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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Direct English
directenglish.com
Pearson Education Ltd.
Edinburgh Gate
Harlow, Essex CM20 2JE
Great Britain

DESIST AND REFRAIN ORDER
(For violation of Section 31110 of the Corporations Code)

The California Corporations Commissioner finds that:

1. At all relevant times, Direct English, was and has been a division of Pearson Education Ltd., a publishing company based in the United Kingdom.
2. At all relevant times, directenglish.com, was and has been the world wide website of Direct English.
3. Beginning in or about April 1997, and continuing thereafter, Direct English and directenglish.com have offered or sold franchises for the operation of educational centers that offers language training in the English language.
4. These franchises were offered or sold in this state.
5. The Department of Corporations has not issued a registration to Direct English for the offer or sale of any franchise in this state. Additionally, the offer or sale of any franchise of Direct English is not exempt from registration.

Based upon the foregoing findings, the California Corporations Commissioner is of the opinion that the franchises of Direct English are subject to registration under the Franchise Investment Law and franchises are being or have been offered or sold without being registered. Pursuant to Section 31402 of the Franchise Investment Law, Direct English, directenglish.com, and Pearson Education Ltd. are hereby ordered to desist and

1 refrain from the further offer or sale in the State of California of any franchise of Direct
2 English, unless and until registration has been made under said law or unless exempt. This
3 Order is necessary, in the public interest, for the protection of franchisees and consistent
4 with the purposes, policies, and provisions of the Franchise Investment Law.

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Dated: May 20, 2003
Sacramento, California

DEMETRIOS A. BOUTRIS
California Corporations Commissioner

By _____
VIRGINIA JO DUNLAP
Assistant Commissioner