- (d) Finally, the Overlap members also exchange their anticipated self-help levels and, at their annual spring meeting, often match self-help awards for students admitted by more than one Overlap member.

19. The purpose and effect of the Overlap agreements is to ensure that families of students receiving financial aid will pay approximately the same amount regardless of the Overlap institution the student chooses to attend.

20. High school students from all regions of the United States apply for admission to the defendants' undergraduate colleges. Annually, the defendants receive thousands of admission applications that cross state lines. Out-of-state students make up a substantial percentage of the defendants' undergraduate enrollments.

21. The defendants receive large amounts of money that flow across state lines. Admission applications are accompanied by a non-refundable application fee. The

defendants also receive substantial tuition payments remitted across state lines from students or their families.

22. The defendants annually receive substantial federal government funding that flows across state lines. The defendants' financial aid offices receive substantial federal financial aid funds and administer federal loan programs. The defendants also receive substantial funding in the form of federal research grants.

23. The defendants' business activities and operations involve or affect the interstate movement of students and the interstate flow of funds, and are within the flow of, or have a substantial effect on, interstate commerce.

V.

VIOLATION ALLEGED

24. Beginning at least as early as 1980 and continuing until the date of this Complaint, the defendants and their co-conspirators have engaged in a continuing combination and conspiracy in unreasonable restraint of interstate trade and commerce in violation of Section 1 of the Sherman Act. This offense is likely to continue unless the relief prayed for is granted.

25. The combination and conspiracy consists of an agreement, understanding, and concert of action among the defendants and co-conspirators, the substantial term of which is to restrain price competition among them for students

receiving financial aid, resulting directly in higher family contributions for some financial aid applicants.

26. In furtherance of this combination and conspiracy, the defendants and co-conspirators combined and conspired to, among other things:

- (a) agree not to offer financial aid based on "merit";
- (b) use an agreed-upon formula for determining the family contributions for financial aid applicants;
- (c) agree to eliminate significant differences in family contributions for financial aid applicants admitted to more than one Overlap school so that the family contributions will be comparable; and
- (d) exchange anticipated self-help levels and often match self-help awards for students receiving financial aid admitted to more than one Overlap member.

VI.

EFFECTS

27. The combination and conspiracy has had the following effects, among others:

- (a) price competition among the defendants for students receiving financial aid has been unreasonably restrained;
- (b) students and their families seeking an undergraduate education from the defendants have

been deprived of the benefits of free and open price competition, and some have paid higher family contributions than they would have otherwise.

VI.

PRAYER

WHEREFORE, the plaintiff prays:

1. That the Court adjudge and decree that the defendants and co-conspirators have engaged in an unlawful combination and conspiracy in unreasonable restraint of interstate trade and commerce in violation of Section 1 of the Sherman Act.

2. That the defendants, their officers, trustees, agents, employees, successors and all other persons acting or claiming to act on their behalf be enjoined and restrained for a period of 10 years from, in any manner, directly or indirectly, continuing, maintaining, or renewing the alleged combination and conspiracy.

3. That the defendants be required to institute a comprehensive compliance program to ensure that defendants do not enter into, maintain or participate in any contract, agreement, understanding, plan, program, or other arrangement to continue or renew the alleged combination and conspiracy.

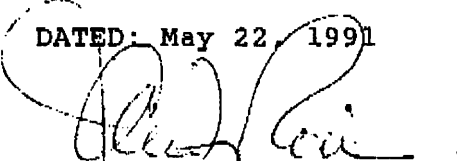
4. That each defendant, for the term of the Final Judgment, shall file with the plaintiff, and with the Court under seal, on or before the anniversary date of this Final

Judgment, an annual Declaration reporting that defendant has complied with the terms of the Final Judgment relating to the comprehensive compliance program.

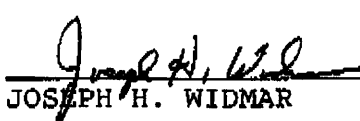
5. That the plaintiff have such other and further relief as the nature of the case may require and the Court may deem just and proper.

6. That the plaintiff recover the costs of this suit.

DATED: May 22, 1991



JAMES F. RILL
Assistant Attorney General

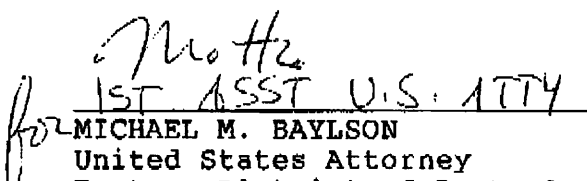


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VERIFICATION OF COMPLAINT

I, Jon B. Jacobs, declare:

1. I am an attorney employed by the Antitrust Division of the United States Department of Justice.

2. The foregoing civil antitrust Complaint for and on behalf of the United States of America was duly prepared under the direction of the Attorney General of the United States. The facts stated therein have been assembled by authorized employees and counsel for the United States of America. The allegations of the Complaint are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed in Washington, D. C. on this 22nd day of May, 1991.



JON B. JACOBS