

Law Enforcement Investigations and Actions Regarding For-Profit Colleges

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Pending and recent federal and state government investigations and actions regarding for-profit colleges

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This is a list of pending and recent significant federal and state civil and criminal law enforcement investigations of, and actions against, for-profit colleges. It also includes some major investigations and disciplinary actions by the U.S. Department of Education and Department of Defense. It does not include investigations or disciplinary actions by state education oversight boards. It also does not include (except for False Claims Act cases that resulted in payments to the United States) lawsuits prosecuted only by private parties — students, staff, etc.

To date, 37 state attorneys general (<http://migration.kentucky.gov/newsroom/ag/conwaydurbin.htm>) are participating in a joint working group examining for-profit colleges. Many of those are actively investigating specific for-profit colleges in their states.

Schools are arranged below alphabetically, either by the name of the school or the name of the company that owns it. If you are looking for a specific school, search this page for the name of the school.

Some of the most-investigated for-profit colleges have now converted to non-profit status or are in the process of doing so, often through troubling transactions and arrangements that allow for-profit interests to keep making money off the school's operations. Schools will remain on this list, technically for-profit or not, if they have engaged in troubling behavior.

Please send corrections, additions, updates, and comments to tips@RepublicReport.org (<mailto:tips@RepublicReport.org>)

Academy of Art University, San Francisco

- Settlement with City Attorney of San Francisco

Press release, City Attorney of San Francisco, 11-19-16:

“City Attorney Dennis Herrera today announced that he had reached terms for a proposed settlement valued to San Francisco taxpayers at more than \$60 million in the lawsuit his office brought against Academy of Art University.

The agreement includes \$20 million in cash, including penalties and a major contribution to a program that helps low income tenants who are at risk for evictions. The figure is the largest monetary award the city has reached in a code enforcement case....

The deal comes after the City Attorney's Office filed a lawsuit in San Francisco Superior Court on May 6, 2016 to halt years of stalling, obfuscation and repeat offenses by the academy, which had routinely ignored city land-use rules.”

<http://www.sfcityattorney.org/2016/12/19/herrera-secures-landmark-settlement-valued-60-million-academy-art-university/>

(<http://www.sfcityattorney.org/2016/12/19/herrera-secures-landmark-settlement-valued-60-million-academy-art-university/>)

Alden's School of Cosmetology, Alden's School of Barbering

- **U.S. Justice Department criminal prosecution of Alden Hall, owner and Chief Executive Officer of Alden's School of Cosmetology and Alden's School of Barbering**

Justice Department press release 06-23-17:

“Acting United States Attorney Corey R. Amundson announced today that a federal jury has convicted **ALDEN HALL**, age 58, of Baton Rouge, Louisiana, of numerous federal offenses in connection with her multi-year scheme to defraud the United States Department of Education and steal Pell Grant funds. Earlier this afternoon, after a four-day trial, the jury unanimously returned guilty verdicts on all five counts presented at trial, including three counts of theft of government funds, one count of fraudulently obtaining financial assistance funds, and one count of money laundering.... HALL represented to the Department that certain students were enrolled in Pell Grant-approved programs of instruction when HALL knew that they were actually in programs of instruction that did not qualify for Pell Grants. HALL caused false and forged documents to be submitted as part of certain students’ financial aid packages, and caused misrepresentations to the Department about the number of hours that certain students had attended class and their standing at the school, when in fact the individuals had never attended class. Through the scheme, HALL and her businesses fraudulently received more than \$100,000 in federal funds.”

Alta Colleges (Westwood College – schools closed March 2016) (majority owner: Housatonic Partners)



(<https://io.wp.com/www.republicreport.org/wp-content/uploads/2014/04/housatonic.jpg>)

Housatonic Partners

- **U.S. Justice Department False Claims Act case against Alta Colleges**

Justice Department press release, 04-20-09:

“Alta Colleges Inc. and its wholly-owned collegiate schools in Texas have agreed to pay the United States \$7 million to resolve allegations under the False Claims Act that the Texas schools submitted false claims for federal student aid funds, the Justice Department announced today.

For a college to qualify to receive federal student aid, one requirement is that it meet applicable state licensing requirements. The United States alleged that Alta’s Texas colleges obtained the requisite state licenses by misrepresenting to the state licensing agency that they complied with state job-placement reporting requirements and that their interior design programs complied with requirements for a professional license.”

<https://www.justice.gov/opa/pr/alta-colleges-pay-us-7-million-resolve-false-claims-act-allegations> (<https://www.justice.gov/opa/pr/alta-colleges-pay-us-7-million-resolve-false-claims-act-allegations>)

- **Colorado attorney general settlement with Westwood College**

Colorado attorney general press release, 03-14-12:

“Colorado Attorney General John Suthers announced today the state has reached an agreement with Westwood College, Inc. to address allegations that the institution violated the Consumer Protection Act by misleading prospective students, engaging in deceptive advertising and failing to comply with Colorado’s consumer lending laws.

Under the settlement, Westwood will pay the state \$2 million in penalties, restitution and attorneys fees and costs. Westwood also will credit another \$2.5 million in restitution directly to students who financed their tuition with the school’s institutional financing, which is called APEX. Finally, Westwood will reimburse APEX finance charges to students for Westwood’s failure to follow Colorado’s consumer lending laws.”

http://www.coloradoattorneygeneral.gov/press/news/2012/03/14/attorney_general_announces_45_million_settlement_westwood_college_address_dece (http://www.coloradoattorneygeneral.gov/press/news/2012/03/14/attorney_general_announces_45_million_settlement_westwood_college_address_dece)

- **Illinois attorney general lawsuit against Alta Colleges**

“Defendants – who own and operate Westwood College and Westwood Online – engaged and continue to engage in deceptive, unfair, and abusive practices in the marketing and selling of their Criminal Justice program. By misrepresentation and omission of material fact, Defendants misled and continue to mislead students about nearly every important aspect of the career-focused degree in Criminal Justice – from the financing and cost of the program to the likelihood of a positive employment outcome after the student departs the school.”

<http://www.cfpbmonitor.com/files/2014/11/IL-AG-second-amended-complaint.pdf> (<http://www.cfpbmonitor.com/files/2014/11/IL-AG-second-amended-complaint.pdf>)

Settlement for \$15 million, 11-15:

[http://abc7chicago.com/education/westwood-college-to-forgive-\\$15m-in-student-loans/1068354/](http://abc7chicago.com/education/westwood-college-to-forgive-$15m-in-student-loans/1068354/) ([http://abc7chicago.com/education/westwood-college-to-forgive-\\$15m-in-student-loans/1068354/](http://abc7chicago.com/education/westwood-college-to-forgive-$15m-in-student-loans/1068354/))

<http://www.republicreport.org/wp-content/uploads/2015/07/Westwood-Colleges-Assurance-of-Voluntary-Compliance14.pdf>
(<http://www.republicreport.org/wp-content/uploads/2015/07/Westwood-Colleges-Assurance-of-Voluntary-Compliance14.pdf>)

Westwood to stop enrolling new students, 11-15:

<http://www.thedenverchannel.com/lifestyle/education/westwood-college-no-longer-accepting-new-students>
(<http://www.thedenverchannel.com/lifestyle/education/westwood-college-no-longer-accepting-new-students>)

American Beauty Academy (school closed November 2015)

- **U.S. Department of Education action against American Beauty Academy, 11-15:**

“A spokesperson for the US Department of Education said the ABA was sent a revocation letter because for the past three fiscal years the school failed to satisfy the ‘90/10 Rule’ which prohibits for-profit colleges from collecting more than 90% of its revenue from federal student aid.”

<http://foxbaltimore.com/news/local/american-beauty-academy-closed-students-stunned> (<http://foxbaltimore.com/news/local/american-beauty-academy-closed-students-stunned>)

American Career Institute (school closed 2013)

- **Massachusetts attorney general lawsuit against American Career Institute**

Complaint filed 11-21-13:

“For years leading up to its closure, defendants falsified documents and forged student signatures to maintain their accreditation and to continue to receive student loan proceeds, enrolled students who did not meet minimum qualifications, and then failed to provide students the education for which they incurred significant debts. Defendants unfairly pursued profit without regard to their supposed career training mission and left students indebted beyond their means.”

<http://www.mass.gov/ago/docs/press/2013/aci-complaint.pdf> (<http://www.mass.gov/ago/docs/press/2013/aci-complaint.pdf>)

Amended complaint filed 09-17-15:

<http://www.mass.gov/ago/docs/consumer/aci-amended-complaint.pdf> (<http://www.mass.gov/ago/docs/consumer/aci-amended-complaint.pdf>)

Final judgment 06-02-16:

Massachusetts Attorney General press release 06-06-16:

“The consent judgment (<http://www.mass.gov/ago/docs/consumer/aci-consent-judgment.pdf>), entered Thursday in Suffolk Superior Court against ACI, is believed to be the first time a predatory, for-profit school has admitted its wrongdoing in violation of state law. ACI has acknowledged widespread illegal conduct, including knowingly overstating the employment prospects for its graduates; falsifying student signatures, enrollment records, attendance, and grades; and using unlicensed instructors, inadequate books and instructional materials, valueless externships, and providing no meaningful career placement services.”

<http://www.mass.gov/ago/docs/consumer/aci-consent-judgment.pdf> (<http://www.mass.gov/ago/docs/consumer/aci-consent-judgment.pdf>)

American Commercial College



(<https://io.wp.com/www.republicreport.org/wp-content/uploads/2014/04/Doyle-Brent-Sheets.jpg>)

- **Justice Department False Claims Act lawsuit and settlement with American Commercial College**

“American Commercial College has agreed to pay at least \$1 million over the next five years to settle the suit alleging the school falsified financial reports so it could qualify for federal student aid funds. According to a news release from the U.S. Department of Justice in Washington issued late Friday, May 31, the college might have to pay an additional \$1.5 million under a contingency clause in the settlement.... The suit alleged American Commercial College

orchestrated short-term private loans, ultimately paid off with federal student aid dollars, so the school could appear to comply with federal requirements.... In November 2011, investigators from the U.S. Department of Education raided ACC's headquarters and Lubbock campus, along with campuses in Abilene and San Angelo, photographing items and removing records." (05-31-13)

<http://lubbockonline.com/crime-and-courts/courts/2013-05-31/american-commercial-college-settles-federal-false-claims-case#.UoV9Vq1dVzi>
 (http://lubbockonline.com/crime-and-courts/courts/2013-05-31/american-commercial-college-settles-federal-false-claims-case#.UoV9Vq1dVzi)
<http://www.justice.gov/opa/pr/2012/February/12-civ-261.html> (http://www.justice.gov/opa/pr/2012/February/12-civ-261.html)

- **Federal criminal conviction and prison sentence for theft of government property for American Commercial College president Doyle Brent Sheets:**

<http://www.kcbd.com/story/26689879/american-commercial-college-president-sentenced-on-federal-charges>
 (http://www.kcbd.com/story/26689879/american-commercial-college-president-sentenced-on-federal-charges)

American National University of Kentucky (previously called National College)

- **Kentucky attorney general lawsuit against National College**

<http://migration.kentucky.gov/Newsroom/ag/nationalcollegesuit.htm> (http://migration.kentucky.gov/Newsroom/ag/nationalcollegesuit.htm)

<http://www.republicreport.org/wp-content/uploads/2016/08/KY-Apps-Ct-Natl-College-08-16.pdf> (http://www.republicreport.org/wp-content/uploads/2016/08/KY-Apps-Ct-Natl-College-08-16.pdf)

Kentucky Court of Appeals affirms judgment ordering National College of Kentucky to Pay State \$157,000:

"Attorney General Andy Beshear today announced that the Kentucky Court of Appeals last week affirmed a previous order by Franklin Circuit Court requiring National College of Kentucky Inc. and its attorneys to pay the state a combined \$157,000 in civil monetary sanctions. The sanctions were unanimously affirmed by a three-member appeals panel....

The monetary award stems from the initial refusal of National College, now operating as American National University Inc., to respond to a subpoena issued by the Office of Attorney General in 2010. The subpoena was issued during an investigation into potential violations of Kentucky's Consumer Protection Act and subsequent violations of court orders and frivolous litigation tactics."

<http://kentucky.gov/Pages/Activity-stream.aspx?n=AttorneyGeneral&prId=162> (http://kentucky.gov/Pages/Activity-stream.aspx?n=AttorneyGeneral&prId=162)

U.S. Supreme Court denies petition for review:

<https://www.wtvq.com/2017/10/19/ag-wins-appeal-upholding-sanctions-american-national-ky/> (https://www.wtvq.com/2017/10/19/ag-wins-appeal-upholding-sanctions-american-national-ky/)

https://www.supremecourt.gov/orders/courtorders/101017zor_2d83.pdf (https://www.supremecourt.gov/orders/courtorders/101017zor_2d83.pdf)

Fayette Circuit Court \$22,960 verdict against National College:

<http://www.kentucky.com/news/state/article206138244.html> (http://www.kentucky.com/news/state/article206138244.html)

American Public University System

- **Massachusetts attorney general settlement with American Military University, 08-08-18**

"Attorney General Maura Healey today announced a settlement with an online for-profit school over allegations that the school violated Massachusetts law by failing to make mandated disclosures to prospective students about job placement rates, violating requirements that the school provide important information about loan repayment and graduation rates to prospective students 72 hours before enrollment, and engaging in predatory enrollment tactics, including making excessive recruitment calls.

The assurance of discontinuance, filed Tuesday in Suffolk Superior Court against American Public University System, which runs American Military University (AMU), alleges that it violated the state's for-profit and occupational school regulations aimed at protecting Massachusetts students from the deceptive and unfair practices of for-profit schools....

The investigation into AMU's recruitment practices revealed that the school violated state regulations by failing to make important employment disclosures to prospective students and failing to provide certain other disclosures in advance of enrollment. The AG's regulations require for-profit schools offering Massachusetts programs to provide certain disclosures to prospective students 72 hours in advance of enrollment, including the cost of a program, the program's graduation rate, and the percentage of students who are not paying their loans. Many for-profit schools are also required to list the percentage of students who obtained full-time permanent employment within their field of study.

The AG's Office also alleges that AMU engaged in high pressure enrollment tactics, including excessive telephone calling, which is a well-documented tactic that is specifically barred by state law."

<https://www.mass.gov/news/american-military-university-pays-270000-for-alleged-failure-to-disclose-job-prospects-high>
(<https://www.mass.gov/news/american-military-university-pays-270000-for-alleged-failure-to-disclose-job-prospects-high>)

Anamarc College (El Paso TX) (school closed 2014)

- **FBI investigation of Anamarc College**

"FBI agents possibly looking at fraud allegations Wednesday morning raided two campuses of Anamarc College, which closed abruptly this summer, and the home of the owners of the college."

http://www.elpasotimes.com/news/ci_26421731/fbi-probe-possibly-looks-at-fraud-allegations-at (http://www.elpasotimes.com/news/ci_26421731/fbi-probe-possibly-looks-at-fraud-allegations-at)

<http://www.elpasotimes.com/story/news/2015/10/23/anamarc-embezzlement-lawsuit-bankruptcy-college/74485836/>
(<http://www.elpasotimes.com/story/news/2015/10/23/anamarc-embezzlement-lawsuit-bankruptcy-college/74485836/>)

Apollo Education Group (The University of Phoenix) (owners: The Vistria Group, Najafi Companies, Apollo Global Management)



(<https://i2.wp.com/www.republicreport.org/wp-content/uploads/2014/04/cappelli-apollo-ceo.jpg>)

Gregory Cappelli,
CEO, Apollo Education
Group

- **Florida attorney general investigation of Apollo**

Apollo Group SEC 8-K, 10-22-10:

"Today, Apollo Group, Inc. announced that its subsidiary, The University of Phoenix, Inc. ("University of Phoenix"), has received notice that the State of Florida Office of the Attorney General in Fort Lauderdale, Florida has commenced an investigation into possible unfair and deceptive trade practices associated with certain alleged practices of University of Phoenix. The notice includes a subpoena to produce documents and detailed information for the time period of January 1, 2006 to the present about a broad spectrum of University of Phoenix's business. The Company is evaluating the notice and subpoena."

<https://www.sec.gov/Archives/edgar/data/929887/000095012310095156/p18257e8vk.htm>
(<https://www.sec.gov/Archives/edgar/data/929887/000095012310095156/p18257e8vk.htm>)

- **Delaware attorney general investigation of Apollo**

Apollo Group SEC 8-K, 08-04-11:

"Today, Apollo Group, Inc. announced that on August 3, 2011, its subsidiary, The University of Phoenix, Inc., received a subpoena from the Attorney General of the State of Delaware to produce detailed information regarding University of Phoenix students residing in Delaware. The time period covered by the subpoena is January 1, 2006 to the present. Apollo Group is evaluating the subpoena."

<https://www.sec.gov/Archives/edgar/data/929887/000095012311072900/p18993e8vk.htm>
(<https://www.sec.gov/Archives/edgar/data/929887/000095012311072900/p18993e8vk.htm>) [Investigation has been closed
(<http://chronicle.com/blogs/bottomline/government-investigations-and-suits-against-for-profit-colleges-the-grid/>).]

- **Massachusetts attorney general investigation of Apollo**

Apollo Group SEC 8-K, 05-13-11:

“Today, Apollo Group, Inc. announced that its subsidiary, The University of Phoenix, Inc., has received a Civil Investigative Demand from the Office of the Attorney General of Massachusetts. The Demand relates to an investigation under Massachusetts General Laws, Chapter 93A, Section 6, of possible unfair or deceptive methods, acts, or practices by for-profit educational institutions in connection with the recruitment of students and the financing of education. The Demand requires the University to produce documents and detailed information and to give testimony regarding a broad spectrum of the University’s business for the time period of January 1, 2002 to the present. Apollo Group believes that Massachusetts is one of a coalition of several states considering investigatory or other inquires into recruiting practices and the financing of education at proprietary educational institutions. Apollo Group is evaluating the Demand.”

<https://www.sec.gov/Archives/edgar/data/929887/000095012311050367/p18877e8vk.htm>
 (<https://www.sec.gov/Archives/edgar/data/929887/000095012311050367/p18877e8vk.htm>)

- **California attorney general investigation of Apollo**

Apollo Group SEC 8-K, 08-07-15:

“On August 6, 2015, Apollo Education Group, Inc. (“Apollo” or the “Company”) received an Investigative Subpoena from the Office of the Attorney General of the State of California. The Subpoena requires Apollo to produce documents and information regarding the business and practices of its wholly-owned subsidiary, University of Phoenix, Inc., relating to members and former members of the U.S. military and California National Guard, including marketing, recruiting, billing, financial aid, accommodation and other services for military personnel, compliance with Executive Order 13607 (Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members), and use of U.S. military logos and emblems in marketing, for the time period of July 1, 2010 to the present.

Apollo is evaluating the Subpoena and intends to cooperate fully with the California Attorney General’s Office.”

<https://www.sec.gov/Archives/edgar/data/929887/000092988715000084/apol-august072015x8k.htm>
 (<https://www.sec.gov/Archives/edgar/data/929887/000092988715000084/apol-august072015x8k.htm>)

Apollo Group SEC 8-K, 02-05-16:

“On February 4, 2016, we received a Second Investigative Subpoena from the Office of the Attorney General of the State of California in the Matter of the Investigation of For-Profit Educational Institutions, following the Investigative Subpoena we received in August 2015. The Second Investigative Subpoena seeks the production of documents and information regarding a broad spectrum of the business and practices of Apollo Education Group, Inc. and each of our subsidiaries, including University of Phoenix, Inc., relating to marketing, recruiting, compensation of enrollment advisors, complaints, financial aid, compliance, accreditation, other governmental investigations, private litigation and other matters, as well as additional information relating to marketing and services to members and former members of the U.S. military and California National Guard, for the time period of July 1, 2010 to the present. We are cooperating with the Attorney General in this investigation. We cannot predict the eventual scope, duration or outcome of the investigation at this time.”

<https://www.sec.gov/Archives/edgar/data/929887/000119312516452435/d115329d8k.htm>
 (<https://www.sec.gov/Archives/edgar/data/929887/000119312516452435/d115329d8k.htm>)

- **SEC enforcement inquiry to Apollo**

Apollo Group SEC 8-K, 04-19-12:

“Apollo Group has been contacted by the Division of Enforcement of the SEC requesting documents and information relating to certain stock sales by company insiders and the filing of our Form 8-K on February 28, 2012 in which we announced that new degreed enrollment growth at University of Phoenix was less than previously expected. We have robust policies and procedures regarding insider trading and we intend to fully and voluntarily cooperate with the SEC. We cannot predict the eventual scope or outcome of this preliminary investigation.”

<https://www.sec.gov/Archives/edgar/data/929887/000119312512169783/d337407d8k.htm>
 (<https://www.sec.gov/Archives/edgar/data/929887/000119312512169783/d337407d8k.htm>)

- **Department of Education Inspector General subpoena to Apollo**

Apollo Group SEC 10-Q, 04-01-14:

“On March 21, 2014, University of Phoenix received a subpoena from the Mid-Atlantic Region of the OIG. The subpoena seeks the production by the University of documents and detailed information regarding a broad spectrum of the activities conducted in the University’s Centralized Service Center for the Northeast Region located in Columbia, Maryland, for the time period of January 1, 2007 to the present, including information relating to marketing, recruitment, enrollment, financial aid processing, fraud prevention, student retention, personnel training, attendance, academic grading and other matters. We intend to cooperate with these requests but cannot at this time predict the eventual scope, duration or outcome of this matter.”

<http://www.sec.gov/Archives/edgar/data/929887/000092988714000036/apol-feb282014x10q.htm>
 (<http://www.sec.gov/Archives/edgar/data/929887/000092988714000036/apol-feb282014x10q.htm>)

- **Federal Trade Commission investigations of Apollo**

Apollo SEC 8-K 07-29-15:

“Apollo Education Group, Inc. (“Apollo” or the “Company”) announced that it received yesterday a Civil Investigative Demand from the U.S. Federal Trade Commission (the “FTC”). The Demand indicates that it relates to an investigation to determine if certain unnamed persons, partnerships, corporations, or others have engaged or are engaging in deceptive or unfair acts or practices in or affecting commerce in the advertising, marketing, or sale of secondary or postsecondary educational products or services or educational accreditation products or services. The Demand requires Apollo to produce documents and information regarding a broad spectrum of the business and practices of its wholly-owned subsidiary, University of Phoenix, Inc., including in respect of marketing, recruiting, enrollment, financial aid, tuition and fees, academic programs, academic advising, student retention, billing and debt collection, complaints, accreditation, training, military recruitment, and other compliance matters, for the time period of January 1, 2011 to the present.

Apollo is evaluating the Demand and intends to cooperate fully with the FTC.”

<http://www.sec.gov/Archives/edgar/data/929887/000119312515267187/d23737d8k.htm>
(<http://www.sec.gov/Archives/edgar/data/929887/000119312515267187/d23737d8k.htm>)

Apollo SEC 10-K 10-22-15:

“In addition, in August 2015, we received a notice from the FTC that it had commenced an inquiry into the University of Phoenix’s practices and procedures for safeguarding student and staff personal information, with a request for relevant information from the University.”

<http://www.sec.gov/Archives/edgar/data/929887/000092988715000131/apol-aug31201510k.htm>
(<http://www.sec.gov/Archives/edgar/data/929887/000092988715000131/apol-aug31201510k.htm>)

- **Department of Defense Actions Against Apollo**

Department of Defense letter to Apollo, 10/07/15:

“[A Department] review revealed several violations of the DoD MOU attributed to the University of Phoenix, including, but not limited to, transgression of Defense Department policies regarding use of its official seals or other trademark insignia and failure to go through the responsible education advisor for each business related activity requiring access to the DoD installations identified in the aforementioned article (i.e., Navy Operational Support Center, Fort Worth, TX; Fort Bragg, NC; Fort Carson, CO; Fort Hood, TX; and Fort Campbell, KY). Although the University of Phoenix has responded to these infractions with appropriate corrective action at this time, the frequency and scope of these previous violations of the DoD MOU is disconcerting. Now it has come to our attention that the University of Phoenix is under review by both the Federal Trade Commission (FTC) and the California State Attorney General....

Please be advised that, as of the date of this letter, we have placed the University of Phoenix in probationary status and we are considering whether to terminate our MOU with you pursuant to paragraphs 1.r(l) and 6(f) of the MOU. Such termination would preclude your

participation in the DoD Tuition Assistance (T A) program. While in a probationary status, and with a view to minimizing harm to students, the University of Phoenix will be permitted to “teach-out.” This means that a current University of Phoenix student receiving DoD TA will be permitted to complete courses already in progress and enroll in new courses deemed to be part of that student’s established academic program. However, other than as required to complete the “teach-out” process for current students, the University of Phoenix will not be authorized access to DoD installations for the purposes of participating in any recruitment-type activities, including but not limited to job training, and career events and fairs. Further, no new or transfer students at your institution will be permitted to receive DoD TA.”

http://www.republicreport.org/wp-content/uploads/2015/06/Suspension-Letter-to-University-of-Phoenix_7Oct20151.pdf
(http://www.republicreport.org/wp-content/uploads/2015/06/Suspension-Letter-to-University-of-Phoenix_7Oct20151.pdf)

Apollo SEC 8k, 10-09-15:

<https://www.sec.gov/Archives/> (<https://www.sec.gov/Archives/edgar/data/929887/000119312515340849/d17989d8k.htm>)

Apollo SEC 8k, 01-15-16:

“On January 15, 2016, our wholly-owned subsidiary, University of Phoenix, Inc., was notified by the U.S. Department of Defense (“DoD”) that the University’s probationary status in respect of its participation in the DoD Tuition Assistance Program for active duty military personnel has been lifted, effective immediately. The University had been placed on probation in October 2015 pending a review by the Department of the University’s compliance with the DoD Voluntary Education Partnership Memorandum of Understanding with the University, which is the basis on which the University’s active duty military students participate in the DoD Tuition Assistance Program.

The Department determined that the removal of probationary status was warranted based on the Department’s internal review, the University’s response to the Department’s concerns, and the active engagement and cooperation by representatives of the University.

The University will be subject to a heightened compliance review for a period of one-year following the removal of probationary status. During this period, the University will continue to engage with the Department and complete the production of information and documents previously requested by the Department. In addition, the University will be subject to an enhanced compliance review in fiscal year 2017.”

<http://www.sec.gov/Archives/edgar/data/929887/000119312516431197/d121603d8k.htm>

(<http://www.sec.gov/Archives/edgar/data/929887/000119312516431197/d121603d8k.htm>)

<http://www.militarytimes.com/story/veterans/best-for-vets/2016/01/15/dod-reinstates-university-phoenix-military-tuition-assistance/78848088/>

(<http://www.militarytimes.com/story/veterans/best-for-vets/2016/01/15/dod-reinstates-university-phoenix-military-tuition-assistance/78848088/>)

- **Department of Education fine and related False Claims Act lawsuit against Apollo**

Arizona Republic, 09-14-04:

“A government review of the University of Phoenix, the country’s largest for-profit university, paints a picture of a school so hungry to enroll new students that it has threatened and intimidated its recruitment staff in meetings and e-mail, pressured them to enroll unqualified students and covered up its practices to deceive regulators. In a 45-page report obtained by The Arizona Republic, the U.S. Department of Education describes corporate culture overly focused on boosting enrollment. The review, based on site visits and interviews with more than 60 employees and former employees, led to the largest settlement of its kind last week. The Phoenix-based university agreed to pay \$9.8 million without admitting any wrongdoing.”

<http://www.azcentral.com/families/education/articles/0914apollo14.html> (<http://www.azcentral.com/families/education/articles/0914apollo14.html>)

Justice Department statement, 12-15-09:

“The Justice Department announced today that the University of Phoenix has agreed to pay the United States \$67.5 million to resolve allegations that its student recruitment policies violated the False Claims Act.... Whistleblowers Mary Hendow and Julie Behn, two former University of Phoenix employees, alleged that the university accepted federal student financial aid while in violation of statutory and regulatory provisions prohibiting post-secondary schools from paying admissions counselors certain forms of incentive-based compensation tied to the number of students recruited. Though the United States did not intervene in this action, the Government provided support and assistance to the whistleblowers at many stages of the case, including filing friend-of-the-court briefs when the case was on appeal to the Ninth Circuit.”

<http://www.justice.gov/opa/pr/2009/December/09-civ-1345.html> (<http://www.justice.gov/opa/pr/2009/December/09-civ-1345.html>)

Ashworth College

- **Federal Trade Commission settlement with Ashworth, 5/26/15**

“Ashworth College has agreed to settle Federal Trade Commission charges it misrepresented to students that they would get the training and credentials needed to switch careers or get a new job, and that the course credits they earned would transfer to other schools. In reality, many programs offered by the for-profit institution did not meet state requirements for desired careers, and the claims made about credit transfers were often not true.... The order also includes an \$11 million judgment, which is suspended based on the institution’s inability to pay.”

https://www.ftc.gov/news-events/press-releases/2015/05/ashworth-college-settles-ftc-charges-it-misled-students-about?utm_source=govdelivery

(https://www.ftc.gov/news-events/press-releases/2015/05/ashworth-college-settles-ftc-charges-it-misled-students-about?utm_source=govdelivery)

<https://www.ftc.gov/system/files/documents/cases/150526ashworthcollegemcpt.pdf>

(<https://www.ftc.gov/system/files/documents/cases/150526ashworthcollegemcpt.pdf>)

<https://www.ftc.gov/system/files/documents/cases/150608ashworthstip.pdf>

(<https://www.ftc.gov/system/files/documents/cases/150608ashworthstip.pdf>)

ATI Enterprises (school closed 2013)



(<https://i1.wp.com/www.republicreport.org/wp-content/uploads/2014/04/arthurbenjamin2.jpeg>)

Arthur Benjamin, CEO, ATI

- **Justice Department False Claims Act lawsuit against and settlement with ATI**

Justice Department statement, 08-22-13:

“ATI Enterprises Inc. will pay the government \$3.7 million to resolve False Claims Act allegations that it falsely certified compliance with federal student aid programs’ eligibility requirements and submitted claims for ineligible students, the Justice Department announced today.... Allegedly, ATI Enterprises knowingly misrepresented to the Texas Workforce Commission and to the Accrediting Commission of Career Schools and Colleges its job placement statistics to maintain its state licensure and accreditation.... The government alleged that, by misrepresenting its job placement statistics, ATI Enterprises fraudulently maintained its eligibility for federal financial aid under Title IV. The government further alleged that ATI employees engaged in fraudulent practices to induce students to enroll and maintain their enrollment in the schools. This falsely increased the schools’ enrollment numbers, and consequently, the amount of federal dollars they received at the expense of taxpayers and students, who incurred long-term debt.”

<http://www.justice.gov/opa/pr/2013/August/13-civ-953.html> (<http://www.justice.gov/opa/pr/2013/August/13-civ-953.html>) [ATI has since shut down.]

Atius Technology Institute

- **Justice Department prosecution of owner of Atius Technology Institute**

Justice Department press release 04-16-18:

“The owner of Atius Technology Institute (“Atius”), a privately owned, non-accredited school specializing in information technology courses, pleaded guilty today to bribing a public official at the U.S. Department of Veterans Affairs (VA) in exchange for the public official’s facilitation of over \$2 million in payments that were supposed to be dedicated to providing vocational training for military veterans with service-connected disabilities....

Albert S. Poawui, 41, of Laurel, Maryland, pleaded guilty to an Information alleging one count of bribing a public official. The plea was entered before U.S. District Judge John D. Bates of the District of Columbia.

<https://www.justice.gov/opa/pr/school-owner-pleads-guilty-2-million-bribery-scheme-involving-va-program-disabled-military>
(<https://www.justice.gov/opa/pr/school-owner-pleads-guilty-2-million-bribery-scheme-involving-va-program-disabled-military>)

Berkeley College

- **New York City Department Of Consumer Affairs lawsuit against Berkeley College**

Department of Consumer Affairs Press Release 10-19-18:

“DCA’s lawsuit – which follows a nearly two-year investigation, including a lengthy battle over subpoenas that DCA issued to Berkeley, was filed after dozens of interviews with current, prospective, and former students; undercover operations; extensive research; and review of thousands of pages of documentation from Berkeley – reveals that Berkeley engages in aggressive recruiting and debt collection tactics. Berkeley lures consumers – many of whom are people of color and first-generation college students with low incomes – to one-on-one sales pitches where they deceive them about potential financial obligations and say misrepresentations about other higher education institutions. The lawsuit alleges, among other things, that Berkeley’s deception includes: Misleading students about financial aid, including federal financial aid....Tricking students into taking out loans directly from Berkeley.... Deceiving students about institutional grants....Deceiving students about transfer credits, majors, and careers....Violating local debt collection laws by concealing its identity from former students when collecting debt, including debt that is not owed.

<https://www1.nyc.gov/site/dca/media/pr101918-DCA-Berkeley-Investigation.page> (<https://www1.nyc.gov/site/dca/media/pr101918-DCA-Berkeley-Investigation.page>)

Berkeley response:

<https://abc7ny.com/education/nyc-sues-berkeley-college-over-alleged-deceptive-practices/4517499/> (<https://abc7ny.com/education/nyc-sues-berkeley-college-over-alleged-deceptive-practices/4517499/>)

Bridgepoint Education (Ashford University, University of the Rockies)



(<https://i1.wp.com/www.republicreport.org/wp-content/uploads/2014/04/bridgepoint-ceo-clark.jpg>)

Andrew Clark, CEO, Bridgepoint Education

- **California attorney general lawsuit against Bridgepoint**

California attorney general lawsuit filed against Bridgepoint / Ashford, alleging false or misleading statements and unfair and fraudulent business practices, 11-29-17:

<https://oag.ca.gov/news/press-releases/attorney-general-xavier-becerra-sues-profit-ashford-university-defrauding-and> (<https://oag.ca.gov/news/press-releases/attorney-general-xavier-becerra-sues-profit-ashford-university-defrauding-and>)

“The goal is ‘to evaluate whether Bridgepoint has violated California law by making false or misleading statements to Californians during telephone calls, including telemarketing calls, and through other sales and marketing efforts,’ the court filing said.”

<http://articles.latimes.com/2013/jul/24/local/la-me-0725-online-probe-20130725> (<http://articles.latimes.com/2013/jul/24/local/la-me-0725-online-probe-20130725>) (07-24-13)

Bridgepoint SEC 8-K, 07-26-17:

“In January 2013, the Company received from the Attorney General of the State of California (the “CA Attorney General”) an Investigative Subpoena relating to the CA Attorney General’s investigation of for-profit educational institutions. Pursuant to the Investigative Subpoena, the CA Attorney General requested documents and detailed information for the time period March 1, 2009 to present. On July 24, 2013, the CA Attorney General filed a petition to enforce certain categories of the Investigative Subpoena related to recorded calls and electronic marketing data. On September 25, 2013, the Company reached an agreement with the CA Attorney General to produce certain categories of the documents requested in the petition and stipulated to continue the hearing on the petition to enforce from October 3, 2013 to January 9, 2014. On January 13, 2014 and June 19, 2014, the Company received additional Investigative Subpoenas from the CA Attorney General each requesting additional documents and information for the time period March 1, 2009 through the current date.

Representatives from the Company met with representatives from the CA Attorney General’s office on several occasions to discuss the status of the investigation, additional information requests, and specific concerns related to possible unfair business practices in connection with the Company’s recruitment of students and debt collection practices. The parties continue to discuss a potential resolution involving injunctive relief, other non-monetary remedies and a payment to the CA Attorney General. The Company currently estimates that a reasonable range of loss for this matter is between \$8.0 million and \$20.0 million . The Company has accrued an expense of \$8.0 million related to the cost of resolution of this matter.”

<https://www.sec.gov/Archives/edgar/data/1305323/000130532317000061/bpi063017form10-q.htm>

(<https://www.sec.gov/Archives/edgar/data/1305323/000130532317000061/bpi063017form10-q.htm>)

- **North Carolina attorney general investigation of Bridgepoint**

Bridgepoint SEC 8-K, 10-03-11: “On September 30, 2011, Ashford University received from the Attorney General of the State of North Carolina (“Attorney General”) an Investigative Demand relating to the Attorney General’s investigation of whether the university’s business practices complied with North Carolina consumer protection law. Pursuant to the Investigative Demand, the Attorney General has requested from Ashford University documents and detailed information for the time period January 1, 2008, to present. The university is evaluating the Investigative Demand and intends to comply with the Attorney General’s request.”

<http://www.sec.gov/Archives/edgar/data/1305323/000130532311000022/form8-kx10311.htm>

(<http://www.sec.gov/Archives/edgar/data/1305323/000130532311000022/form8-kx10311.htm>)

- **New York attorney general investigation of Bridgepoint**

Bridgepoint SEC 8-k, 05-19-11:

“On May 18, 2011, we received from the Attorney General of the State of New York (“Attorney General”) a Subpoena Duces Tecum (“Subpoena”) relating to the Attorney General’s investigation of whether we and our academic institutions have complied with certain New York state consumer protection, securities and finance laws. Pursuant to the Subpoena, the Attorney General has requested from us and our academic institutions documents and detailed information for the time period March 17, 2005, to present. We are evaluating the Subpoena and intend to comply with the Attorney General’s request.”

<http://www.sec.gov/Archives/edgar/data/1305323/000130532311000003/form8-kxny.htm>
(<http://www.sec.gov/Archives/edgar/data/1305323/000130532311000003/form8-kxny.htm>)

- **Massachusetts attorney general investigation of Bridgepoint**

Bridgepoint SEC 8-k, 07-25-14:

“On July 21, 2014, Bridgepoint Education, Inc. (the “Company”) and Ashford University received from the Attorney General of the State of Massachusetts (“Attorney General”) a Civil Investigative Demand relating to the Attorney General’s investigation of for-profit educational institutions and whether the university’s business practices complied with Massachusetts consumer protection laws. Pursuant to the Investigative Demand, the Attorney General has requested from the Company and Ashford University Massachusetts student information and complaints for the time period January 1, 2006, to present. The Company and the university are evaluating the Investigative Demand and intend to comply with the Attorney General’s request.”

<http://www.sec.gov/Archives/edgar/data/1305323/000130532314000045/form8-kxitem801.htm>
(<http://www.sec.gov/Archives/edgar/data/1305323/000130532314000045/form8-kxitem801.htm>)

- **Iowa attorney general settlement with Bridgepoint, announced May 16, 2014**

May 16, 2014: Iowa AG Tom Miller announced settlement of investigation, providing \$7.25 million in restitution for Ashford University’s 5000 Iowa students. The agreement bars deceptive advertising and coercive recruiting and creates an independent overseer, former US Associate Attorney General Thomas J Perrilli.

Settlement agreement, May 16, 2014:

https://www.iowaattorneygeneral.gov/media/cms/Bridgepoint_Ashford_Iowa_Attorney_G_F0271005A595B.pdf
(https://www.iowaattorneygeneral.gov/media/cms/Bridgepoint_Ashford_Iowa_Attorney_G_F0271005A595B.pdf)

Press statement from AG Miller, May 16, 2014:

<https://www.iowaattorneygeneral.gov/newsroom/ashford-university-and-parent-company-bridgepoint-education-agree-to-7-25-million-payment-and-majo/> (<https://www.iowaattorneygeneral.gov/newsroom/ashford-university-and-parent-company-bridgepoint-education-agree-to-7-25-million-payment-and-majo/>)

Bridgepoint 8-K, May 16, 2014:

<http://bridgepoint.q4cdn.com/aoc4824b-5556-4d77-8398-f4b4c5cc7f79.pdf?noexit=true> (<http://bridgepoint.q4cdn.com/aoc4824b-5556-4d77-8398-f4b4c5cc7f79.pdf?noexit=true>)

- **U.S. Department of Justice investigation of Bridgepoint**

Bridgepoint Education SEC 8-K, 07-12-16:

“On July 7, 2016, Bridgepoint Education, Inc. (the “Company”) received from the Department of Justice (the “DOJ”) a Civil Investigative Demand (the “CID”) related to the DOJ’s investigation concerning allegations that the Company may have misstated Title IV refund revenue or overstated revenue associated with private secondary loan programs and thereby misrepresented its compliance with the 90/10 rule of the Higher Education Act of 1965, as amended. Pursuant to the CID, the DOJ has requested from the Company documents and information for fiscal years 2011-2014. The Company is evaluating the CID and intends to fully cooperate with the DOJ on this matter.”

<https://www.sec.gov/Archives/edgar/data/1305323/000130532316000114/form8-kxitem801.htm>
(<https://www.sec.gov/Archives/edgar/data/1305323/000130532316000114/form8-kxitem801.htm>)

- **SEC investigation of Bridgepoint**

Bridgepoint SEC 8-k, 07-25-14:

“Bridgepoint Education, Inc. (the “Company”) previously disclosed that it received from the U.S. Securities and Exchange Commission (the “SEC”) a subpoena, dated July 22, 2014 (the “July 2014 Subpoena”), seeking information with respect to certain of the Company’s accounting practices, including revenue recognition, receivables and other matters relating to the Company’s restatement of its financial statements for the fiscal year ended December 31,

2013 and revision of its financial statements for the fiscal years ended December 31, 2011 and 2012. The July 2014 Subpoena requested documents and detailed information for the time period January 1, 2009 to present. The Company has been cooperating with the SEC on this matter.

On May 18, 2016, the Company received a second subpoena from the SEC (the “May 2016 Subpoena”) seeking additional information from the Company, including information with respect to the \$13.9 million accrual disclosed by the Company in its Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 with respect to the potential joint resolution of investigations by the Attorney General of the State of California and the Consumer Financial Protection Bureau (the “CA AG/CFPB Investigations”), the Company’s scholarship and institutional loan programs and any other extensions of credit made by the Company to students, and student enrollment and retention at the Company’s academic institutions. Pursuant to the May 2016 Subpoena, the SEC has requested from the Company documents and detailed information for, in the case of the CA AG/CFPB Investigations, the periods at issue in such investigations, in the case of the Company’s scholarship and institutional loan programs and related matters, the period from January 1, 2011 to the present, and for all other matters, the period from January 1, 2014 to the present. The Company is evaluating the May 2016 Subpoena and intends to fully cooperate with the SEC on this matter.”

<https://www.sec.gov/Archives/edgar/data/1305323/000130532316000108/form8-kx801secsubpoena.htm>

(<https://www.sec.gov/Archives/edgar/data/1305323/000130532316000108/form8-kx801secsubpoena.htm>)

Bridgepoint SEC 8-k, 07-25-14:

“On July 22, 2014, the Company received from the U.S. Securities & Exchange Commission (“SEC”) a subpoena relating to certain of the Company’s accounting practices, including revenue recognition, receivables and other matters relating to the Company’s previously disclosed intention to restate its financial statements for fiscal year ended December 31, 2013 and revise its financial statements for the years ended December 31, 2011 and 2012, and the prior revision of the Company’s financial statements for fiscal year ended December 31, 2012. Pursuant to the subpoena, the SEC has requested from the Company documents and detailed information for the time period January 1, 2009, to present. The Company is evaluating the subpoena and intends to fully cooperate in the investigation.”

<http://www.sec.gov/Archives/edgar/data/1305323/000130532314000045/form8-kxitem801.htm>

(<http://www.sec.gov/Archives/edgar/data/1305323/000130532314000045/form8-kxitem801.htm>)

See also: <http://www.sec.gov/Archives/edgar/data/1305323/000130532314000034/form8-kxitems402and701.htm>

(<http://www.sec.gov/Archives/edgar/data/1305323/000130532314000034/form8-kxitems402and701.htm>)

- **Consumer Financial Protection Bureau investigation of Bridgepoint**

Bridgepoint SEC 8-k, 08-14-15:

“On August 10, 2015, Bridgepoint Education, Inc. (the “Company”) and Ashford University received from the Consumer Financial Protection Bureau (the “CFPB”) Civil Investigative Demands related to the CFPB’s investigation to determine whether for-profit post-secondary-education companies or other unnamed persons have engaged in or are engaging in unlawful acts or practices related to the advertising, marketing or origination of private student loans. At June 30, 2015, the Company had \$9.1 million of net outstanding loans made from its institutions to their students. The Company and Ashford University expect to provide documents, testimony and other information to the CFPB, and cannot predict the eventual scope, duration or outcome of the investigation at this time.”

<https://www.sec.gov/Archives/edgar/data/1305323/000130532315000055/form8-kxcfbpcidsaugust2015.htm>

(<https://www.sec.gov/Archives/edgar/data/1305323/000130532315000055/form8-kxcfbpcidsaugust2015.htm>)

CFPB consent order in which CFPB finds that Bridgepoint “engaged in deceptive acts and practices” and ordering Bridgepoint to discharge all outstanding private loans the institution made to its students and to refund loan payments already made by borrowers. Loan forgiveness and refunds will total over \$23.5 million in automatic consumer relief. Bridgepoint must also pay an \$8 million civil penalty to the Bureau:

http://www.republicreport.org/wp-content/uploads/2016/09/092016_cfpb_BridgepointConsentOrder.pdf (http://www.republicreport.org/wp-content/uploads/2016/09/092016_cfpb_BridgepointConsentOrder.pdf)

- **Department of Education actions re Bridgepoint**

Bridgepoint Education SEC 10-Q, 11-05-15:

“Both Ashford University and University of the Rockies have been notified by the Department that the Department does not believe that our institutions fully responded to the [gainful employment] disclosures required and that this is an indication of a serious lack of administrative capability, and that as a result the Department will not make any decisions regarding the addition of any new programs and locations until the reporting requirements are met. We are currently working with the Department to address their concerns with respect to the reporting of our institutions under the Gainful Employment regulations. The Department has informed us that failure to fully comply in all Gainful Employment data reporting requirements will result in the referral of the errant institution to the Department’s Administrative Actions and Appeals Service Group for consideration of an administrative action against that institution.”

<http://www.sec.gov/Archives/edgar/data/1305323/000130532315000066/bpi093015form10-q.htm>

(<http://www.sec.gov/Archives/edgar/data/1305323/000130532315000066/bpi093015form10-q.htm>)

Bridgepoint Education SEC 8-K, 12-16-15:

“On December 10, 2015, Ashford University, a wholly owned subsidiary of Bridgepoint Education, Inc., (“the Company”) received a request for information from the Multi-Regional and Foreign School Participation Division of the Federal Student Aid office of the Department of Education (the “ED FSA”) for: (i) advertising and marketing materials provided to prospective students regarding the transferability of certain credit; (ii) documents produced in response to the Consumer Finance Protection Bureau’s (“CFPB”) August 10, 2015 Civil Investigative Demand related to the CFPB’s investigation to determine whether for-profit post-secondary-education companies or other unnamed persons have engaged in or are engaging in unlawful acts or practices related to the advertising, marketing or origination of private student loans; (iii) certain documents produced in response to subpoenas and interrogatories issued by the California Attorney General; and (iv) records created between 2009 and 2012 related to the disbursement of certain Title IV funds. The ED FSA is investigating representations made by Ashford University to potential and enrolled students, and has asked the Company and Ashford University to assist in its assessment of Ashford University’s compliance with the prohibition on substantial misrepresentations. The Company and Ashford University intend to provide ED FSA with its full cooperation with a view toward demonstrating the compliant nature of its practices. The eventual scope, duration or outcome of the request cannot be predicted at this time.”

<http://www.sec.gov/Archives/edgar/data/1305323/000130532315000073/form8-kxdoedecember2015.htm>
(<http://www.sec.gov/Archives/edgar/data/1305323/000130532315000073/form8-kxdoedecember2015.htm>)

Bridgepoint Education SEC 8-K, 07-12-16:

“On July 7, 2016, Ashford University was notified by the U.S. Department of Education (the “Department”) that an off-site Program Review has been scheduled to begin on July 25, 2016 to assess Ashford’s administration of the Title IV programs in which it participates. The Program Review initially will cover students identified in the 2009-2012 calendar year data already provided by Ashford to the Department, but may be expanded if appropriate.”

<https://www.sec.gov/Archives/edgar/data/1305323/000130532316000114/form8-kxitem801.htm>
(<https://www.sec.gov/Archives/edgar/data/1305323/000130532316000114/form8-kxitem801.htm>)

Bridgepoint Education SEC 8-K, 08-03-16:

“On August 3, 2016, Ashford University received a Final Program Review Determination (the “FPRD”) from the U.S. Department of Education (the “Department”). The FPRD relates to an on-site program review of the university conducted by the Department from August 25, 2014 to August 29, 2014. In November 2014, Ashford was provided with the Department’s program review report and subsequently filed a timely response to such initial report. Following consideration of Ashford’s response, the Department issued the FPRD, dated August 2, 2016, which states that Ashford’s responses have resolved eight of the twelve findings from the Department’s initial report.

Of the four findings that were not resolved by Ashford’s responses, the first three relate to (i) overawards in excess of financial need, (ii) lack of verifications of enrollment status before disbursement and (iii) disbursement of direct subsidized loan funds in excess of the aggregate maximum, respectively. With respect to these three findings, the Department found that Ashford’s revised policies and procedures, if implemented as drafted, are adequate, and the Department assessed monetary liabilities of \$137,694.87 against Ashford related to overpayments to students. With respect to the fourth unresolved finding, which relates to compliance with Drug and Alcohol Abuse Prevention Program requirements, the FPRD notes that this finding would not have been designated as a reportable condition if accurate and complete information to substantiate Ashford’s claims of compliance had been provided during the site visit. The FPRD states that in spite of this concern, the Department’s examination showed that the identified compliance issue was, for the most part, satisfactorily addressed by Ashford’s response and enhanced internal policies and procedures, and that the Department has accepted the university’s response and considers this finding to be closed for purposes of the program review.”

<https://www.sec.gov/Archives/edgar/data/1305323/000130532316000124/form8-kxitem801fprd.htm>
(<https://www.sec.gov/Archives/edgar/data/1305323/000130532316000124/form8-kxitem801fprd.htm>)

Bridgepoint Education SEC 10-K, 03-07-17:

“Ashford University received a final audit determination on February 22, 2017 from the Department that was dated February 14, 2017. The determination maintains that Ashford University owes the Department \$0.3 million as a result of incorrect refund calculations and refunds that were not made or made late, and that Ashford ensure it properly enforces its policies and is in compliance with regulations related to disbursement of Title IV, HEA funds. The Department closed or required no further action on all other prior OIG findings. Ashford University is evaluating the determination and has 45 days to submit an appeal to the Secretary of Education.”

<https://www.sec.gov/Archives/edgar/data/1305323/000130532317000016/bpi201610k.htm>

Canyon College

- **Idaho attorney general settlement of investigation of Canyon**

Press release 04/19/14:

“Attorney General Lawrence Wasden has reached agreement[] with ... Philip Braun, owner of the Caldwell-based Canyon College of Idaho, Inc.... Wasden reached a settlement with Braun, who since 2009 operated the Canyon College of Idaho. The college was allowed to teach at the certificate course completion level, but not authorized to award degrees to students or teach courses for college credit. Former students complained, alleging they purchased degrees and college credit that were not accepted by accredited universities or employers. Under terms with the Attorney General, Braun is barred from owning,

operating or managing an entity that advertises for sale, offers for sale or sells educational goods or services to or from locations in Idaho. Braun must also keep college records, respond to requests for transcripts and pay \$41,000 in civil penalties if he violates the settlement terms. In June, Canyon College filed a no-asset Chapter 7 bankruptcy petition in federal court in Boise. The court closed the bankruptcy on July 22.”

http://www.ag.idaho.gov/media/newsReleases/2014/nr_08192014.html (http://www.ag.idaho.gov/media/newsReleases/2014/nr_08192014.html)

Career Education Corporation (CEC) (American InterContinental University, Briarcliffe College, Brooks Institute, Colorado Technical University, Harrington College of Design, Le Cordon Bleu, Missouri College, Sanford-Brown)



(https://io.wp.com/www.republicreport.org/wp-content/uploads/2012/11/todd_nelson.jpg)

Todd Nelson, CEO, Career Education Corp.

- **State attorneys general investigations of CEC**

Settlement of 49 attorneys general investigations of CEC, 01-03-19:

Statement of Massachusetts Attorney General Maura Healey, 01-03-19:

“Attorney General Maura Healey announced today that the for-profit education company Career Education Corp. (CEC) has agreed to stop collecting more than \$11 million in debt from nearly 3,000 students in Massachusetts and will reform its practices following allegations of misleading prospective students and predatory enrollment tactics.

As part of a settlement filed by 49 state attorneys general, CEC will provide over \$493.7 million in debt relief to more than 179,000 students nationally.”

<https://www.mass.gov/news/ag-healey-secures-11-million-in-debt-relief-for-massachusetts-students-in-settlement-with-for>
(<https://www.mass.gov/news/ag-healey-secures-11-million-in-debt-relief-for-massachusetts-students-in-settlement-with-for>)

Career Education Corporation SEC 8-K, 01-03-19:

“On January 3, 2019, the Company entered into agreements (the “Agreements”) with attorneys general from 48 states and the District of Columbia to bring closure to the previously disclosed multi-state inquiries ongoing since January 2014.”

<https://www.sec.gov/Archives/edgar/data/1046568/000119312519001346/d679911d8k.htm>
(<https://www.sec.gov/Archives/edgar/data/1046568/000119312519001346/d679911d8k.htm>)

Career Education Corporation SEC 10-K, 02-28-13:

“[W]e have received subpoenas from the Attorneys General of Florida and New York, civil investigative demands from the Illinois and Massachusetts Attorneys General and an investigative demand from the Oregon Attorney General relating to potential non-compliance with applicable state laws and regulations by certain of our schools.”

<http://www.sec.gov/Archives/edgar/data/1046568/000119312513083541/d455233d10k.htm>
(<http://www.sec.gov/Archives/edgar/data/1046568/000119312513083541/d455233d10k.htm>)

Career Education Corporation SEC 8-K, 01-27-14:

“On January 24, 2014, Career Education Corporation (the “Company”) received inquiries from twelve state Attorneys General regarding the Company’s business practices. The Attorney General of Connecticut has informed the Company that it will serve as the point of contact for the inquiries related to the Company. The inquiries focus on the Company’s practices relating to the recruitment of students, graduate placement statistics, graduate certification and licensing results and student lending activities, among other matters. The Company believes that several other companies in the private sector education industry have received similar inquiries. The Company intends to cooperate with the states involved.”

https://www.sec.gov/Archives/edgar/data/922475/000092247514000004/form8_k.htm
 (https://www.sec.gov/Archives/edgar/data/922475/000092247514000004/form8_k.htm)

Career Education Corporation SEC 10-Q, 05-06-15:

“The Attorney General of Connecticut is serving as the point of contact for inquiries received from the attorneys general of the following 17 states: Arkansas, Arizona, Connecticut, Idaho, Iowa, Kentucky, Missouri, Nebraska, North Carolina, Oregon, Pennsylvania, Washington (January 24, 2014); Illinois (December 9, 2011); Tennessee (February 7, 2014), Hawaii (May 28, 2014), New Mexico (May 2014), and Maryland (March 16, 2015) (these 17 attorneys general are collectively referred to as the “Multi-State AGs”). In addition, the Company has received inquiries from the attorneys general of Florida (November 5, 2010), Massachusetts (September 27, 2012), Colorado (August 27, 2013) and Minnesota (September 18, 2014). The inquiries are civil investigative demands or subpoenas which relate to the investigation by the attorneys general of whether the Company and its schools have complied with certain state consumer protection laws, and generally focus on the Company’s practices relating to the recruitment of students, graduate placement statistics, graduate certification and licensing results and student lending activities, among other matters. Depending on the state, the documents and information sought by the attorneys general in connection with their investigations cover time periods as early as 2006 to the present. The Company intends to cooperate with the states involved with a view towards resolving these inquiries as promptly as possible. In this regard, over the past several months the Company has participated in several meetings with representatives of the Multi-State AGs about the Company’s business and to engage in a dialogue towards a resolution of these inquiries.”

http://www.sec.gov/Archives/edgar/data/1046568/000119312515174494/d893864d10q.htm#toc893864_11
 (http://www.sec.gov/Archives/edgar/data/1046568/000119312515174494/d893864d10q.htm#toc893864_11)

Career Education Corporation SEC 10-Q, 02-29-16:

“The Attorney General of Connecticut is serving as the point of contact for inquiries received from the attorneys general of the following: Arkansas, Arizona, Connecticut, Idaho, Iowa, Kentucky, Missouri, Nebraska, North Carolina, Oregon, Pennsylvania, Washington (January 24, 2014); Illinois (December 9, 2011); Tennessee (February 7, 2014); Hawaii (May 28, 2014); New Mexico (May 2014); Maryland (March 16, 2015); **and the District of Columbia (June 3, 2015)** (these 18 attorneys general are collectively referred to as the “Multi-State AGs”). In addition, the Company has received inquiries from the attorneys general of Florida (November 5, 2010), Massachusetts (September 27, 2012), Colorado (August 27, 2013) and Minnesota (September 18, 2014). The inquiries are civil investigative demands or subpoenas which relate to the investigation by the attorneys general of whether the Company and its schools have complied with certain state consumer protection laws, and generally focus on the Company’s practices relating to the recruitment of students, graduate placement statistics, graduate certification and licensing results and student lending activities, among other matters. Depending on the state, the documents and information sought by the attorneys general in connection with their investigations cover time periods as early as 2006 to the present. The Company intends to cooperate with the states involved with a view towards resolving these inquiries as promptly as possible. In this regard, over the past several months the Company has participated in several meetings with representatives of the Multi-State AGs about the Company’s business and to engage in a dialogue towards a resolution of these inquiries.”

https://www.sec.gov/Archives/edgar/data/1046568/000156459016013719/ceco-10k_20151231.htm
 (https://www.sec.gov/Archives/edgar/data/1046568/000156459016013719/ceco-10k_20151231.htm)

Career Education Corporation SEC 10-K, 11-02-17:

“The Attorney General of Connecticut is serving as the point of contact for inquiries received from the attorneys general of the following: Arkansas, Arizona, Connecticut, Idaho, Iowa, Kentucky, Missouri, Nebraska, North Carolina, Oregon, Pennsylvania, Washington (January 24, 2014); Illinois (December 9, 2011); Tennessee (February 7, 2014); Hawaii (May 28, 2014); New Mexico (May 2014); Maryland (March 16, 2015); and the District of Columbia (June 3, 2015) (these 18 attorneys general are collectively referred to as the “Multi-State AGs”). In addition, the Company has received inquiries from the attorneys general of Florida (November 5, 2010), Massachusetts (September 27, 2012), Colorado (August 27, 2013) and Minnesota (September 18, 2014, **October 25, 2016**). The inquiries are civil investigative demands or subpoenas which relate to the investigation by the attorneys general of whether the Company and its schools have complied with certain state consumer protection laws, and generally focus on the Company’s practices relating to the recruitment of students, graduate placement statistics, graduate certification and licensing results and student lending activities, among other matters. Depending on the state, the documents and information sought by the attorneys general in connection with their investigations cover time periods as early as 2006 to the present. The Company continues to cooperate with the states involved with a view towards resolving these inquiries as promptly as possible. In this regard, the Company has participated in several meetings with representatives of the Multi-State AGs about the Company’s business and to engage in a dialogue towards a resolution of these inquiries.”

https://www.sec.gov/Archives/edgar/data/1046568/000156459017021193/ceco-10q_20170930.htm
 (https://www.sec.gov/Archives/edgar/data/1046568/000156459017021193/ceco-10q_20170930.htm)

Career Education Corporation SEC 10-Q, 11-01-18:

“...the Company continues to participate in meetings with representatives of the Multi-State AGs about the Company’s business and to engage in a dialogue towards a resolution of the inquiries by the Multi-State AGs.”

https://www.sec.gov/Archives/edgar/data/1046568/000156459018026239/ceco-10q_20180930.htm

- **Florida attorney general investigation of CEC**

Career Education Corporation SEC 8-K, 11-08-10:

“Career Education Corporation (the “Registrant”) announced that the Florida campuses of Sanford Brown Institute received a notice on November 5, 2010 from the State of Florida Office of the Attorney General that it has commenced an investigation into possible unfair and deceptive trade practices at these schools. The notice includes a subpoena to produce documents and detailed information for the time period from January 1, 2007 to the present about a broad spectrum of business practices at such schools. The Florida Attorney General’s website indicates that the Attorney General is conducting similar investigations of several other post-secondary education companies operating schools located in Florida.”

<http://www.sec.gov/Archives/edgar/data/1046568/000119312510252438/d8k.htm>
 (http://www.sec.gov/Archives/edgar/data/1046568/000119312510252438/d8k.htm)

- **New York attorney general settlement with CEC**

Statement by New York attorney general’s office, 08-19-13:

“Attorney General Eric T. Schneiderman today announced a \$10.25 million settlement with Career Education Corporation (“CEC”), a for-profit education company. The settlement resolves an investigation that revealed that in disclosures made to students, accreditors, and New York State, CEC significantly inflated its graduates’ job placement rates. CEC will pay \$9.25 million in restitution to students, a \$1 million penalty, and has agreed to substantial changes in how the company calculates and verifies placement rates.”

<http://www.ag.ny.gov/press-release/ag-schneiderman-announces-groundbreaking-1025-million-dollar-settlement-profit> (<http://www.ag.ny.gov/press-release/ag-schneiderman-announces-groundbreaking-1025-million-dollar-settlement-profit>)

Career Education Corporation SEC 8-K, 08-19-13:

“As previously reported, the Company received from the Attorney General of the State of New York (‘NYAG’) a Subpoena Duces Tecum dated May 17, 2011 (the ‘Subpoena’), relating to the NYAG’s investigation of whether the Company and certain of its schools have complied with certain New York state consumer protection, securities, finance and other laws. The documents and information sought by the NYAG in connection with its investigation cover the time period from May 17, 2005 to the present. Pursuant to the Subpoena, the NYAG requested from the Company, and certain of its schools, documents and detailed information on a broad spectrum of business practices, including such areas as marketing and advertising, student recruitment and admissions, education financing, training and compensation of admissions and financial aid personnel, programmatic accreditation, student employment outcomes, placement rates of graduates and other disclosures made to students. On August 19, 2013, the Company entered into an Assurance of Discontinuance (the ‘NYAG Settlement’) with the NYAG. Under the terms of the NYAG Settlement, without admitting or denying the NYAG’s findings, the Company has agreed to pay \$9.25 million into a restitution fund to be distributed to eligible consumers; an additional \$1.0 million for fees, costs, and penalties; and up to an additional \$250,000 for the costs to administer the restitution claims process. As part of the NYAG Settlement, the Company has also agreed to, among other things: calculate and disclose placement rates according to agreed upon procedures and retain an independent consultant or audit firm to independently verify and report on such placement rates; provide specified levels of placement assistance to students; provide certain additional training to admissions personnel regarding placement rates; teach out certain programs going forward that do not achieve specified minimum placement rates; provide additional disclosure concerning institutional and programmatic accreditation; and provide additional disclosure concerning transferability of credits to other colleges or universities.”

<http://www.sec.gov/Archives/edgar/data/1046568/000119312513340378/d588444d8k.htm>
 (http://www.sec.gov/Archives/edgar/data/1046568/000119312513340378/d588444d8k.htm)

- **SEC investigations of CEC**

Career Education Corporation SEC 10-Q, 08-03-16:

“On June 21, 2016, the Company received a request for documents and information from the Denver Regional Office of the Securities and Exchange Commission (“SEC”) regarding the Company’s fourth quarter 2014 classification of the Company’s Le Cordon Bleu Culinary Arts campuses as held for sale within discontinued operations, subsequent sales process and CEC’s related public disclosures. The Company is cooperating with the SEC’s inquiry.”

https://www.sec.gov/Archives/edgar/data/1046568/000156459016022343/ceco-10q_20160630.htm
 (https://www.sec.gov/Archives/edgar/data/1046568/000156459016022343/ceco-10q_20160630.htm)

Career Education Corporation SEC 10-K, 02-28-13:

“[T]he Chicago Regional Office of the Securities and Exchange Commission is conducting an inquiry pertaining to our previously reported internal investigation of student placement determination practices and related matters.”

<http://www.sec.gov/Archives/edgar/data/1046568/000119312513083541/d455233d10k.htm>
 (http://www.sec.gov/Archives/edgar/data/1046568/000119312513083541/d455233d10k.htm)

- **FTC investigation of CEC**

Career Education Corporation SEC 10-K, 08-24-15:

“On August 20, 2015, Career Education Corporation (the “Company”) received a request for information pursuant to a Civil Investigative Demand from the U.S. Federal Trade Commission (“FTC”). The request was made pursuant to a November 2013 resolution by the FTC directing an investigation to determine whether unnamed persons, partnerships, corporations, or others have engaged or are engaging in deceptive or unfair acts or practices in or affecting commerce in the advertising, marketing or sale of secondary or postsecondary educational products or services, or educational accreditation products or services. The information request requires the Company to provide documents and information regarding a broad spectrum of the business and practices of its subsidiaries and institutions for the time period of January 1, 2010 to the present.

The Company is evaluating the request and intends to cooperate with the FTC. No assurance can be given regarding the timing or outcome of this inquiry.”

<http://www.sec.gov/Archives/edgar/data/1046568/000119312515300381/d95468d8k.htm>
 (http://www.sec.gov/Archives/edgar/data/1046568/000119312515300381/d95468d8k.htm)

Career Education Corporation SEC 10-K, 11-02-17:

“On August 20, 2015, the Company received a request for information pursuant to a Civil Investigative Demand from the U.S. Federal Trade Commission (“FTC”). The request was made pursuant to a November 2013 resolution by the FTC directing an investigation to determine whether unnamed persons, partnerships, corporations, or others have engaged or are engaging in deceptive or unfair acts or practices in or affecting commerce in the advertising, marketing or sale of secondary or postsecondary educational products or services, or educational accreditation products or services. The information request requires the Company to provide documents and information regarding a broad spectrum of the business and practices of its subsidiaries and institutions for the time period of January 1, 2010 to the present. The Company has responded to several requests for information but has received no further inquiries from the FTC since March 2017. Given the passage of time, it is not clear what additional requests or action, if any, may be undertaken by the FTC.”

https://www.sec.gov/Archives/edgar/data/1046568/000156459017021193/ceco-10q_20170930.htm
 (https://www.sec.gov/Archives/edgar/data/1046568/000156459017021193/ceco-10q_20170930.htm)

Career Education Corporation SEC 10-Q, 08-01-18:

“The Company continues to respond to supplemental requests for information, including a CID dated July 5, 2018 requesting specific information about telephone calls placed to prospective students from 2013 to the present, and is cooperating with the FTC with a view towards resolving this inquiry as promptly as possible.”

https://www.sec.gov/Archives/edgar/data/1046568/000156459018018464/ceco-10q_20180630.htm
 (https://www.sec.gov/Archives/edgar/data/1046568/000156459018018464/ceco-10q_20180630.htm)

Career Education Corporation SEC 10-Q, 11-01-18:

“The Company continues to respond to supplemental requests for information, including a CID dated July 5, 2018 requesting specific information about telephone calls placed to prospective students from 2013 to the present. The Company is cooperating with the FTC with a view towards resolving this inquiry as promptly as possible, including agreeing with the FTC to toll the statute of limitations from October 18, 2018 until such time as the tolling may be terminated with respect to any claims the FTC may have under the Federal Trade Commission Act or the Telemarketing and Consumer Fraud and Abuse Prevention Act.”

https://www.sec.gov/Archives/edgar/data/1046568/000156459018026239/ceco-10q_20180930.htm

- **Department of Education inquiries to and audits of CEC**

Career Education Corporation SEC 10-Q, 08-03-16:

“In December 2011, the U.S. Department of Education (“ED”) advised the Company that it is conducting an inquiry concerning possible violations of ED misrepresentation regulations related to placement rates reported by certain of the Company’s institutions to accrediting bodies, students and potential students. This inquiry stems from the Company’s self-reporting to ED of its internal investigation into student placement determination practices at the

Company's previous Health Education segment campuses and review of placement determination practices at all of the Company's other domestic campuses in 2011. The Company has been cooperating with ED in connection with this inquiry. If ED determines that the Company or any of its institutions violated ED misrepresentation regulations with regard to the publication or reporting of placement rates or other disclosures to students or prospective students or finds any other basis in the materials we are providing, ED may revoke, limit, suspend, delay or deny the institution's or all of the Company's institutions Title IV eligibility, or impose fines. In addition, all of the Company's institutions have been issued provisional program participation agreements that extend through December 31, 2016. Each of our institutions will need to apply for recertification by September 30, 2016 in order to continue its eligibility to participate in Title IV Programs. We cannot predict whether, or to what extent, ED's inquiry might impact this recertification process.

In December 2011, ED also moved all of the Company's institutions from the "advance" method of payment of Title IV Program funds to cash monitoring status (referred to as Heightened Cash Monitoring 1, or HCM1, status). If ED finds violations of the Higher Education Act or related regulations, ED may impose monetary or program level sanctions, impose some period of delay in the Company's receipt of Title IV funds or transfer the Company's schools to the "reimbursement" or Heightened Cash Monitoring 2 ("HCM2") methods of payment of Title IV Program funds. While on HCM2 status, an institution must disburse its own funds to students, document the students' eligibility for Title IV Program funds and comply with certain waiting period requirements before receiving such funds from ED, which results in a significant delay in receiving those funds. The process of re-establishing a regular schedule of cash receipts for the Title IV Program funds if ED places our schools on "reimbursement" or HCM2 payment status could take several months, and would require us to fund ongoing operations substantially out of existing cash balances. If our existing cash balances are insufficient to sustain us through this transition period, we would need to pursue other sources of liquidity, which may not be available or may be costly."

....

"Our schools and universities are subject to periodic audits by various regulatory bodies, including the U.S. Department of Education's Office of Inspector General ("OIG"). The OIG audit services division commenced a compliance audit of CTU in June 2010, covering the period July 5, 2009 to May 16, 2010 (the "Audit Period"), to determine whether CTU had policies and procedures to ensure that CTU administered Title IV Program and other federal program funds in accordance with applicable federal law and regulation. On January 13, 2012, the OIG issued a draft report identifying three findings, including one regarding the documentation of attendance of students enrolled in online programs and one regarding the calculation of returns of Title IV Program funds arising from student withdrawals without official notice to the institution. CTU submitted a written response to the OIG, contesting these findings, on March 2, 2012. CTU disagreed with the OIG's proposed determination of what constitutes appropriate documentation or verification of online academic activity during the time period covered by the audit. CTU's response asserted that this finding was based on the retroactive application of standards adopted as part of the program integrity regulations that first went into effect on July 1, 2011. The OIG final report, along with CTU's response to the draft report, was forwarded to ED's Office of Federal Student Aid on September 21, 2012. On October 24, 2012, CTU provided a further response challenging the findings of the report directly to ED's Office of Federal Student Aid. As a result of ED's review of these materials, on January 31, 2013, CTU received a request from ED that it perform two file reviews covering the Audit Period to determine potential liability on two discrete issues associated with one of the above findings. The first file review relates to any potential aid awarded to students who engaged in virtual classroom attendance activities prior to the official start date of a course and for which no further attendance was registered during the official class term. The second file review relates to students that were awarded and paid Pell funds for enrollment in two concurrent courses, while only registering attendance in one of the two courses. The Company completed these file reviews and provided supporting documentation to ED on April 10, 2013. On April 29, 2016, ED directed CTU to perform these same two file reviews for an additional time period that extended from the end of the Audit Period through June 30, 2011, which CTU has completed and submitted to ED. On April 29, 2016, ED also requested an additional file review related to whether CTU appropriately performed calculations regarding any required return of Title IV Program funds for students that failed to earn passing grades within a term. This additional file review covers the period from July 5, 2009 to June 30, 2011 and is a review of whether students should be deemed to have unofficially withdrawn from the institution based on each student's last known academically-related activity. CTU is seeking reconsideration of the request for this additional file review. As of June 30, 2016, the Company has a \$1.0 million reserve recorded related to this matter. This reserve does not include any amount relating to the additional file review requested by ED on April 29, 2016 because it is uncertain."

https://www.sec.gov/Archives/edgar/data/1046568/000156459016022343/ceco-10q_20160630.htm
(https://www.sec.gov/Archives/edgar/data/1046568/000156459016022343/ceco-10q_20160630.htm)

Career Education Corporation SEC 10-K, 11-02-17:

"In the May 2017 semi-annual OIG update to Congress, the OIG reported that ED's Office of Federal Student Aid expected to resolve the audit in about 30 days; however, we have not yet received any notification in this regard."

https://www.sec.gov/Archives/edgar/data/1046568/000156459017021193/ceco-10q_20170930.htm
(https://www.sec.gov/Archives/edgar/data/1046568/000156459017021193/ceco-10q_20170930.htm)

- **False Claims Act case against Career Education Corp.**

Career Education Corporation SEC 8-K, 02-21-17:

“On February 15, 2017, Career Education Corporation and American InterContinental University, Inc. (collectively, the “Company.”) entered into a settlement agreement with the private plaintiffs (or “relators”) in the False Claims Act case, United States of America, ex rel. Melissa Simms Powell, et al. v. American InterContinental University, Inc., a Georgia Corporation, Career Education Corp., a Delaware Corporation and John Doe Nos. 1-100. The United States declined to intervene in the lawsuit, which was pursued by relators as a qui tam action on behalf of the government. Under the terms of the agreement, the Company will pay \$10 million to the United States. On February 16, 2017, the United States filed its consent to dismissal of the action with prejudice for the period from December 2007 through May 2009. On February 16, 2017, the case was dismissed with prejudice as to the United States as described and with prejudice as to relators in its entirety. As a result of the settlement, the action has been fully resolved.

The agreement expressly recognizes that, by entering into the agreement, the Company is not admitting to any violations of law or liability with respect to the action and that the Company maintains it acted at all times in compliance with laws and regulations.”

<https://www.sec.gov/Archives/edgar/data/1046568/000119312517050424/d347448d8k.htm>
 (https://www.sec.gov/Archives/edgar/data/1046568/000119312517050424/d347448d8k.htm)

Opinions by U.S. District Judge Richard Story, 09-20-16:

“...AIU certified that it was complying with Title IV and was accredited, but Relators allege that these certifications were false. They claim that, in reality, AIU was violating the HEA’s incentive compensation ban, failed to verify students’ proof of graduation (“POG”), and lied to its accreditor—the Southern Association of Colleges and Schools (“SACS”)—to falsely retain its accreditation.”

<https://www.leagle.com/decision/infdc020160921877> (https://www.leagle.com/decision/infdc020160921877)

<https://www.leagle.com/decision/infdc020140930b70> (https://www.leagle.com/decision/infdc020140930b70)

Career Point College (closed October 16, 2016)

- Department of Education action against Career Point College

Department of Education letter to Career Point, 10-13-16, requiring new letter of credit:

https://www.republicreport.org/wp-content/uploads/2016/10/CPCAcknowledgement_Redacted.pdf (https://www.republicreport.org/wp-content/uploads/2016/10/CPCAcknowledgement_Redacted.pdf)

Press release from Career Point College, 10-16-16:

“Two months ago, the Career Point College management team discovered that three long-term employees had collaborated to violate the rules related to student aid funds. After conducting a full investigation, the president of the College self-reported the inappropriate activity to the Department of Education, and provided the Department of Education with a plan to repay all funds taken.

Even though no money was stolen, and even though the College had self-report the violation and agreed to repay all inappropriately received funds, the plan was not accepted. Instead, the Department of Education severely restricted government funds going to the College making it impossible for the College to continue operations. Finally, after exhausting all available resources, the College’s management has been forced to discontinue operations.

Therefore, effective immediately, Career Point College is closed....

Larry Earle, President and CEO”

<http://careerpointcollege.edu/closure-press-release/> (http://careerpointcollege.edu/closure-press-release/)

Center for Employment Training

- Federal criminal case against director and five other staff at Center for Employment Training Chicago campus

Indictment 03-01-18:

<https://www.republicreport.org/wp-content/uploads/2018/03/US-v-Pickett-indictment.pdf> (https://www.republicreport.org/wp-content/uploads/2018/03/US-v-Pickett-indictment.pdf)

Center for Excellence in Higher Education (CEHE) (Stevens-Henager College, CollegeAmerica, Independence University, California College San Diego)



(<https://io.wp.com/www.republicreport.org/wp-content/uploads/2014/04/Carl-Barney-CEHE.jpg>)

Carl Barney, sole stockholder, Center for Excellence in Higher Education

- **Justice Department False Claims Act lawsuit against CEHE, unsealed 04-09-14:**

“Because Defendant Schools pay bonuses, commissions, and other forms of incentive compensation to employees in the admissions departments based directly and indirectly on the number of students that these employees enroll (or “start”) in Defendant Schools, Defendant Schools’ compensation system, as actually implemented and practiced, violates the incentive compensation ban applicable to schools that participate in Title IV, HEA programs.”

<http://republicreport.wpengine.com/wp-content/uploads/2014/04/Wride-Brooks-First-Amended-Complaint.pdf>
(<http://republicreport.wpengine.com/wp-content/uploads/2014/04/Wride-Brooks-First-Amended-Complaint.pdf>)

Justice Department complaint:

“With this lucrative incentive compensation and constant performance reminders to its recruiters, Stevens-Henager directly or indirectly encouraged its recruiters to enroll anyone who was willing to apply for federal funds regardless of the students’ likelihood of success or ability to benefit from Stevens-Henager’s educational programs. Stevens-Henager wrongfully procured funding for its own benefit and abused the Title IV program’s purposes. Further, this irresponsible recruitment saddles unqualified students with large debts that are difficult or impossible to repay, leading to defaults that ultimately cost the government millions of dollars.”

<http://republicreport.wpengine.com/wp-content/uploads/2014/05/Stevens-Henager-US-complaint.pdf> (<http://republicreport.wpengine.com/wp-content/uploads/2014/05/Stevens-Henager-US-complaint.pdf>)

Order on motions to dismiss 03-30-16:

ORDER granting [194] Defendant PricewaterhouseCoopers LLP’s Motion to Dismiss; granting [196] Defendant Shaw & Co., P.C.’s Motion to Dismiss; granting in part and denying in part [197] Defendants Center for Excellence In Higher Education’s and Stevens-Henager College’s Motion to Dismiss for Failure to State a Claim; granting in part and denying in part [198] Defendants Carl Barney’s, California College San Diego’s, Center for Excellence In Higher Education’s, Collegeamerica Arizona, Inc.’s, Collegeamerica Denver, Inc.’s, and Stevens-Henager College’s Motion to Dismiss for Failure to State a Claim; granting [201] Defendant Weworski & Associates’ Motion to Dismiss; denying as moot [240] Plaintiffs Katie Brooks’s and Nannette Wride’s Motion to Strike Response; denying as moot [242] Defendant Weworski & Associates’ Motion for Leave to File Weworski’s December 10, 2015 Response. Signed by Judge Jill N. Parrish on 03/30/2016.

<http://www.republicreport.org/wp-content/uploads/2016/03/Stevens-Henagar-Order-Deny-Motion-to-Dismiss.pdf> (<http://www.republicreport.org/wp-content/uploads/2016/03/Stevens-Henagar-Order-Deny-Motion-to-Dismiss.pdf>)

- **Colorado Attorney General Consumer Protection Act lawsuit against CEHE, filed under seal 12-01-14:**

Colorado AG court filing (filed under seal because “Defendants continue to maintain that a large amount of information — evidence that is critical and central to Plaintiffs’ claims — is confidential and not subject to public disclosure):

“Plaintiffs allege that consumer harm is ongoing as a result of Defendants’ business practices...”

<http://www.republicreport.org/wp-content/uploads/2014/12/0005-2014-12-01-17-46-24-Motion-to-File-Under-Seal.pdf>
(<http://www.republicreport.org/wp-content/uploads/2014/12/0005-2014-12-01-17-46-24-Motion-to-File-Under-Seal.pdf>)

Complaint unsealed 02-17-15:

“Through the unlawful practices of their business, Defendants have deceived, misled, and financially injured consumers in Colorado.”

<http://republicreport.wpengine.com/wp-content/uploads/2015/02/Complaint-2014-12-01-17-42-24-.pdf> (<http://republicreport.wpengine.com/wp-content/uploads/2015/02/Complaint-2014-12-01-17-42-24-.pdf>)

Colorado’s motion for preliminary injunction denied 07-15:

http://www.denverpost.com/news/ci_28523179/colorado-ags-lawsuit-against-collegeamerica-continues
(http://www.denverpost.com/news/ci_28523179/colorado-ags-lawsuit-against-collegeamerica-continues)

CEHE’s motion to dismiss denied as to most claims:

<http://www.republicreport.org/wp-content/uploads/2015/08/CO-AG-CEHE-Deny-Motion-to-Dismiss.pdf> (<http://www.republicreport.org/wp-content/uploads/2015/08/CO-AG-CEHE-Deny-Motion-to-Dismiss.pdf>)

Case was tried (<https://www.republicreport.org/2018/devos-may-allow-troubling-conversion-predatory-college-chain/>) before a Colorado state judge in late 2017; decision pending.

- **Department of Education action regarding CEHE:**

Letter from Department of Education to CEHE, 08-11-16, denying application to recognize the schools as non-profit institutions for federal financial aid purposes:

<http://www.republicreport.org/wp-content/uploads/2016/08/CIO-CEHE-decision.pdf> (<http://www.republicreport.org/wp-content/uploads/2016/08/CIO-CEHE-decision.pdf>)

Department of Education press release, 08-11-16:

“The U.S. Department of Education today denied a request from the Center for Excellence in Higher Education (CEHE), a Utah-based chain of for-profit career colleges, to convert to non-profit status for purposes of federal financial student aid. The denial means that the colleges’ programs must continue to meet requirements under the federal Gainful Employment regulations (<http://www.ed.gov/news/press-releases/fact-sheet-obama-administration-increases-accountability-low-performing-profit-institutions>).

‘This should send a clear message to anyone who thinks converting to non-profit status is a way to avoid oversight while hanging onto the financial benefits: Don’t waste your time,’ said U.S. Education Secretary John B. King Jr....

CEHE first applied for non-profit status with the Department in the fall of 2012. In reviewing that request, the Department determined that CEHE, which had been a small educational non-profit that did not provide educational services, acquired four for-profit college companies owned by the Carl Barney Living Trust. CEHE promised to pay the Trust more than \$400 million dollars, and the colleges were merged into CEHE. When that happened, Mr. Barney became the board chairman of CEHE, and because of the way the transaction was structured, retained significant control of the colleges, despite the change in ownership to CEHE.

While CEHE is recognized by the Internal Revenue Service as a non-profit company, the colleges’ tuition revenue continues to flow to Mr. Barney through the Trust to pay off the debt that CEHE owes from acquiring the colleges, and through the rent that some of Mr. Barney’s other companies receive as landlords for several of the college campuses. Under 34 C.F.R. § 600.2 of the Higher Education Act (<http://www2.ed.gov/policy/highered/leg/hea08/index.html>) regulations, non-profit institutions must be owned and operated by a non-profit where no part of the net earnings benefit any private shareholder or individual.

‘Schools that want to convert to non-profit status need to benefit the public,’ said U.S. Under Secretary of Education Ted Mitchell. ‘If the primary beneficiary of the conversion is the owner of the for-profit school, that doesn’t meet the bar. It’s not even close.’

Since 2012, the four institutions have continued participating in the Title IV financial aid programs on month-to-month agreements as for-profit institutions. In a letter to the company’s CEO, Eric Juhlin, the Department approved the change in ownership that CEHE requested but continues to recognize Mr. Barney as maintaining significant control of the institutions and the Title IV revenue they produce....

During the time the applications were under review, risk factors identified in CEHE’s financial statements – including a lawsuit against one of the institutions filed by the Colorado Attorney General – led the Department to require CEHE to provide a \$42.9 million surety, which is 30 percent of the annual federal student aid funding for 2013 for the four institutions. That surety remains in place but is subject to adjustment based on CEHE’s financial condition and other risks.”

<http://www.ed.gov/news/press-releases/education-department-denies-request-chain-profit-colleges-convert-non-profit-status>
(<http://www.ed.gov/news/press-releases/education-department-denies-request-chain-profit-colleges-convert-non-profit-status>)

Computer Systems Institute (CSI)

- **Department of Education action against CSI**

Department website announcement:

“After a lengthy investigation, on Jan. 29, 2016, the U.S. Department of Education (ED) issued a letter notifying CSI that ED has denied CSI’s application to be recertified for eligibility to participate in the federal student aid programs (<https://studentaid.ed.gov/sa/sites/default/files/csi-denial-letter.pdf>). ED took this step after finding that CSI submitted false job placement rates to its students, ED, and its national accreditor, the Accrediting Council for Independent Colleges and Schools.

The letter notified CSI that, upon its effective date of Jan. 31, 2016, CSI’s participation in the programs would end. The letter permits CSI until Feb. 12, 2016, to provide ED with factual evidence to dispute ED’s findings. If that evidence causes ED to change its determination, CSI’s application to be recertified may be approved to allow the institution to regain its ability to receive program funds.”

<https://studentaid.ed.gov/sa/about/announcements/csi> (<https://studentaid.ed.gov/sa/about/announcements/csi>)

Department press release:

“The Department determined that CSI submitted false job placement rates to its students, the Department, and its national accreditor, the Accrediting Council for Independent Colleges and Schools (ACICS).”

<http://www.ed.gov/news/press-releases/us-department-education-takes-enforcement-against-two-school-ownership-groups>
(<http://www.ed.gov/news/press-releases/us-department-education-takes-enforcement-against-two-school-ownership-groups>)

Department final decision to deny recertification, 04-15-16:

“[T]he Department has concluded that the rendition of events provided in CSI’s response is without legal merit and is factually inaccurate. CSI is informed that the Department’s initial decision to deny CSI’s recertification application is hereby affirmed and is the agency’s final decision....

CSI’s factual defense is predicated upon the claim that CSI lacked knowledge that the two identified employers were fictitious. It has not claimed that the employers were legitimate, and that students who claimed they did not receive jobs from these grifters were responsible for lying to the Department....”

http://www.republicreport.org/wp-content/uploads/2016/05/CSIDenialDeterminationFINAL41516_Redacted.pdf (http://www.republicreport.org/wp-content/uploads/2016/05/CSIDenialDeterminationFINAL41516_Redacted.pdf)

Corinthian Colleges (Everest, Heald, Wyotech) (company sold or shut down all campuses and declared bankruptcy 2015)



(<https://i2.wp.com/www.republicreport.org/wp-content/uploads/2015/05/jackmassimino.jpg>)

Jack Massimino, former CEO,
Corinthian Colleges

- **State attorneys general investigation of Corinthian**

Corinthian SEC 8-K, 01-27-14:

“On January 24, 2014, Corinthian Colleges, Inc. (the “Company”) was notified by the Iowa Attorney General’s office that it is leading an investigation by thirteen states (Arkansas, Arizona, Connecticut, Idaho, Iowa, Kentucky, Missouri, Nebraska, North Carolina, Oregon, Tennessee, Washington and Pennsylvania) into the Company’s business practices. The Company has received Civil Investigative Demands (“CIDs”) from most of those states that are substantially similar. The Iowa Attorney General’s office indicated that it will be the primary point of contact with the Company on behalf of all of the states involved in the investigation. The CIDs seek documents and answers to interrogatories related to the students recruited from the various states; organizational information; tuition, loan and scholarship information; lead generation activities; enrollment qualifications for students; complaints; accreditation; completion and placement statistics; graduate certification and licensing results; and student lending activities, among other matters. The Company is aware that several other companies in the for-profit education sector have received similar CIDs. The Company intends to cooperate with the inquiry.” https://www.sec.gov/Archives/edgar/data/1066134/000129993314000113/hm_49175.htm
(https://www.sec.gov/Archives/edgar/data/1066134/000129993314000113/hm_49175.htm)

Corinthian press release in conjunction with 3rd quarter earnings call, May 6, 2014:

“As reported in an 8-K on January 24, 2014, the Company was notified by the Iowa Attorney General’s office that it is leading an investigation by 13 Attorneys General into the Company’s business practices. In April, the Iowa AG notified the company that three additional states – Colorado, Hawaii and New Mexico, had joined the multi-state investigation, bringing the total to 16 states. The Company continues to cooperate with the investigation.”

<http://investors.cci.edu/releasedetail.cfm?ReleaseID=845503> (<http://investors.cci.edu/releasedetail.cfm?ReleaseID=845503>)

• **Civil complaint against Corinthian filed by California attorney general, 10-10-13**

“The People bring this action to hold Corinthian Colleges, Inc. and its subsidiaries that operate Heald, Everest and Wyotech schools (collectively “CCI”) accountable for violating California law by misrepresenting job placement rates to students, misrepresenting job placement rates to investors, advertising for programs that it does not offer, unlawfully using military seals in advertising, and inserting unlawful clauses into enrollment agreements that purport to bar any and all claims by students.”

https://oag.ca.gov/system/files/attachments/press_releases/Complaint%2C%20filed%20stamped_o.pdf
(https://oag.ca.gov/system/files/attachments/press_releases/Complaint%2C%20filed%20stamped_o.pdf)

Corinthian answer to complaint, 11-12-13:

“The Government’s false allegations and the aspersions cast on the School’s relationship with its students are offensive and demeaning—to the School and its employees; to its students who are striving for a career and a better life; and to the employers who hire its thousands of qualified graduates.”

<http://s3.documentcloud.org/documents/889232/corinthian-reply.pdf> (<http://s3.documentcloud.org/documents/889232/corinthian-reply.pdf>)

U.S. Department of Education and California attorney general announcement, 11-17-15:

“... new factual findings by the U.S. Department of Education, which are the result of a joint investigation by the Department and the California Attorney General. The Department of Education analyzed job placement rates at Everest and Wyotech Colleges, as well as additional evidence provided by Attorney General Harris, and concluded that placement rates were widely misrepresented to both enrolled and prospective students.

These findings will lead to enhanced and streamlined debt relief opportunities for thousands of former students at Everest College and Wyotech College campuses in California as well as students nationwide who attended Everest University online.”

<https://oag.ca.gov/news/press-releases/attorney-general-kamala-d-harris-incoming-us-education-secretary-john-king> (<https://oag.ca.gov/news/press-releases/attorney-general-kamala-d-harris-incoming-us-education-secretary-john-king>)

<https://www.insidehighered.com/quicktakes/2015/11/17/breaking-feds-conclude-more-corinthian-campuses-misled-students>
(<https://www.insidehighered.com/quicktakes/2015/11/17/breaking-feds-conclude-more-corinthian-campuses-misled-students>)

Default judgment entered by Superior Court of California against Corinthian:

https://oag.ca.gov/system/files/attachments/press_releases/Corinthian%20Final%20Judgment.PDF?
(https://oag.ca.gov/system/files/attachments/press_releases/Corinthian%20Final%20Judgment.PDF?)

Attorney General press statement:

“Today, the Court granted a default judgment against CCI. In the judgment, the Court ordered restitution on behalf of students in the amount of \$820,000,000 and civil penalties totaling \$350,025,000, for a total of \$1,170,025,000 in monetary relief...”

In the Final Judgment, the Court found, among other things, that:

- From at least 2009 until the closure of its schools, many of CCI’s representations and advertisements related to job placement were untrue and/or misleading. In numerous cases, the placement rate data in CCI’s files show that the actual placement rate is lower than the advertised rate. The placement rates that CCI published were systematically false, misleading, erroneous and/or failed to comply with applicable state and federal regulations and/or accreditor standards. In addition, many of these published placement rates could not be substantiated using CCI’s own internal placement data and files.
- CCI did not offer ultrasound technician programs, x-ray technician programs, radiology technician programs, or dialysis technician programs in California. Despite this fact, from at least 2010 until the filing of this action, CCI ran millions of ads stating that they did offer those programs. CCI executives knew that these false ads misled students.
- CCI unlawfully used the official seals of the United States Department of the Army, the United States Department of the Navy, the United States Department of the Air Force, the United States Marine Corps, and the United States Coast Guard.
- CCI’s enrollment agreements contained unlawful clauses.
- CCI engaged in unlawful debt collection.
- CCI failed to disclose its role in the Genesis Private Student Loan Program.

- CCI misrepresented the transferability of credits.
- CCI misrepresented its financial stability to students.”

<https://oag.ca.gov/news/press-releases/attorney-general-kamala-d-harris-obtains-11-billion-judgment-against-predatory> (<https://oag.ca.gov/news/press-releases/attorney-general-kamala-d-harris-obtains-11-billion-judgment-against-predatory>)

- **Civil complaint against Corinthian filed by Massachusetts attorney general, 04-03-14**

“We allege that this for-profit school aggressively recruited and misled students by falsely promising high quality, successful training programs, and instead left them with exorbitant student loan debt and without proper training or a well-paying career.”

<http://www.mass.gov/ago/news-and-updates/press-releases/2014/2014-04-03-corinthian-complaint.html> (<http://www.mass.gov/ago/news-and-updates/press-releases/2014/2014-04-03-corinthian-complaint.html>)

- **Civil complaint against Corinthian filed by Wisconsin attorney general, 10-27-14**

“The State of Wisconsin brings this enforcement action against Defendant Corinthian Colleges, Inc., for its use of false, misleading and deceptive misrepresentations to induce students to enroll in its post-secondary school ‘Everest College, Milwaukee.’ Among Corinthian’s many misrepresentations were deceptive statements about critical facts such as the availability of externships in fields of study the school offered and job placement rates of the school’s graduates.”

<http://www.doj.state.wi.us/media-center/2014-news-releases/october-27-2014> (<http://www.doj.state.wi.us/media-center/2014-news-releases/october-27-2014>)

Corinthian SEC 8-K, 08-13-14:

“In January 2013, the Company received a request from the Wisconsin Department of Justice (the “WI AG’s Office”) for information and documents regarding the Company’s Milwaukee, WI campus that has been taught out. The request seeks records regarding the Company’s students enrolled at the Milwaukee campus since August 2009, including the enrollment process and outcomes achieved by the students, documents related to employers, externships, placement, completion, graduation, loans, marketing, advertisements, communications with state regulators and accrediting agencies, employees during the period, and other matters. On July 24, 2014, the WI AG’s Office sent a notice of intent to bring an enforcement action against the Company for purported violations of state consumer protection laws. The WI AG’s Office agreed to meet with the Company to discuss the allegations prior to filing suit. The Company is providing reasonable cooperation to the WI AG’s Office.”

http://www.sec.gov/Archives/edgar/data/1066134/000110465914060150/a14-18886_18k.htm
(http://www.sec.gov/Archives/edgar/data/1066134/000110465914060150/a14-18886_18k.htm)

- **Florida attorney general investigation of Corinthian**

Corinthian SEC 8-K, 08-13-14:

“On October 19, 2010, the Company became aware of news stories which reported that the Florida Attorney General’s Office (the “FL AG’s Office”) had begun an investigation into certain private sector education companies in Florida, including the Company, seeking information on potential misrepresentations in financial aid, recruitment and other areas. On October 21, 2010, the Company received a subpoena from the FL AG’s Office seeking a wide range of documents from January 1, 2006 to the present. The Company’s attorneys have met with representatives of the FL AG’s Office multiple times and the Company has provided voluminous materials in response to the subpoena. Additionally, the Company has filed a motion to quash portions of the subpoena and for a protective order with respect to certain confidential and proprietary information. The Company expects to continue to provide reasonable cooperation to the FL AG’s Office.”

http://www.sec.gov/Archives/edgar/data/1066134/000110465914060150/a14-18886_18k.htm
(http://www.sec.gov/Archives/edgar/data/1066134/000110465914060150/a14-18886_18k.htm)

- **New York attorney general investigation of Corinthian**

Corinthian SEC 8-K, 08-13-14:

“In May 2011, along with other private sector education companies, the Company received a subpoena from the New York Attorney General’s Office (the “NY AG”) seeking information on potential issues related to financial aid, admissions, students, securities and other areas. The Company is cooperating with the NY AG’s requests for information.”

http://www.sec.gov/Archives/edgar/data/1066134/000110465914060150/a14-18886_18k.htm
(http://www.sec.gov/Archives/edgar/data/1066134/000110465914060150/a14-18886_18k.htm)

- **Illinois attorney general investigation of Corinthian**

Corinthian SEC 8-K, 08-13-14:

“In December 2011, after other private sector education companies had received similar requests, the Company received a civil investigative demand from the Illinois Attorney General’s Office (the “IL AG”) seeking information on potential issues related to financial aid, admissions, students and other areas. The Company has obtained protection of its confidential and sensitive business information and is cooperating with the IL AG’s reasonable requests for information.”

http://www.sec.gov/Archives/edgar/data/1066134/000110465914060150/a14-18886_18k.htm

(http://www.sec.gov/Archives/edgar/data/1066134/000110465914060150/a14-18886_18k.htm)

- **Minnesota attorney general investigation of Corinthian**

Corinthian SEC 8-K, 08-13-14:

“On July 8, 2013, the Company received a civil investigative demand from the Minnesota Attorney General’s Office (the “MN AG”) seeking information on potential issues related to financial aid, admissions, students and other areas. The Company understands the MN AG is conducting inquiries into several other private sector colleges as well. The Company has obtained protection of its confidential and sensitive business information and is cooperating with the MN AG’s reasonable requests for information.”

http://www.sec.gov/Archives/edgar/data/1066134/000110465914060150/a14-18886_18k.htm

(http://www.sec.gov/Archives/edgar/data/1066134/000110465914060150/a14-18886_18k.htm)

- **Consumer Financial Protection Bureau lawsuit against Corinthian**

Corinthian SEC 8-K, 01-06-14:

“As previously reported, in April 2012, Corinthian Colleges, Inc. was served with a Civil Investigative Demand (“CID”) from the U.S. Consumer Financial Protection Bureau (the ‘CFPB’). The CID, which was subsequently withdrawn by the CFPB and replaced with a substantially similar CID, contains extensive interrogatories and document production demands with the stated purpose to “determine whether a for-profit post-secondary company, student loan origination and servicing providers, or other unnamed persons have engaged or are engaging in unlawful acts or practices relating to the advertising, marketing, or origination of private student loans. Although the Company objected to both CIDs by filing a petition with the CFPB, the Company has voluntarily provided documents and other information to the CFPB and has cooperated with the CFPB in its investigation. In December 2013, the Company received a letter from the CFPB notifying the Company that, in accordance with the CFPB’s discretionary Notice and Opportunity to Respond and Advise (“NORA”) process, the CFPB’s Office of Enforcement is considering recommending that the CFPB take legal action against the Company (the “NORA Letter”). The NORA Letter states that the staff of the CFPB’s Office of Enforcement (the “Staff”) expects to allege that the Company violated the Consumer Financial Protection Act of 2010, 12 U.S.C. §5536. The NORA Letter also states that if such action is brought the CFPB may seek injunctive and monetary relief against the Company. The NORA Letter confirms that the Company has the opportunity to make a NORA submission, which is a written statement setting forth any reasons of law or policy why the Company believes the CFPB should not take legal action against it. The Company understands that a NORA notice from the Staff is intended to ensure that potential subjects of enforcement actions have the opportunity to present their positions to the CFPB before an enforcement action is recommended or commenced. The Company intends to make a NORA submission to the CFPB, and continues to believe that its acts and practices relating to student loans — financing that is essential to preserving our students’ access to post-secondary education — are lawful. The Company cannot provide any assurance that the CFPB will not ultimately take legal action against it or that the outcome of any such action, if brought, will not have a material adverse effect on the Company’s financial condition and results of operations.”

https://www.sec.gov/Archives/edgar/data/1066134/000110465914000595/a14-1250_18k.htm

(https://www.sec.gov/Archives/edgar/data/1066134/000110465914000595/a14-1250_18k.htm)

Corinthian SEC 8-K, 08-25-14:

“On August 21, 2014, the Company’s lawyers met with attorneys for the U.S. Consumer Financial Protection Bureau (the “CFPB”), and subsequently received a letter memorializing certain aspects of the discussion, in which the CFPB asserted violations by the Company of the Dodd-Frank Act and the Fair Debt Collections Practices Act [sic] indicated its willingness to engage in settlement discussions with the Company, so long as the Company would agree to certain conditions. These conditions include (i) providing certain financial disclosure materials, (ii) ceasing the sale or transfer of private student loans, (iii) ceasing to engage in certain in-school collection efforts the CFPB considers unlawful, (iv) providing students and prospective students with the same disclosures regarding the potential sale of certain campuses that the Company has provided to California students as part of an agreement with the California Attorney General, and (v) notifying the CFPB of any indications of material interest in purchasing any of the Company’s assets. The CFPB also requested certain documents relating to a recently-completed sale of student notes ... and certain information relating to the student loans that the Company continues to hold and any private lending arrangements to which the Company is currently a party. The CFPB provided the Company until August 29, 2014 to indicate whether it would agree in principle to such conditions.”

https://www.sec.gov/Archives/edgar/data/1066134/000110465914062927/a14-19968_18k.htm

(https://www.sec.gov/Archives/edgar/data/1066134/000110465914062927/a14-19968_18k.htm)

CFPB federal court complaint against Corinthian, 09-16-14:

“Corinthian induced students to enroll in its programs through false and misleading representations about its graduates’ career opportunities ...”

http://files.consumerfinance.gov/f/201409_cfpb_complaint_corinthian.pdf (http://files.consumerfinance.gov/f/201409_cfpb_complaint_corinthian.pdf)

Default judgment against Corinthian entered by U.S. District Court, 10-27-15:

“Plaintiff is entitled to an Order imposing permanent injunctive relief and declaratory relief, and requiring Corinthian to make restitution of \$531,224,267 to the borrowers of the private loans that are the subject of this action....”

Based on the well-pled allegations of the Complaint, which are taken as true, Defendant Corinthian has violated the CFPA’s prohibition on deceptive practices, 12 U.S.C. § 5536(a)(1)(B), by misrepresenting career prospects and career services available to Corinthian students and prospective students in order to induce them to enter into Genesis Loans Defendant Corinthian has violated the CFPA’s prohibition on unfair practices, 12 U.S.C. § 5536(a)(1)(B), 12 U.S.C. § 5531(c)(1), by causing substantial injury to Genesis Loan borrowers by barring or pulling them from class, withholding educational resources, and otherwise preventing them from gaining access to educational courses or materials for which they had already paid, in order to pressure them to pay their Genesis Loans.... Defendant Corinthian has violated the FDCPA, 15 U.S.C. § 1692d, by engaging in harassing, oppressive, or abusive conduct against Genesis Loan borrowers in connection with the collection of debts from the Genesis Loans.”

<http://www.republicreport.org/wp-content/uploads/2015/06/corinthian-default-judgment.10.27.15.pdf> (<http://www.republicreport.org/wp-content/uploads/2015/06/corinthian-default-judgment.10.27.15.pdf>)

- **Justice Department False Claims Act investigations of Corinthian**

Corinthian SEC 10-K, 09-03-13:

“On April 11, 2011 the Company’s Everest Institute in Jonesboro, Georgia was sent a subpoena from the Atlanta office of ED’s Office of Inspector General (the “OIG”) requesting documents related to the Jonesboro campus’s employment and placement rates reported to its accrediting agency, as well as correspondence with the accrediting agency. The Company has become aware that this matter is being supervised by an Assistant United States Attorney for the Northern District of Georgia who focuses primarily on civil False Claims Act matters, including qui tams. The Company does not know whether a qui tam action has been filed under seal or whether the United States Attorney’s Office has made a determination about whether to file a False Claims Act lawsuit in this matter. Additionally, the Company has also received inquiries from the Department of Justice and the Assistant U.S. Attorney involved in reviewing the previously-disclosed Lee qui tam matter regarding the Company’s attendance procedures. The Company infers, but has been unable to confirm, that these inquiries may relate to one or more additional qui tams filed under seal that may be pending the government’s investigation and intervention decision. Separately, on April 24, 2012, a complaint captioned United States of America ex rel. Carolina Marion v. Heald College Inc. and Corinthian Colleges Inc. was filed under seal in the U.S. District Court for the Northern District of California. Since the complaint was filed under seal, the Company has not been able to obtain a copy of the complaint but infers that this too is a qui tam action brought under the False Claims Act. The Company has also received an inquiry from the Assistant U.S. Attorney apparently involved in reviewing the Marion matter regarding attendance procedures at the Heald Salinas campus.”

<https://www.sec.gov/Archives/edgar/data/1066134/000104746913008803/a2216385z10-k.htm>
(<https://www.sec.gov/Archives/edgar/data/1066134/000104746913008803/a2216385z10-k.htm>)

Corinthian SEC 10-K, 09-26-14:

“[I]n late August 2014 the Company received a civil investigative demand (the “CID”) from the United States Department of Justice, Civil Division, as part of a False Claims Act investigation concerning allegations related to student attendance and grade record manipulation, graduate job placement rate inflation and non-Title IV funding source misrepresentations. The CID requires the Company to provide written answers to interrogatories, documents, and testimony. The Company intends to cooperate with this investigation.”

https://www.sec.gov/Archives/edgar/data/1066134/000110465914068525/a14-21560_18k.htm
(https://www.sec.gov/Archives/edgar/data/1066134/000110465914068525/a14-21560_18k.htm)

- **Justice Department subpoenas to Corinthian**

Corinthian SEC 8-K, 08-12-14:

“On August 8, 2014, the Company received a grand jury subpoena for documents from the United States Attorney’s Office in the Central District of California. The subpoena seeks documents and records relating to matters including job placement representations, graduation rates, transferability of credits for the Company’s students, advertisements and marketing materials, and representations regarding financial aid, military connections, student loans, and defaults by Corinthian’s students, as well as related statements to investors and disclosures in the Company’s public filings with the SEC. The Company is evaluating the subpoena and intends to cooperate fully with the request.”

http://www.sec.gov/Archives/edgar/data/1066134/000110465914060150/a14-18886_18k.htm
(http://www.sec.gov/Archives/edgar/data/1066134/000110465914060150/a14-18886_18k.htm)

“Federal prosecutors in California, Florida, and Georgia have all issued grand jury subpoenas to the company.”

<https://www.insidehighered.com/quicktakes/2014/09/29/corinthian-facing-another-federal-investigation>
(<https://www.insidehighered.com/quicktakes/2014/09/29/corinthian-facing-another-federal-investigation>)

- **Securities and Exchange Commission subpoena to Corinthian**

Corinthian SEC 8-K, 06-10-13:

“On June 6, 2013, Corinthian Colleges, Inc. (the “Company”) received a subpoena from the Securities and Exchange Commission (“SEC”). In a letter accompanying the subpoena, the SEC stated that it is conducting an investigation of the Company. The SEC’s subpoena requests the production of documents and communications that, among other things, relate to student information in the areas of recruitment, attendance, completion, placement, defaults on federal loans and on alternative loans, as well as compliance with U.S. Department of Education financial requirements, standards and ratios (including the effect of certain borrowings under the Company’s credit facility on the Company’s composite score, and 90/10 compliance), and other corporate, operational, financial and accounting matters. The Company intends to cooperate with the SEC in its investigation.”

http://www.sec.gov/Archives/edgar/data/1066134/000110465913048089/a13-14724_18k.htm
(http://www.sec.gov/Archives/edgar/data/1066134/000110465913048089/a13-14724_18k.htm)

- **Department of Education actions regarding Corinthian**

Department of Education letter, 01-23-14:

“The Department has denied approvals for certain new locations and new programs because CCI has admitted to falsifying placement rates and/or grade and attendance records at various institutions and because of ongoing state and federal investigations into serious allegations with respect to CCI’s improper administration of Title IV programs.... [T]he issues just referenced suggest systematic deficiencies in the operations of CCI.... Because of these concerns, the Department will not approve CCI’s Title IV growth through the addition of any new locations opr programs going forward until the Department ascertains whether CCI and its institutions possess the requisite administrative capability to ensure compliance with all Title IV program requirements.”

<https://www.documentcloud.org/documents/1014987-corinthian-colleges-inc.html> (<https://www.documentcloud.org/documents/1014987-corinthian-colleges-inc.html>)

Corinthian response, SEC 8-K, 02-05-14:

“The Company disputes ED’s characterization that the Company admitted wrongdoing, but plans to cooperate with ED in its review. The Company believes ED is referencing isolated instances over a four-year period when the Company detected erroneous information, took corrective action and reported its findings to regulatory authorities.”

<http://investors.cci.edu/secfiling.cfm?filingID=1104659-14-6539&CIK=1066134> (<http://investors.cci.edu/secfiling.cfm?filingID=1104659-14-6539&CIK=1066134>)

Department of Education press release, 06-19-14:

“The U.S. Department of Education’s Federal Student Aid (FSA) office has placed Corinthian Colleges Inc. on an increased level of financial oversight after the company failed to address concerns about its practices, including falsifying job placement data used in marketing claims to prospective students and allegations of altered grades and attendance.... The Department has requested data from Corinthian multiple times in the last five months to address inconsistencies in the company’s job placement claims for graduates, but Corinthian officials have not turned over the documents.”

<http://www.ed.gov/news/press-releases/us-department-education-heightens-oversight-corinthian-colleges> (<http://www.ed.gov/news/press-releases/us-department-education-heightens-oversight-corinthian-colleges>)

July 3, 2014, agreement between the Department of Education and Corinthian under which Corinthian will sell most of its campuses and wind down operations at all others — Department of Education press release, 07-03-14:

<http://www.ed.gov/news/press-releases/us-department-education-accepts-operating-plan-corinthian-colleges-inc> (<http://www.ed.gov/news/press-releases/us-department-education-accepts-operating-plan-corinthian-colleges-inc>)

Corinthian SEC 8-K, 07-07-14:

http://www.sec.gov/Archives/edgar/data/1066134/000110465914050216/a14-16628_18k.htm
(http://www.sec.gov/Archives/edgar/data/1066134/000110465914050216/a14-16628_18k.htm)

Corinthian SEC 8-K, 08-25-14:

“On August 22, 2014, the Company received a letter from ED in which it denied recertification of Everest Cross Lanes, citing alleged misrepresentations and breach of fiduciary duty at the Decatur campus that was an additional location of Everest Cross Lanes until 2013.”

https://www.sec.gov/Archives/edgar/data/1066134/000110465914062927/a14-19968_18k.htm
(https://www.sec.gov/Archives/edgar/data/1066134/000110465914062927/a14-19968_18k.htm)

Department of Education letter imposing \$30 million fine, 04-14-15:

“[T]he Department’s findings demonstrate that Heald College failed to meet the fiduciary standard of conduct by misrepresenting its placement rates to current and prospective students and to its accreditors, and by failing to comply with federal regulations requiring the complete and accurate disclosure of its placement rates. Therefore, as described below, I have determined that due to the serious violations committed by Heald College, a fine in the amount of \$29,665,000 is warranted.”

<http://www2.ed.gov/documents/press-releases/heald-fine-action-placement-rate.pdf> (<http://www2.ed.gov/documents/press-releases/heald-fine-action-placement-rate.pdf>)

Dade Medical College (school closed 2015)

Guilty plea by Dade Medical College CEO Ernesto Perez to Florida state criminal charges of illegally bundling campaign contributions



(<https://io.wp.com/www.republicreport.org/wp-content/uploads/2015/11/perez mug.jpg>)

Ernesto Perez, former CEO, Dade Medical College

<http://www.miamiherald.com/news/local/community/broward/article43799037.html>

(<http://www.miamiherald.com/news/local/community/broward/article43799037.html>)

Florida state misdemeanor charges against former Dade Medical College CEO Ernesto Perez for improper school closure

<http://www.nbcmiami.com/news/local/Former-Owner-of-Closed-For-Profit-Colleges-in-Miami-Dade-Charged-For-Violation-of-State-Law-397624261.html> (<http://www.nbcmiami.com/news/local/Former-Owner-of-Closed-For-Profit-Colleges-in-Miami-Dade-Charged-For-Violation-of-State-Law-397624261.html>)

Daymar College

- **Kentucky attorney general lawsuit against Daymar College**

<http://migration.kentucky.gov/Newsroom/ag/daymarsuit.htm> (<http://migration.kentucky.gov/Newsroom/ag/daymarsuit.htm>)

Settlement:

http://ag.ky.gov/pdf_news/daymar-consent-decree.pdf (http://ag.ky.gov/pdf_news/daymar-consent-decree.pdf)

<http://www.wtvq.com/2015/09/10/conway-announces-12-4-million-settlement-with-daymar/> (<http://www.wtvq.com/2015/09/10/conway-announces-12-4-million-settlement-with-daymar/>)

DeVry Education Group – now called Adtalem Global Education



(<https://i.wp.com/www.republicreport.org/wp-content/uploads/2014/04/devry-ceo-hamburger.jpg>)

Daniel Hamburger, former CEO, DeVry Education Group

- **Illinois and Massachusetts attorneys general investigations of DeVry**

DeVry SEC 8-K, 04-15-13:

“DeVry Inc. (“DeVry”) received earlier this month a subpoena from the Office of the Attorney General of the State of Illinois and more recently a Civil Investigative Demand issued by the Office of the Attorney General of the Commonwealth of Massachusetts. The Illinois subpoena concerns potential state law implications in the event violations of federal law took place. It was issued pursuant to the Illinois False Claims Act in connection with an investigation concerning whether the compensation practices of DeVry and certain of its affiliates are in compliance with the Incentive Compensation Ban of the Higher Education Act and requires DeVry to provide documents relating to these matters for periods on or after January 1, 2002. The Massachusetts demand was issued in connection with an investigation into whether DeVry caused false claims and/or false statements to be submitted to the Commonwealth of Massachusetts relating to student loans, guarantees, and grants provided to DeVry’s Massachusetts students and requires DeVry to answer interrogatories and to provide documents relating to periods on or after January 1, 2007. Although more information about these inquiries is not known at this time, DeVry is approaching them with a view toward transparency and an interest in demonstrating the compliant nature of its practices in cooperation with the authorities.”

<https://www.sec.gov/Archives/edgar/data/730464/000115752313001773/a50610060.htm>

(<https://www.sec.gov/Archives/edgar/data/730464/000115752313001773/a50610060.htm>)

DeVry SEC 8-K, 08-01-16:

“On July 26, 2016, DeVry Education Group Inc. (“DeVry Group”) received a Civil Investigative Demand from the Attorney General of the Commonwealth of Massachusetts (“MAAG”) seeking information from January 1, 2011 to the present in connection with the MAAG’s investigation of possible unfair or deceptive methods, acts, or practices relating to DeVry University’s recruitment of students and the reporting of placement and earning statistics.

DeVry Group intends to cooperate with the MAAG with a view toward demonstrating the compliant nature of its practices.”

<https://www.sec.gov/Archives/edgar/data/730464/000115752316006347/a51392573.htm>

(<https://www.sec.gov/Archives/edgar/data/730464/000115752316006347/a51392573.htm>)

- **New York attorney general investigation of DeVry**

DeVry SEC 8-K, 07-18-14:

“On July 15, 2015, DeVry Education Group Inc. (“DeVry Group”) received a letter from the Office of the Attorney General of the State of New York (“NYOAG”) requesting cooperation with the NYOAG’s inquiry into whether recent television advertisements and website marketing regarding DeVry University may have violated federal and state laws prohibiting false advertising and deceptive practices. The letter requests relevant information from January 1, 2011, to the present to enable NYOAG to make a determination of what action, if any, is warranted.

DeVry Group intends to provide the Office of the Attorney General with its full cooperation with a view toward demonstrating the compliant nature of its practices.”

<http://www.sec.gov/Archives/edgar/data/730464/000115752314002867/a50907774.htm>

(<http://www.sec.gov/Archives/edgar/data/730464/000115752314002867/a50907774.htm>)

Settlement agreement, press release, 01-30-17:

“Attorney General Eric T. Schneiderman today announced a settlement with for-profit education company DeVry Education Group, Inc. and its subsidiaries DeVry University, Inc. and DeVry/New York, Inc. (collectively, “DeVry”). The settlement resolves an investigation that revealed that DeVry lured students with ads that exaggerated graduates’ success in finding employment at graduation and contained inadequately substantiated claims about graduates’ salary success. Pursuant to the agreement, DeVry will pay \$2.25 million in consumer restitution and \$500,000 in penalties, fees and costs.”

<https://ag.ny.gov/press-release/ag-schneiderman-obtains-settlement-devry-university-providing-225-million-restitution> (<https://ag.ny.gov/press-release/ag-schneiderman-obtains-settlement-devry-university-providing-225-million-restitution>)

DeVry SEC 8-K 02-01-17:

“In the second quarter of fiscal year 2017, DeVry Group also recorded charges related to the resolution of an inquiry made by the Office of the Attorney General of the State of New York (“NYAG”) to the DeVry Parties regarding DeVry University’s use of employment and salary statistics in former advertising. The DeVry Parties chose to resolve the NYAG inquiry by entering into an Assurance of Discontinuance (the “Assurance”) with the NYAG on January 27, 2017, without admitting or denying the allegations therein. Pursuant to the Assurance, the DeVry Parties agreed to pay \$2.25 million for consumer restitution and \$0.5 million in penalties, fees and costs. In addition, the DeVry Parties agreed that DeVry Group institutions marketing to New York consumers will maintain specific substantiation and present certain statistics as prescribed to support any future advertising regarding graduate outcomes and educational benefits, and will implement other agreed-upon compliance measures.”

https://www.sec.gov/Archives/edgar/data/730464/000114420417005663/v457313_10q.htm

(https://www.sec.gov/Archives/edgar/data/730464/000114420417005663/v457313_10q.htm)

- **Federal Trade Commission lawsuit against DeVry**

DeVry SEC 8-K 01-28-14:

“DeVry Education Group Inc. (“DeVry Group”) received on January 28, 2014 a compulsory request from the Federal Trade Commission (the “FTC”) to provide documents and information relating to the advertising, marketing, or sale of secondary or postsecondary educational products or services or educational accreditation products or services by DeVry Group during the past five years. The stated purpose of the request is to determine whether unnamed persons and/or entities have violated or are violating Section 5 of the Federal Trade Commission Act and, if so, to determine whether further FTC action would be in the public interest. DeVry Group intends to provide the FTC with its full cooperation with a view toward demonstrating the compliant nature of its practices. The timing or outcome of this matter, or its possible impact on DeVry Group’s business, financial condition or results of operations, cannot be predicted at this time.”

<https://www.sec.gov/Archives/edgar/data/730464/000115752314000382/a50797415.htm>

(<https://www.sec.gov/Archives/edgar/data/730464/000115752314000382/a50797415.htm>)

A copy of the FTC’s 01-23-14 Civil Investigative Demand was filed 02-14-15 in a federal lawsuit:

<http://republicreport.wpengine.com/wp-content/uploads/2015/03/FTC-CID-DeVry.pdf> (<http://republicreport.wpengine.com/wp-content/uploads/2015/03/FTC-CID-DeVry.pdf>)

FTC lawsuit filed against DeVry in U.S. District Court, Central District of California:

“Through the use of English and Spanish-language advertisements and other marketing materials, and during sales pitches with prospective students, Defendants have made deceptive representations about the benefits of obtaining a degree from DVU.”

<https://www.ftc.gov/system/files/documents/cases/160127devrycmpt.pdf> (<https://www.ftc.gov/system/files/documents/cases/160127devrycmpt.pdf>)

<https://www.ftc.gov/news-events/press-releases/2016/01/ftc-brings-enforcement-action-against-devry-university> (<https://www.ftc.gov/news-events/press-releases/2016/01/ftc-brings-enforcement-action-against-devry-university>)

DeVry response, SEC 8-K 01-27-16

http://www.sec.gov/Archives/edgar/data/730464/000115752316004298/a51267342_ex991.htm

(http://www.sec.gov/Archives/edgar/data/730464/000115752316004298/a51267342_ex991.htm)

Settlement of the matter for \$100 million:

“DeVry University and its parent company have agreed to a \$100 million settlement of a Federal Trade Commission lawsuit alleging that they misled prospective students with ads that touted high employment success rates and income levels upon graduation. The FTC settlement secures significant financial redress for tens of thousands of students harmed by DeVry’s conduct.”

<https://www.ftc.gov/news-events/press-releases/2016/12/devry-university-agrees-100-million-settlement-ftc> (<https://www.ftc.gov/news-events/press-releases/2016/12/devry-university-agrees-100-million-settlement-ftc>)

https://www.ftc.gov/system/files/documents/cases/161215_devry_stipulationrefinalorder.pdf

(https://www.ftc.gov/system/files/documents/cases/161215_devry_stipulationrefinalorder.pdf)

FTC Returns More Than \$49 Million in Refunds to DeVry Students:

<https://www.ftc.gov/news-events/press-releases/2017/07/ftc-returns-more-49-million-refunds-devry-students> (<https://www.ftc.gov/news-events/press-releases/2017/07/ftc-returns-more-49-million-refunds-devry-students>)

- **Justice Department investigation of DeVry**

DeVry SEC 8-K 04-17-15:

“On April 10, 2015, DeVry Education Group Inc. (“DeVry Group”) received from the Office of the United States Attorney for the Northern District of Ohio compulsory requests for documents and information from 2007 through April 1, 2015. The requests address allegations under the False Claims Act that DeVry University offered an associate degree program in Health Information Technology without providing necessary information to applicants regarding requirements for obtaining a degree and a job in the health information technology field upon graduation.

DeVry Group intends to cooperate with a view toward demonstrating the compliant nature of its practices.”

<https://www.sec.gov/Archives/edgar/data/730464/000115752315001188/a51082526.htm>
 (<https://www.sec.gov/Archives/edgar/data/730464/000115752315001188/a51082526.htm>)

“On July 30, 2015, DeVry Education Group Inc. (“DeVry Group”) learned that the Office of the United States Attorney for the Northern District of Ohio has declined to intervene in a lawsuit alleging violations of the False Claims Act. The decision not to intervene came after the United States Attorney for the Northern District of Ohio had been provided materials in response to the inquiry which DeVry Group announced on Form 8-K on April 17, 2015. The lawsuit was filed over two years ago. If the relator elects to proceed with the lawsuit individually, DeVry Group intends to defend itself vigorously”

<http://www.sec.gov/Archives/edgar/data/730464/000115752315002675/a51154484.htm>
 (<http://www.sec.gov/Archives/edgar/data/730464/000115752315002675/a51154484.htm>)

- **Department of Education actions regarding DeVry**

Department of Education’s letter to DeVry 08-28-15:

<http://www.republicreport.org/wp-content/uploads/2015/09/ED-doc-request-to-DeVry-8-28-15.pdf> (<http://www.republicreport.org/wp-content/uploads/2015/09/ED-doc-request-to-DeVry-8-28-15.pdf>)

DeVry SEC 8-K 09-02-15:

“On August 28, 2015, DeVry University received a request for documents and information regarding published employment outcomes and earnings of DeVry University graduates from the Multi-Regional and Foreign School Participation Division of the Federal Student Aid office of the Department of Education (“ED FSA”). The stated purpose of the request is to permit ED FSA to assess DeVry University’s compliance with applicable regulations under Title IV of the Higher Education Act of 1965, as amended. DeVry University intends to provide ED FSA with its full cooperation with a view toward demonstrating the compliant nature of its practices. The timing or outcome of this matter, or its possible impact on the business, financial condition or results of operations of DeVry University or DeVry Education Group Inc., cannot be predicted at this time.”

<https://www.sec.gov/Archives/edgar/data/730464/000115752315003052/a51173708.htm>
 (<https://www.sec.gov/Archives/edgar/data/730464/000115752315003052/a51173708.htm>)

Department of Education letter to DeVry, 01/27/16:

“...with respect to certain representations that were made by DeVry as part of that campaign and which continued to be made until at least August 2015, DeVry is unable to substantiate the truthfulness of those representations, as is required by federal law.

Accordingly, as a condition of its continued participation in the Title IV programs and consistent with existing statutory and regulatory requirements, the Department is hereby notifying DeVry that neither it nor its agents or employees may make any representations, in advertisements or otherwise, that include statistics consisting of or based upon the post-graduation employment outcomes of students who graduated during the time that DeVry has conceded it does not possess graduate-specific information, i.e., the type of information that is necessary to substantiate the truthfulness of any post-graduation employment claims. Nor may DeVry make any representations that include or are based upon post-graduation employment statistics regarding other time periods that cannot be substantiated with graduate-specific information. Moreover, for a period of five years following the effective date of this action, DeVry must subject all such representations to review by an independent auditor prior to the utterance (i.e., oral, written, or otherwise) of such representations. The Department is also requiring DeVry to contact third parties who are repeating or re-publishing DeVry’s unsubstantiated representations and demand that those entities cease doing so, to retain records used to develop and substantiate certain advertisements, to notify the Department of any legal claims, investigations, subpoenas or other inquiries regarding its post-graduation employment representations, and to notify its students of this limitation.”

<https://studentaid.ed.gov/sa/sites/default/files/devry-limitation-notice.pdf> (<https://studentaid.ed.gov/sa/sites/default/files/devry-limitation-notice.pdf>)

Department of Education Settlement with DeVry Over Job Placement Claims:

<http://www.ed.gov/news/press-releases/us-department-education-reaches-settlement-devry-university-over-job-placement-claims>
 (<http://www.ed.gov/news/press-releases/us-department-education-reaches-settlement-devry-university-over-job-placement-claims>)

<http://www2.ed.gov/documents/press-releases/devry-settlement-agreement.pdf> (<http://www2.ed.gov/documents/press-releases/devry-settlement-agreement.pdf>)

- **Department of Veterans Affairs action regarding DeVry**

Letter from VA to DeVry, suspending DeVry's status as a "Principles of Excellence" institution "at least until the conclusion of the FTC lawsuit," 03-14-16:

<http://www.republicreport.org/wp-content/uploads/2016/03/Devry-POE-Suspension-14Mar2016.pdf> (<http://www.republicreport.org/wp-content/uploads/2016/03/Devry-POE-Suspension-14Mar2016.pdf>)

Ed4Mil

- **Guilty pleas of David Alvey, Ed4Mil founder and president, and ED4Mil staff members to federal charges**

<https://www.justice.gov/usao-nj/pr/pennsylvania-business-owner-admits-defrauding-veterans-gi-bill> (<https://www.justice.gov/usao-nj/pr/pennsylvania-business-owner-admits-defrauding-veterans-gi-bill>)

<https://www.justice.gov/usao-nj/pr/pennsylvania-business-owner-gets-five-years-prison-defrauding-veterans-gi-bill-over-24> (<https://www.justice.gov/usao-nj/pr/pennsylvania-business-owner-gets-five-years-prison-defrauding-veterans-gi-bill-over-24>)

<https://www.fbi.gov/news/stories/gi-bill-fraud-scheme-071018> (<https://www.fbi.gov/news/stories/gi-bill-fraud-scheme-071018>)

<https://www.jerseyshoreonline.com/toms-river/jersey-shore-woman-gets-6-years-for-defrauding-veterans/> (<https://www.jerseyshoreonline.com/toms-river/jersey-shore-woman-gets-6-years-for-defrauding-veterans/>)

Education Affiliates (multiple school names)

- **Federal criminal convictions and investigation of All State Career, Baltimore:**

<http://www.citypaper.com/news/mobtownbeat/bcp-baltimores-allstate-career-school-is-in-federal-lawenforcers-crosshairs-20141202,0,748492.story> (<http://www.citypaper.com/news/mobtownbeat/bcp-baltimores-allstate-career-school-is-in-federal-lawenforcers-crosshairs-20141202,0,748492.story>)

- **Justice Department False Claims Act lawsuit and settlement with Education Affiliates**

Justice Department press release, 06-25-15:

"Education Affiliates (EA), a for-profit education company based in White Marsh, Maryland, has agreed to pay \$13 million to the United States to resolve allegations that it violated the False Claims Act by submitting false claims to the Department of Education for federal student aid for students enrolled in its programs. EA operates 50 campuses in the United States under various trade names, including All State Career, Fortis Institute, Fortis College, Tri-State Business Institute Inc., Technical Career Institute Inc., Capps College Inc., Driveco CDL Learning Center, Denver School of Nursing and Saint Paul's School of Nursing, which provide post-secondary education training programs in several professions in the states of Alabama, Florida, Maryland, Ohio and Texas. ...

The government alleged that employees at EA's All State Career campus in Baltimore altered admissions test results so as to admit unqualified students, created false or fraudulent high school diplomas and falsified students' federal aid applications, and that multiple EA schools referred prospective students to "diploma mills" to obtain invalid online high school diplomas. These allegations also led to criminal convictions of two All State Careers admission representatives, Barry Sugarman and Jesse Moore, and a test proctor, Jacqueline Caldwell....

The settlement agreement also resolves allegations related to EA schools in Birmingham, Alabama, Houston and Cincinnati, including violations of the ban on incentive compensation for enrollment personnel, misrepresentations of graduation and job placement rates, alteration of attendance records and enrollment of unqualified students....

The settlement resolves five lawsuits filed under the whistleblower provisions of the False Claims Act, which permit private citizens to sue on behalf of the United States and share in the recovery. As part of this resolution, the five whistleblowers will receive payments totaling approximately \$1.8 million.

The settlements were the result of a coordinated effort by the U.S. Attorneys' Offices of the District of Maryland, the Southern District of Texas, the Northern District of Alabama, Southern District of Ohio and the Middle District of Tennessee, as well as the Civil Division's Commercial Litigation Branch, and the Department of Education and its OIG."

<https://www.justice.gov/opa/pr/profit-education-company-pay-13-million-resolve-several-cases-alleging-submission-false> (<https://www.justice.gov/opa/pr/profit-education-company-pay-13-million-resolve-several-cases-alleging-submission-false>)

Dream Center Educational Holdings (The Art Institutes, Argosy University, Brown Mackie College, South University — schools formerly owned by Education Management Corp. (EDMC); some EDMC schools that are the subject of these investigations were closed before the sale)

- **State attorneys general investigation of EDMC**

EDMC SEC 8-K, 01-24-14:

“Education Management Corporation (the “Company”) announced today that it has received inquiries from twelve states regarding the Company’s business practices. The Attorney General of the Commonwealth of Pennsylvania has informed the Company that it will serve as the point of contact for the inquiries related to the Company. The inquiries focus on the Company’s practices relating to the recruitment of students, graduate placement statistics, graduate certification and licensing results, and student lending activities, among other matters. The Company believes that several other companies in the for-profit education industry have received similar inquiries. The Company intends to cooperate with the states involved.”

<http://edgar.sec.gov/Archives/edgar/data/880059/000088005914000002/a124148-k.htm>
(<http://edgar.sec.gov/Archives/edgar/data/880059/000088005914000002/a124148-k.htm>)

- **Colorado attorney general lawsuit and settlement with EDMC**

Statement by Colorado attorney general’s office, 12-05-13:

“The Attorney General’s investigation based on student complaints found that beginning in 2007, Argosy deceptively marketed its EdD-CP program. Students were led to believe that Argosy was seeking to have the program accredited by the American Psychological Association (APA), which in fact was not the case. Upon graduating, students were moreover told they would be eligible to become licensed psychologists. In reality, the EdD-CP program’s curriculum and requirements were deficient and students were unlikely to obtain Colorado licensure.”

http://www.coloradoattorneygeneral.gov/press/news/2013/12/05/attorney_general_suthers_announces_consumer_protection_settlement_argosy_unive
(http://www.coloradoattorneygeneral.gov/press/news/2013/12/05/attorney_general_suthers_announces_consumer_protection_settlement_argosy_unive)

- **Massachusetts attorney general lawsuit against New England Institute of Art**

EDMC SEC 8-K, 01-29-13:

“On January 24, 2013, The New England Institute of Art received a civil investigative demand from the Commonwealth of Massachusetts Attorney General requesting information for the period from January 1, 2010 to the present pursuant to an investigation regarding practices by the school in connection with marketing and advertising job placement and student outcome, the recruitment of students and the financing of education.”

<http://www.sec.gov/Archives/edgar/data/880059/000088005913000005/form8-k.htm>
(<http://www.sec.gov/Archives/edgar/data/880059/000088005913000005/form8-k.htm>)

Lawsuit filed 07-30-18:

“The Commonwealth alleges that The New England Institute of Art, LLC (“NEIA”), a Massachusetts-based for-profit school, and its parent company, Education Management Corporation (“EDMC”) ... engaged in unfair or deceptive acts or practices by, among other things, actively targeting and aggressively recruiting prospective students by misrepresenting NEIA’s “in field” job placement rates, its capacity to provide job search assistance to students and recent graduates, and the cost of attendance and availability of financial aid.”

<https://www.republicreport.org/wp-content/uploads/2018/08/NEIA-EDMC-Complaint-Filed-7-30-2018.pdf> (<https://www.republicreport.org/wp-content/uploads/2018/08/NEIA-EDMC-Complaint-Filed-7-30-2018.pdf>)

<https://patch.com/massachusetts/brookline/ag-healey-accuses-brookline-art-college-fraud-lawsuit> (<https://patch.com/massachusetts/brookline/ag-healey-accuses-brookline-art-college-fraud-lawsuit>)

- **State attorneys general investigations of EDMC**

EDMC SEC 10-K, 08-30-11:

“In December 2010, the Company received a subpoena from the Office of Consumer Protection of the Attorney General of the Commonwealth of Kentucky requesting documents and detailed information for the time period of January 1, 2008 through December 31, 2010. The Company has three Brown Mackie College locations in Kentucky. The Kentucky Attorney General has announced an investigation of the business practices of for-profit post-secondary schools and that subpoenas had been issued to six proprietary colleges that do business in Kentucky in connection with the investigation. The Company intends to continue to cooperate with the investigation. However, the Company cannot predict the eventual scope, duration or outcome of the investigation at this time. In October 2010, Argosy University received a subpoena from the Florida Attorney General’s office seeking a wide range of documents related to the Company’s institutions, including the nine institutions located in Florida, from January 2, 2006 to the present. The Florida Attorney General has announced that it is investigating potential misrepresentations in recruitment, financial aid and other areas. The Company is cooperating with the investigation, but has also filed a suit to quash or limit the subpoena and to protect information sought that constitutes proprietary or trade secret information. The Company cannot predict the eventual scope, duration or outcome of the investigation at this time. In August 2011, the Company received a subpoena from the Attorney General of the State of New York requesting documents and detailed information for the time period of January 1, 2000 through the present. The Art Institute of New York City is the Company’s only school located in New York. The subpoena is primarily related to the Company’s compensation of admissions representatives and recruiting activities. The relators in the Washington qui tam case filed the complaint under the State of New York’s False

Claims Act though the state has not announced an intention to intervene in the matter. The Company intends to cooperate with the investigation. However, the Company cannot predict the eventual scope, duration or outcome of the investigation at this time. In June 2007, The New England Institute of Art (“NEIA”) received a civil investigative demand letter from the Massachusetts State Attorney General requesting information in connection with the Attorney General’s review of alleged submissions of false claims by NEIA to the Commonwealth of Massachusetts and alleged unfair and deceptive student lending and marketing practices engaged in by the school. In February 2008, the Attorney General informed NEIA that it does not plan to further pursue its investigation of deceptive marketing practices. In June and August of 2011, the Company provided the Attorney General with additional information related to the false claims investigation. NEIA intends to fully cooperate with the Attorney General in connection with its continuing investigation.”

<http://www.sec.gov/Archives/edgar/data/880059/000119312511236734/d10k.htm>
 (<http://www.sec.gov/Archives/edgar/data/880059/000119312511236734/d10k.htm>)

Settlement of state attorneys general investigations, 11-16-15:

<http://migration.kentucky.gov/Newsroom/ag/edmc.htm> (<http://migration.kentucky.gov/Newsroom/ag/edmc.htm>)

http://ag.ky.gov/pdf_news/edmc-consent-judgment.pdf (http://ag.ky.gov/pdf_news/edmc-consent-judgment.pdf)

- **City Attorney of San Francisco settlement with EDMC**

“On June 17, 2014, the Company entered into an Assurance of Voluntary Compliance (the “Assurance”) with the City Attorney Under the Assurance, without admitting liability, the Company has agreed to pay the aggregate amount of approximately \$4.4 million, consisting of \$1.95 million to the City Attorney for fees and costs of the investigation and to carry out the purpose of the Assurance, \$1.6 million to fund a scholarship program for students who enrolled in The Art Institute of California – San Francisco or one of the California Art Institutes diploma or degree programs and did not obtain their diplomas or degrees and \$850,000 for an unrestricted scholarship program for students attending one of the California Art Institutes. As part of the Assurance, the California Art Institutes agreed to, among other things: disclosure to be provided, and prescribed calculation methods, for placement rates, actual or average salaries, graduation and completion rates, transfer rates, retention rates, cohort default rates, and percentage of enrollees who finish a diploma or undergraduate degree program earlier than the planned time for completion of the diploma or undergraduate degree program; disclosure to be provided related to financial aid; training of California Art Institutes employees involved in the collection of graduate employment information; provision of appropriate placement representative-to-student ratios at each of its schools and certain placement assistance services; termination of any employee who it is determined provided or attempted to provide materially false graduate employment information for inclusion in the placement data to be published by a California Art Institute; reporting of data to the City Attorney regarding compliance with the Assurance; hiring of an independent auditor to conduct an audit of placement rates; and maintenance of written records regarding compliance with the Assurance.”

<http://archive.fast-edgar.com//20140617/AD2Z7222Z22G62Z222A223ZVUV5ZZR2AL62/> (<http://archive.fast-edgar.com//20140617/AD2Z7222Z22G62Z222A223ZVUV5ZZR2AL62/>)

<http://www.sfgate.com/bayarea/article/SF-wins-4-4M-settlement-with-for-profit-art-5559635.php> (<http://www.sfgate.com/bayarea/article/SF-wins-4-4M-settlement-with-for-profit-art-5559635.php>)

- **Justice Department False Claims Act lawsuit against EDMC**

Justice Department statement, 10-08-11:

“The United States has intervened and filed a complaint in a whistleblower suit pending under the False Claims Act against Education Management Corp. (EDMC) and several affiliated entities, the Justice Department announced today. In its complaint, the government alleges that EDMC falsely certified compliance with provisions of federal law that prohibit a university from paying incentive-based compensation to its admissions recruiters that is tied to the number of students they recruit. Congress enacted the incentive compensation prohibition to curtail the practice of paying bonuses and commissions to recruiters, which resulted in the enrollment of unqualified students, high student loan default rates and the waste of program funds.” United States ex rel. Washington et al. v. Education Management Corp. et al., Civil No. 07-461 (W.D. Pa.)

<http://www.justice.gov/opa/pr/2011/August/11-civ-1026.html> (<http://www.justice.gov/opa/pr/2011/August/11-civ-1026.html>);

<http://www.nacacnet.org/issues-action/LegislativeNews/Documents/USAvEDMC.pdf> (<http://www.nacacnet.org/issues-action/LegislativeNews/Documents/USAvEDMC.pdf>)

Five states — California, Florida, Illinois, Indiana, and Minnesota — have joined the Justice Department as intervenors in the case based on their respective state false claims acts:

<https://www.sec.gov/Archives/edgar/data/880059/000088005913000067/edmc-20130930x10xq.htm>
 (<https://www.sec.gov/Archives/edgar/data/880059/000088005913000067/edmc-20130930x10xq.htm>)

<http://www.nacacnet.org/issues-action/LegislativeNews/Documents/USAvEDMC.pdf> (<http://www.nacacnet.org/issues-action/LegislativeNews/Documents/USAvEDMC.pdf>)

The district court has ruled on several motions in the case, granting in part and denying in part EDMC's motion to dismiss, and denying EDMC's motion for summary judgment.

<http://www.leagle.com/decision/In%20FDCO%2020120514973#sthash.boQXNwfd.dpuf>
(<http://www.leagle.com/decision/In%20FDCO%2020120514973#sthash.boQXNwfd.dpuf>)

[http://www.gibsondunn.com/publications/pages/Recent-Developments-Related-to-Litigation-Involving-the-Education-Sector\(July-2014\).aspx](http://www.gibsondunn.com/publications/pages/Recent-Developments-Related-to-Litigation-Involving-the-Education-Sector(July-2014).aspx)
([http://www.gibsondunn.com/publications/pages/Recent-Developments-Related-to-Litigation-Involving-the-Education-Sector\(July-2014\).aspx](http://www.gibsondunn.com/publications/pages/Recent-Developments-Related-to-Litigation-Involving-the-Education-Sector(July-2014).aspx))

http://www.gpo.gov/fdsys/pkg/USCOURTS-pawd-2_07-cv-00461/pdf/USCOURTS-pawd-2_07-cv-00461-8.pdf
(http://www.gpo.gov/fdsys/pkg/USCOURTS-pawd-2_07-cv-00461/pdf/USCOURTS-pawd-2_07-cv-00461-8.pdf)

EDMC response, SEC 10-Q, 11-01-13:

“The Company believes the case to be without merit and intends to vigorously defend itself.”

<https://www.sec.gov/Archives/edgar/data/880059/000088005913000067/edmc-20130930x10xq.htm>
(<https://www.sec.gov/Archives/edgar/data/880059/000088005913000067/edmc-20130930x10xq.htm>)

Settlement of False Claims Act lawsuits, 11-16-15:

Attorney General Loretta E. Lynch: “Operating essentially as a recruitment mill, EDMC's actions were not only a violation of federal law but also a violation of the trust placed in them by their students – including veterans and working parents – all at taxpayer expense.”

<http://www.justice.gov/opa/pr/profit-college-company-pay-955-million-settle-claims-illegal-recruiting-consumer-fraud-and>
(<http://www.justice.gov/opa/pr/profit-college-company-pay-955-million-settle-claims-illegal-recruiting-consumer-fraud-and>)

<http://chronicle.com/items/biz/pdf/EDMC%20Settlement%20Agreement.pdf>
(<http://chronicle.com/items/biz/pdf/EDMC%20Settlement%20Agreement.pdf>)

FastTrain College (school closed 2012)

“The FBI raided campuses of FastTrain College in Florida...”

<http://www.bizjournals.com/southflorida/news/2012/05/16/fbi-raids-fasttrain-college-offices.html>
(<http://www.bizjournals.com/southflorida/news/2012/05/16/fbi-raids-fasttrain-college-offices.html>)

- **U.S. Justice Department criminal prosecution of FastTrain president Alejandro Amor and three former staff for conspiracy and theft of government property**

<http://www.republicreport.org/wp-content/uploads/2014/10/amor-indictment-sd-fl-10-2-14.pdf> (<http://www.republicreport.org/wp-content/uploads/2014/10/amor-indictment-sd-fl-10-2-14.pdf>)

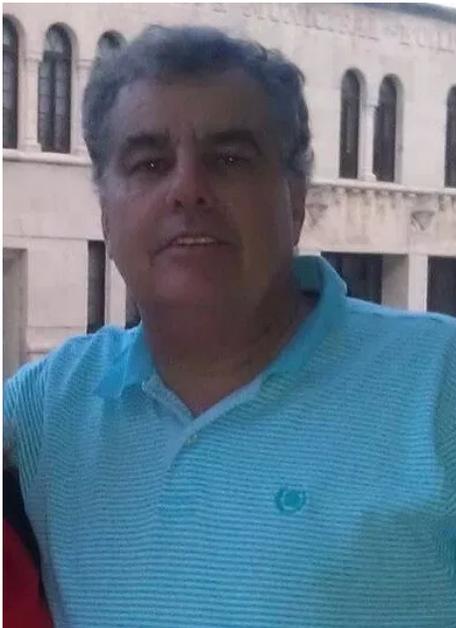
Guilty plea by Jose Gonzales:

<http://www.republicreport.org/wp-content/uploads/2015/10/gonzalez-proffer.pdf> (<http://www.republicreport.org/wp-content/uploads/2015/10/gonzalez-proffer.pdf>)

Guilty plea by Michael Grubbs:

<http://www.republicreport.org/wp-content/uploads/2015/10/grubbs-proffer.pdf> (<http://www.republicreport.org/wp-content/uploads/2015/10/grubbs-proffer.pdf>)

Guilty verdicts against Alejandro Amor and Anthony Mincey:



(<https://i2.wp.com/www.republicreport.org/wp-content/uploads/2014/10/amor.jpg>)

Alejandro Amor, former CEO, FastTrain

<http://www.miamiherald.com/news/local/community/broward/article43799037.html>

(<http://www.miamiherald.com/news/local/community/broward/article43799037.html>)

<http://www.bizjournals.com/southflorida/news/2015/11/25/former-owner-of-for-profit-college-convicted-of.html>

(<http://www.bizjournals.com/southflorida/news/2015/11/25/former-owner-of-for-profit-college-convicted-of.html>)

Amor sentenced to eight years in prison, 05/02/16:

<http://www.miamiherald.com/news/local/article75132977.html> (<http://www.miamiherald.com/news/local/article75132977.html>)

- **U.S. Justice Department and Florida Attorney General False Claims Act lawsuit against FastTrain**

<http://www.justice.gov/sites/default/files/usao-sdfl/legacy/2014/12/03/141203-01.FasttrainIICorpCaseComplaint.pdf>

(<http://www.justice.gov/sites/default/files/usao-sdfl/legacy/2014/12/03/141203-01.FasttrainIICorpCaseComplaint.pdf>)

<http://www.fbi.gov/miami/press-releases/2014/united-states-and-state-of-florida-file-complaint-against-defunct-for-profit-college-chain-and-its-president-for-false-claims-act-violations> (<http://www.fbi.gov/miami/press-releases/2014/united-states-and-state-of-florida-file-complaint-against-defunct-for-profit-college-chain-and-its-president-for-false-claims-act-violations>)

<http://www.miamiherald.com/news/local/education/article4260601.html> (<http://www.miamiherald.com/news/local/education/article4260601.html>)

U.S. District Court judgment against FastTrain for \$20 million in damages and civil penalties, 02-15-17:

“The student victims in this case were especially vulnerable. They were young people who, for whatever reasons, had not graduated high school. Realizing there are few jobs one can obtain without a high-school diploma or equivalent degree, they turned to FastTrain, hoping to learn marketable skills to improve their chances of making a decent living. FastTrain aggressively recruited these students, and then used fraud to make the Government think they were eligible for federal aid and loans. FastTrain bilked the Government out of millions of dollars, most of which ended up in Amor’s pockets. As for the student victims, many now carry debt that will be enormously difficult to pay off with what they can earn working the low-level jobs for which they are qualified. The effects of Amor’s fraudulent acts are thus abhorrent and far-reaching.”

<https://www.republicreport.org/wp-content/uploads/2017/02/FastTrain-SJ-order.pdf> (<https://www.republicreport.org/wp-content/uploads/2017/02/FastTrain-SJ-order.pdf>)

Flatiron Computer Coding School

- **New York Settlement With Flatiron Computer Coding School, 10-13-17**

New York attorney general press statement:

“Attorney General Eric T. Schneiderman today announced a \$375,000 settlement with Flatiron School, Inc. (“Flatiron”), a New York city-based coding school that operated without a license from the New York State Education Department (“SED”) and improperly marketed and promoted its job placement rate and the average starting salary of its graduates.”

<https://ag.ny.gov/press-release/ag-schneiderman-announces-375000-settlement-flatiron-computer-coding-school-operating> (<https://ag.ny.gov/press-release/ag-schneiderman-announces-375000-settlement-flatiron-computer-coding-school-operating>)

<http://www.nydailynews.com/new-york/manhattan/flatiron-coding-school-pay-375g-making-false-claims-article-1.3561462>
(<http://www.nydailynews.com/new-york/manhattan/flatiron-coding-school-pay-375g-making-false-claims-article-1.3561462>)

Florida Technical College

- U.S. Department of Justice False Claims Act Settlement with Florida Technical College, 01-31-18

“Florida Technical College, Inc. (“FTC”) will pay the United States \$600,000 to resolve False Claims Act allegations that FTC’s Cutler Bay Campus (“FTC-Cutler Bay”) falsely certified compliance with federal student aid programs’ eligibility requirements and submitted claims for 27 ineligible students....

The United States alleged that certain FTC-Cutler Bay employees engaged in fraudulent practices to induce students to enroll in the school. As a result of those admissions personnel, FTC submitted to the U.S. Department of Education false information regarding the eligibility of 27 FTC-Cutler Bay students to receive Title IV, HEA Program funds. Specifically, FTC-Cutler Bay employees provided false documentation that the students had a high school diploma or its recognized equivalent from a qualified secondary school, when the those students did not have such credential.

In providing such false documentation, FTC-Cutler Bay’s enrollment numbers were falsely increased, and consequently, the amount of federal dollars the school received also increased at the expense of taxpayers and students, who incurred long-term debt. FTC cooperated in the investigation and FTC no longer employs the admissions personnel or their managers involved.

The lawsuit was filed on March 8, 2016, by Laurie Astacio, a former administrative assistant in the FTC-Cutler Bay admissions office.”

<https://www.justice.gov/usao-sdfl/pr/florida-based-school-chain-pay-united-states-government-600000-submitting-false-claims>
(<https://www.justice.gov/usao-sdfl/pr/florida-based-school-chain-pay-united-states-government-600000-submitting-false-claims>)

<http://www.miamiherald.com/latest-news/article197664539.html> (<http://www.miamiherald.com/latest-news/article197664539.html>)

Globe University and Minnesota School of Business



(<https://i.wp.com/www.republicreport.org/wp-content/uploads/2014/04/terry-myhre-globe.png>)

Terry Myhre,
President, Globe
Education
Network

- **Minnesota attorney general lawsuit against Globe University and Minnesota School of Business**

Minnesota AG press release, July 22, 2014:

“Minnesota Attorney General Lori Swanson today filed a lawsuit against the Minnesota School of Business and Globe University—Minnesota corporations under common ownership—for misrepresenting the job opportunities available to their criminal justice graduates and misleading students about the transferability of their credits to other higher education institutions. Some students who enrolled at the schools were saddled with tens of thousands of dollars of debt without the ability afterwards to obtain jobs in their chosen career fields.”

<https://www.ag.state.mn.us/Office/PressRelease/20140722SchoolofBusiness.asp>
(<https://www.ag.state.mn.us/Office/PressRelease/20140722SchoolofBusiness.asp>)

Response from Globe: “The claims that our admissions practices and credit transfer policies are deceptive could not be further from the truth.”

<http://www.startribune.com/local/268141312.html> (<http://www.startribune.com/local/268141312.html>)

Amended complaint filed 03-20-15:

<http://republicreport.wpengine.com/wp-content/uploads/2015/06/2015.03.20-Amended-Complaint.pdf> (<http://republicreport.wpengine.com/wp-content/uploads/2015/06/2015.03.20-Amended-Complaint.pdf>)

Court decision finding Globe engaged in fraud:

<http://www.ag.state.mn.us/Office/PressRelease/20161101SchoolofBusiness.asp>
(<http://www.ag.state.mn.us/Office/PressRelease/20161101SchoolofBusiness.asp>)

<http://www.startribune.com/judge-globe-u-and-minnesota-school-of-business-committed-fraud-in-criminal-justice-programs/392801791/>
(<http://www.startribune.com/judge-globe-u-and-minnesota-school-of-business-committed-fraud-in-criminal-justice-programs/392801791/>)

Court decision ordering Globe to provide restitution to students who were enrolled in the school's criminal justice program:

<http://www.startribune.com/woodbury-for-profit-schools-ordered-to-offer-restitution-to-defrauded-students/409688145/>
(<http://www.startribune.com/woodbury-for-profit-schools-ordered-to-offer-restitution-to-defrauded-students/409688145/>)

- **Department of Education actions cutting off federal Title IV student grants and loans to Globe University and Minnesota School of Business**

Department letters 12-06-16:

"The Department's review ... establishes that: (1) Globe has been judicially determined to have committed fraud involving Title IV program funds; (2) Globe made substantial misrepresentations about the nature of its criminal justice program and the employability of the graduates of that program; and (3) Globe made substantial misrepresentations about its students' ability to transfer credits earned at Globe to other institutions. Consequently, Globe's application for recertification is denied. As a result of this denial of its recertification application, Globe is no longer eligible to participate in the Title IV programs, effective December 31, 2016."

<https://studentaid.ed.gov/sa/sites/default/files/globe-recert-denial.pdf> (<https://studentaid.ed.gov/sa/sites/default/files/globe-recert-denial.pdf>)

"The Department's review of the materials described above establishes that: (1) MSB has been judicially determined to have committed fraud involving Title IV program funds; (2) MSB made substantial misrepresentations about the nature of its criminal justice program and the employability of the graduates of that program; and (3) MSB made substantial misrepresentations about its students' ability to transfer credits earned at MSB to other institutions. Consequently, MSB's application for recertification is denied.

As a result of this denial of its recertification application, MSB is no longer eligible to participate in the Title IV programs, effective December 31, 2016."

<https://studentaid.ed.gov/sa/sites/default/files/msb-recert-denial.pdf> (<https://studentaid.ed.gov/sa/sites/default/files/msb-recert-denial.pdf>)

Grand Canyon University

- **Department of Education action regarding Grand Canyon**

Grand Canyon SEC 8-K, 08-29-11:

"on August 24, 2011, the University received from the Department of Education a written preliminary program review report that includes...

Incentive compensation issue. During a portion of the period under review, the University had in place a compensation plan for its enrollment counselors that was designed to comply with the regulatory "safe harbor" in effect during such period that allowed companies to make adjustments to fixed compensation for enrollment personnel, provided that any such adjustment (i) was not made more than twice during any twelve month period, and (ii) was not based solely on the number of students recruited, admitted, enrolled, or awarded financial aid. The plan at issue provided for enrollment counselor performance to be reviewed on a number of non-enrollment-related factors that could account for a substantial portion of any potential base compensation adjustment. The report does not appear to set forth any definitive finding regarding the plan, but the Department of Education has requested additional information from the University regarding its enrollment counselor compensation practices and policies in effect during the period under review. The University continues to believe that the plan at issue, both as designed and as applied, did not base compensation solely on success in enrolling students in violation of applicable law and will continue to communicate with the Department of Education to resolve this matter."

<https://www.sec.gov/Archives/edgar/data/1434588/000095012311080731/c21980e8vk.htm>
(<https://www.sec.gov/Archives/edgar/data/1434588/000095012311080731/c21980e8vk.htm>)

Department of Education spreadsheet entitled "School-Fine-Report":

Fines Imposed by Federal Student Aid in Fiscal Year 2013:

00107400 Grand Canyon University Phoenix AZ Prop Incentive Compensation \$1,750,000 9/27/13

<https://studentaid.ed.gov/sa/sites/default/files/School-Fine-Report.xls> (<https://studentaid.ed.gov/sa/sites/default/files/School-Fine-Report.xls>)

Hampton Roads Skills Center

Department of Justice investigation of Hampton Roads Skills Center

Department of Justice press release, 09-27-17:

“NEWPORT NEWS, Va. – A Suffolk man pleaded guilty yesterday to conspiring to defraud the Department of Veterans Affairs’ Post-9/11 GI Bill educational assistance program.

According to court documents, Kent Chillous, 55, is a veteran of the U.S. Navy who attended the Hampton Roads Skills Center (HRSC) utilizing Post-9/11 GI Bill funds. HRSC purported to be a welding training school offering vocational skills to its students, many of whom were veteran students whose tuition was funded by the Post-9/11 GI Bill. Rather than actually provide an education to students, however, HRSC did not provide regular instruction for any of their course offerings, either in a classroom lecture setting or a practical, hands-on setting. Moreover, the majority of students were not even physically present at HRSC during most of the hours their courses were purportedly held. Indeed, some students never once entered the HRSC building at any point during their period of enrollment.

According to court documents, Chillous was enrolled as an HRSC student between June 2016 and July 2017, during which time he did not receive welding instruction and was rarely, if ever, physically present at the school. Nonetheless, on the basis of his enrollment, the VA paid him a regular housing stipend and paid HRSC for Chillous’ tuition. Additionally, a few months after his enrollment at the school, Chillous and the school’s owner struck a deal for Chillous to recruit veterans to enroll in HRSC, to boost the GI Bill revenue coming into the school. Chillous was paid a recruitment fee of approximately 8% of the tuition HRSC would receive from the VA on behalf of each veteran he successfully enrolled. Over the next 10 months, Kent successfully recruited approximately 20 Post-9/11 GI Bill-eligible veterans to enroll at HRSC.

Chillous pleaded guilty to conspiracy to commit wire fraud and faces a maximum penalty of 20 years in prison when sentenced on January 11, 2018.”

<https://www.justice.gov/usao-edva/pr/suffolk-man-pleads-guilty-gi-bill-fraud-conspiracy> (<https://www.justice.gov/usao-edva/pr/suffolk-man-pleads-guilty-gi-bill-fraud-conspiracy>)

Harris School of Business

Department of Education letter to Harris School of Business, 06-29-15:

“Although the findings in this program review report identify serious concerns, this office has made a decision to close the review based on the length of time that has passed since the examination of those records, and Harris’ assertion that it has taken corrective actions.”

https://studentaid.ed.gov/sa/sites/default/files/fsawg/datacenter/library/FPRD/HarrisSchoolofBusiness_NJ_021040_06_29_2014_FPRD.pdf (https://studentaid.ed.gov/sa/sites/default/files/fsawg/datacenter/library/FPRD/HarrisSchoolofBusiness_NJ_021040_06_29_2014_FPRD.pdf)

Herguan University

Department of Homeland Security suspends ACICS-accredited Herguan from recruiting foreign students after CEO pled guilty to providing false documents to DHS.

<http://www.mercurynews.com/2016/10/06/feds-revoke-student-visas-to-silicon-valleys-herguan-university/> (<http://www.mercurynews.com/2016/10/06/feds-revoke-student-visas-to-silicon-valleys-herguan-university/>)

Herzing University

- **Minnesota attorney general lawsuit settlement with Herzing**

“Minnesota Attorney General Lori Swanson has announced a settlement with a Milwaukee-based, for-profit college to resolve allegations the school failed to obtain accreditation for one of its programs. Herzing University allegedly offered a two-year associate degree program in clinical medical assisting at its Crystal campus without obtaining accreditation from either the Accrediting Bureau of Health Education Schools or the Commission on Accreditation of Allied Health Education Programs. The lack of accreditation allegedly kept students from taking the Certified Medical Assistant exam in an effort to obtain the certification preferred by many employers.”

<http://legalnewsline.com/stories/510516627-minnesota-ag-settles-with-herzing-university> (<http://legalnewsline.com/stories/510516627-minnesota-ag-settles-with-herzing-university>)

Hosanna College of Health

- **Massachusetts attorney general lawsuit against Hosanna College of Health**

Complaint: <http://www.republicreport.org/wp-content/uploads/2016/02/Hosanna-Complaint.pdf> (<http://www.republicreport.org/wp-content/uploads/2016/02/Hosanna-Complaint.pdf>)

“The complaint, filed today in Suffolk Superior Court, alleges that since 2013, Hosanna College of Health and its two founding executives, Jackson Augustin and Michelle Desarmes, actively recruited students from the Boston area’s Haitian community to take nursing classes in Massachusetts. They also falsely promised that the education would allow them to easily pass the mandatory national board exam in nursing, become licensed nurses in Massachusetts, and obtain full-time, well-paid nursing jobs.... Hosanna is not licensed to offer classes or grant degrees in Massachusetts....The complaint alleges that, as of October 2015, less than 3 percent of Hosanna graduates had passed the national board exam in nursing.”

<http://www.mass.gov/ago/news-and-updates/press-releases/2016/ag-healey-sues-unlicensed-for-profit-school-for-deceiving-students-seeking-nursing-careers-.html> (<http://www.mass.gov/ago/news-and-updates/press-releases/2016/ag-healey-sues-unlicensed-for-profit-school-for-deceiving-students-seeking-nursing-careers-.html>)

“Rose Dennis, an academic dean at the college, denied in a phone interview that Hosanna was operating a school in Massachusetts. ‘Our courses are offered down here,’ she said, referring to Miramar, Fla. ‘Students have to travel here’”

“The lawsuit quotes students accusing Hosanna officials of threatening them if they filed complaints, including ‘threats to use Vodou, which in Haitian culture is akin to a death threat.’”

<https://www.bostonglobe.com/metro/2016/02/24/attorney-general-sues-unlicensed-nursing-school/5jkC5EKj9wyOQ3FQloG8cN/story.html>
(<https://www.bostonglobe.com/metro/2016/02/24/attorney-general-sues-unlicensed-nursing-school/5jkC5EKj9wyOQ3FQloG8cN/story.html>)

Settlement, Mass. AG press release 11-15-17:

“A for-profit nursing school must pay restitution and is permanently barred from holding classes in Massachusetts after operating without a license and misrepresenting its training programs to dozens of local students, Attorney General Maura Healey announced today.

Under the consent judgment, entered in Suffolk Superior Court, the Florida-based school – Hosanna College of Health, Inc. – will pay \$190,000 in restitution for eligible students who attended between 2013 and 2015, and cannot collect any outstanding tuition payments from students who took in-person classes in Massachusetts.”

InfiLaw Holding, LLC (Charlotte School of Law, Florida Coastal School of Law and Arizona Summit Law School)

- **Department of Education action cutting off federal student aid to Charlotte School of Law, 12-19-16:**

“The Department’s review established that CSL substantially misrepresented to students and prospective students the ‘nature and extent’ of CSL’s accreditation and the ‘appropriateness of its courses and programs to the employment objectives that it states its programs are designed to meet.’”

<https://studentaid.ed.gov/sa/sites/default/files/csl-recert-denial.pdf> (<https://studentaid.ed.gov/sa/sites/default/files/csl-recert-denial.pdf>)

Department of Education letter providing conditions for reinstatement of federal aid, 07-27-17:

http://www.abajournal.com/files/Charlotte_Conditions_for_Reinstatement.pdf
(http://www.abajournal.com/files/Charlotte_Conditions_for_Reinstatement.pdf)

- **Department of Justice criminal investigation of Charlotte School of Law:**

<http://www.charlotteobserver.com/news/local/crime/article169880252.html>
(<http://www.charlotteobserver.com/news/local/crime/article169880252.html>)

- **North Carolina attorney general investigation of Charlotte School of Law:**

Letter from the office of North Carolina attorney general Josh Stein to U.S. Secretary of Education Betsy DeVos:

<http://media2.newsobserver.com/content/media/2017/4/28/2017.04.12%20Ltr%20to%20Betsy%20DeVos%20re%20CSL.PDF>
(<http://media2.newsobserver.com/content/media/2017/4/28/2017.04.12%20Ltr%20to%20Betsy%20DeVos%20re%20CSL.PDF>)

<https://www.nytimes.com/2017/05/12/business/dealbook/for-profit-charlotte-law-school-is-subject-of-north-carolina-inquiry.html>
(<https://www.nytimes.com/2017/05/12/business/dealbook/for-profit-charlotte-law-school-is-subject-of-north-carolina-inquiry.html>)

ITT Educational Services (ITT Tech) (company ceased operations 09-16-16)

https://www.sec.gov/Archives/edgar/data/922475/000092247516000086/form8_k.htm
(https://www.sec.gov/Archives/edgar/data/922475/000092247516000086/form8_k.htm)



(<https://i2.wp.com/www.republicreport.org/wp-content/uploads/2014/04/modanyTV.jpg>)

Kevin Modany, former CEO, ITT Educational Services

- **State attorneys general investigation of ITT**

ITT SEC 8-K, 01-27-14:

“ITT Educational Services, Inc. (the “Company”) announced that it has received subpoenas and/or civil investigative demands (collectively, the “CIDs”) from the Attorneys General of Arkansas, Arizona, Connecticut, Idaho, Iowa, Kentucky, Missouri, Nebraska, North Carolina, Oregon, Pennsylvania and Washington under the authority of each state’s consumer protection statutes. The Attorney General of the Commonwealth of Kentucky has informed the Company that it will serve as the point of contact for the multistate group to respond to questions relating to the CIDs. The CIDs contain broad requests for information and the production of documents related to the Company’s students and the Company’s practices, including marketing and advertising, recruitment, financial aid, academic advising, career services, admissions, programs, licensure exam pass rates, accreditation, student retention, graduation rates and job placement rates, as well as many other aspects of the Company’s business. The Company believes that several other companies in the proprietary postsecondary education sector have received similar CIDs. The Company intends to cooperate with the Attorneys General of the states involved.”

https://www.sec.gov/Archives/edgar/data/922475/000092247514000004/form8_k.htm

(https://www.sec.gov/Archives/edgar/data/922475/000092247514000004/form8_k.htm)

ITT SEC 10-Q, 06-12-15:

“In January, February, April and May 2014, and in February, March and June 2015, we received subpoenas and/or CIDs from the Attorneys General of Arkansas, Arizona, Colorado, Connecticut, Hawaii, Idaho, Iowa, Kentucky, Maryland, Minnesota, Missouri, Nebraska, North Carolina, Oregon, Pennsylvania, Tennessee, Washington and the District of Columbia under the authority of each state’s consumer protection statutes. The Attorney General of the Commonwealth of Kentucky has informed us that it will serve as the point of contact for the multistate group to respond to questions relating to the subpoenas and CIDs. The subpoenas and CIDs contain broad requests for information and the production of documents related to our students and practices, including marketing and advertising, recruitment, financial aid, academic advising, career services, admissions, programs, licensure exam pass rates, accreditation, student retention, graduation rates and job placement rates, as well as many other aspects of our business. We believe that several other companies in the proprietary postsecondary education sector have received similar subpoenas and CIDs. We are cooperating with the Attorneys General of the states involved. The ultimate outcome of the state Attorneys General investigation, however, could have a material adverse effect on our financial condition, results of operations and/or cash flows.”

<http://www.sec.gov/Archives/edgar/data/922475/000119312515221226/d935543d10q.htm>

(<http://www.sec.gov/Archives/edgar/data/922475/000119312515221226/d935543d10q.htm>)

- **Civil complaint filed by New Mexico Attorney General against ITT, 02-26-14**

“This action seeks to redress on behalf of the public in New Mexico unlawful business practices by Defendant ITT Educational Services, Inc. d/b/a ITT Technical Institute. Defendant, in the course of operating a for-profit education business made misrepresentations, violated New Mexico law, and engaged in unfair, deceptive, and unconscionable acts and practices in violation of New Mexico’s Unfair Practices Act (“UPA”) in connection with the advertising, marketing, and selling of educational services to New Mexico consumers.”

http://www.insidehighered.com/sites/default/server_files/files/New%20Mexico%20ITT%20complaint.pdf

(http://www.insidehighered.com/sites/default/server_files/files/New%20Mexico%20ITT%20complaint.pdf)

- **Civil complaint filed by Massachusetts attorney general against ITT, 03-31-16**

ITT SEC 10-Q, 06-12-15:

“On October 30, 2012, we received a Civil Investigative Demand (“CID”) from the Massachusetts Office of the Attorney General (“MAG”). The MAG’s CID provides that the MAG is investigating allegations that we may have violated Massachusetts General Laws, Chapter 93A, Section 2(a) by “engaging in unfair or deceptive practices in connection with marketing and advertising job placement and student outcomes, the recruitment of students, and the financing of

education.” The MAG’s CID contains broad requests for production of documents related to our students in Massachusetts, including the financial aid available to those students, our recruitment of those students, the career services that we offer to those students, our marketing and advertising, the retention and graduation rates of those students and many other aspects of our business. We are cooperating with the MAG in its investigation, and we have provided documentation, communications and other information to the MAG in response to the CID. We believe that our acts and practices relating to our students in Massachusetts are lawful. There can be no assurance, however, that the ultimate outcome of the MAG investigation will not have a material adverse effect on our financial condition, results of operations and/or cash flows.”

<http://www.sec.gov/Archives/edgar/data/922475/000119312515221226/d935543d10q.htm>

(<http://www.sec.gov/Archives/edgar/data/922475/000119312515221226/d935543d10q.htm>)

Complaint:

“The Commonwealth of Massachusetts, by and through its Attorney General Maura Healey, brings this enforcement action in the public interest pursuant to the Massachusetts Consumer Protection Act, G. L. c. 93A, § 4. The Commonwealth seeks restitution, including the return of tuition and fees acquired by Defendant ITT Educational Services, Inc. (“ITT”) from students induced by ITT’s unfair or deceptive acts or practices to enroll in the Computer Network Systems program at either of the two ITT Technical Institute Massachusetts campuses,¹ and civil penalties of \$5,000 per violation. The complaint also seeks injunctive relief to remedy and prevent additional harm arising from ITT’s unfair or deceptive acts or practices, together with the costs of investigating and prosecuting this action, including reasonable attorneys’ fees....

From 2010 through at least May 2013, ITT deceived and misled consumers and prospective students in order to aggressively enroll students in the Computer Network Systems program.”

<http://www.republicreport.org/wp-content/uploads/2016/04/MA-v-ITT.pdf> (<http://www.republicreport.org/wp-content/uploads/2016/04/MA-v-ITT.pdf>)

- **SEC lawsuit against ITT, chief executive officer Kevin Modany, and chief financial officer Daniel Fitzpatrick.**

ITT SEC 10-K 02-22-13:

“On February 8, 2013, we received a subpoena from the SEC. In a letter accompanying the subpoena, the SEC states that it is conducting an investigation of us. The SEC’s subpoena requests the production of documents and communications that, among other things, relate to our actions and accounting associated with: (a) agreements that we entered into with an unaffiliated entity on February 20, 2009 (the “2009 Entity”) to create a program that made private education loans available to our students to help pay the students’ cost of education that student financial aid from federal, state and other sources did not cover (the “2009 Loan Program”), including, without limitation, a risk sharing agreement that we entered into with the 2009 Entity pursuant to which we guarantee the repayment of the principal amount (including capitalized origination fees) and accrued interest payable on any private education loans that are charged off above a certain percentage of the private education loans made under the 2009 Loan Program, based on the annual dollar volume (the “2009 RSA”); and (b) agreements that we entered into with unrelated parties on January 20, 2010 to create a program, called the PEAKS Private Student Loan Program, that made private education loans available to our students to help pay the students’ cost of education that student financial aid from federal, state and other sources did not cover (the “PEAKS Program”), pursuant to which: • an unaffiliated lender originated private education loans to our eligible students and, subsequently, sold those loans to an unaffiliated trust that purchased, owns and collects private education loans (the “PEAKS Trust”); • the PEAKS Trust issued senior debt in the aggregate principal amount of \$300.0 million (the “PEAKS Senior Debt”) to investors; and • we guarantee payment of the principal, interest and, prior to February 2013, certain call premiums owed on the PEAKS Senior Debt, the administrative fees and expenses of the PEAKS Trust and the required ratio of assets of the PEAKS Trust to outstanding PEAKS Senior Debt (the “PEAKS Guarantee”). We are cooperating with the SEC in its investigation. There can be no assurance, however, that the ultimate outcome of the SEC investigation will not have a material adverse effect on our financial condition or results of operations.”

<https://www.sec.gov/Archives/edgar/data/922475/000119312513071683/d444611d10k.htm>

(<https://www.sec.gov/Archives/edgar/data/922475/000119312513071683/d444611d10k.htm>)

ITT SEC 10-K 09-18-14:

“On August 7, 2014, the Company received a notice from the staff of the Division of Enforcement (the “Staff”) of the SEC, notifying the Company that the Staff had made a preliminary determination to recommend that the SEC file an enforcement action against the Company (a “Wells Notice”). According to the Staff, the enforcement action would allege violations of Sections 10(b), 13(a) and 13(b)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Rules 10b-5, 12b-20, 13a-1, 13a-11, 13a-13 and 13a-15 under the Exchange Act. The SEC’s notice said that the Staff’s recommendation may:

- involve a civil injunctive action, public administrative proceeding and/or cease-and-desist proceeding against us; and
- seek remedies that include an injunction, a cease-and-desist order and monetary relief, including civil monetary penalties.

... the Company made a submission to the Staff in response to the Wells Notice setting forth why no action should be commenced against the Company. The Company intends to also continue to discuss these issues with the SEC.... [T]he Company intends to defend itself vigorously against any legal action taken against it by the SEC...”

https://www.sec.gov/Archives/edgar/data/922475/000092247514000030/form8_k.htm
 (https://www.sec.gov/Archives/edgar/data/922475/000092247514000030/form8_k.htm)

SEC civil complaint filed 05-12-15:

“Beginning no later than the second quarter of 2012, ITT Educational Services, Inc. (“ITT”), an operator of for-profit colleges, its chief executive officer Kevin M. Modany, and its chief financial officer Daniel M. Fitzpatrick (collectively, the “Defendants”), engaged in a fraudulent scheme and course of business and made various false and misleading statements and omissions to defraud ITT’s investors by concealing the extraordinary failure of two off-balance sheet student loan programs, and the looming effect of that failure on ITT’s financial condition.”

<http://www.sec.gov/litigation/complaints/2015/comp-pr2015-86.pdf> (<http://www.sec.gov/litigation/complaints/2015/comp-pr2015-86.pdf>)

SEC press release:

“The SEC alleges that the national operator of for-profit colleges and the two executives fraudulently concealed from ITT’s investors the poor performance and looming financial impact of two student loan programs that ITT financially guaranteed.”

<http://www.sec.gov/news/pressrelease/2015-86.html> (<http://www.sec.gov/news/pressrelease/2015-86.html>)

Order, United States District Court for the Southern District of Indiana, 05-16-17:

“A settlement has been reached in this action.”

<https://www.republicreport.org/wp-content/uploads/2017/06/SEC-ITT-settlement.pdf> (<https://www.republicreport.org/wp-content/uploads/2017/06/SEC-ITT-settlement.pdf>)

SEC settlement with ITT, 07-03-17:

<https://www.republicreport.org/wp-content/uploads/2017/08/ITT-SEC-settle-6-30-17.pdf> (<https://www.republicreport.org/wp-content/uploads/2017/08/ITT-SEC-settle-6-30-17.pdf>)

SEC commissioners reject settlement with Modany and Fitzpatrick, 08-11-17:

<https://www.republicreport.org/wp-content/uploads/2017/08/SEC-ITT-notice-08-11-17.pdf> (<https://www.republicreport.org/wp-content/uploads/2017/08/SEC-ITT-notice-08-11-17.pdf>)

SEC settlement with Modany and Fitzpatrick, 07-06-18:

“The court’s judgments, entered today:

Barred each of them from serving as officers and directors of public companies for five years

Ordered Modany and Fitzpatrick to pay penalties of \$200,000 and \$100,000, respectively....”

<https://www.sec.gov/news/press-release/2018-129> (<https://www.sec.gov/news/press-release/2018-129>)

- **Department of Education actions regarding ITT**

SEC 8-K 09-18-14:

“[O]n August 21, 2014, the ED informed the Company that the ED had determined that the Company’s institutions are not financially responsible, a determination based solely on [a] missed submission deadline, and not on an assessment of the Company’s financial condition. Based on this determination, the ED, among other things: required the Company’s institutions to submit a letter of credit payable to the ED in the amount of \$79,707,879; placed the Company’s institutions on heightened cash monitoring for the receipt of Title IV Program funds, instead of the ED’s standard advance payment method

https://www.sec.gov/Archives/edgar/data/922475/000092247514000030/form8_k.htm
 (https://www.sec.gov/Archives/edgar/data/922475/000092247514000030/form8_k.htm)

Department letter to ITT, 10/20/15:

“[F]acts demonstrate a failure by ITT to meet its fiduciary obligations, to properly and timely reconcile Title IV program funds as per the regulations and Federal Student Aid guidance, and to meet the standards of administrative capability required of institution’s [sic] participating in Title IV, HEA funds.... As a result ... and as a condition of remaining on the HCMI payment method, the Department is requiring ITT to take additional steps to identify unearned Title IV HEA funds under ITT’s control, and provide additional documentation to the Department regarding Title IV, HEA funds administered and drawn by ITT on behalf of its students.”

<http://www.republicreport.org/wp-content/uploads/2015/06/ED-ltr-to-ITT-10-19-2015.pdf> (<http://www.republicreport.org/wp-content/uploads/2015/06/ED-ltr-to-ITT-10-19-2015.pdf>)

Department letter to ITT, 06/06/16:

Notice of Intent to Increase ITT Educational Services, Inc. Surety Held by the U.S. Department of Education

“On April 22, 2016, ED received notification that ITT Technical Institute—a subsidiary of ITT Educational Services—located in Indianapolis, IN, and Spokane Valley, WA, received a Show-Cause Directive Letter on April 20, 2016, from the Accrediting Council for Independent Colleges and Schools (ACICS). ACICS’ letter stated that a number of actions called into question ITT’s administrative capacity, organizational integrity, financial viability and ability to serve students in a manner that complies with ACICS standards.

Due to the seriousness of the issuance of a Show Cause letter and the issues noted by ACICS, ED issued a letter dated June 6, 2016, to ITT Educational Services, Inc. requiring ITT to increase its surety on file with ED from 10% to 20% of the total Title IV funding received in its most recent fiscal year ended December 31, 2015. (A surety is used to cover certain liabilities if a school closes at a time other than at the end of an academic period. Funds from the surety

could be used to make refunds, provide teach-out facilities, and meet institutional obligations to ED.) As a result, the current surety amount held by ED must increase by \$43,938,303 from \$79,707,879 to \$123,646,182.”

<https://studentaid.ed.gov/sa/about/announcements/itt> (<https://studentaid.ed.gov/sa/about/announcements/itt>)

<https://studentaid.ed.gov/sa/sites/default/files/itt-notification.pdf> (<https://studentaid.ed.gov/sa/sites/default/files/itt-notification.pdf>)

https://www.sec.gov/Archives/edgar/data/922475/000092247516000070/form8_k.htm

(https://www.sec.gov/Archives/edgar/data/922475/000092247516000070/form8_k.htm)

Department press release re letter to ITT, 08/25/16:

“As outlined in a letter (<http://www2.ed.gov/documents/press-releases/itt-letter-08252016.pdf>) sent by the Department to ITT, the school will no longer be allowed to participate in Title IV except under the following conditions:

- **Enrollment restrictions:** ITT may no longer enroll new students who rely on federal financial aid dollars for educational expenses;
- **Disclosures to Students:** ED is requiring ITT to inform current students that its accreditor has found that the institution is not in compliance, and is unlikely to become in compliance with its Accreditation Criteria;
- **Compensation and Payment Limitations:** ITT is prohibited from awarding raises, paying bonuses or making retention or severance payments to its executives or to paying special dividends or out of the ordinary expenditures without department approval;
- **Notification of Financial Events requirements:** ITT must inform the Department of any significant financial or oversight events including violations of existing loan agreements or extraordinary financial losses within ten days of such events; and
- **Title IV payment method requirements (Heightened Cash Monitoring 2)** (<https://studentaid.ed.gov/sa/about/data-center/school/hcm>): ITT is required to use its own funds to initially cover Title IV aid disbursements for current students. The Department will reimburse funds to ITT after aid is disbursed to students.

Additionally, within 30 days, ITT is required to increase its existing surety from \$94,353,980 to \$247,292,364, or 40 percent of all Title IV aid the school received in 2015 payable in full. Surety funds are held by the Department in a Federal Holding Account and are used to reimburse the Department for liabilities related to the investigations, including student refunds, student loan cancellations and other expenses if ITT closes campuses.

Finally, ITT is required to develop teach-out agreements with other colleges that provide students with opportunities to complete their studies. Teach-out agreements are developed in the event an institution, or an institutional location, ceases operations before all enrolled students have completed their program of study.”

<http://www.ed.gov/news/press-releases/department-education-bans-itt-enrolling-new-title-iv-students-adds-tough-new-financial-oversight>

(<http://www.ed.gov/news/press-releases/department-education-bans-itt-enrolling-new-title-iv-students-adds-tough-new-financial-oversight>)

<https://studentaid.ed.gov/sa/sites/default/files/itt-notification-aug-25.pdf> (<https://studentaid.ed.gov/sa/sites/default/files/itt-notification-aug-25.pdf>)

- **Consumer Financial Protection Bureau lawsuit against ITT, filed 02-26-14**

“ITT subjected consumers to undue influence or coerced them into taking out ITT Private Loans through a variety of unfair acts and practices designed to interfere with the consumers’ ability to make informed, uncoerced choices.”

http://republicreport.wpengine.com/wp-content/uploads/2014/02/cfpb_complaint_ITT.pdf (http://republicreport.wpengine.com/wp-content/uploads/2014/02/cfpb_complaint_ITT.pdf)

- **Justice Department False Claims Act investigation of ITT**

ITT SEC 8-K 09-21-15:

“The Company announced that it has received a Civil Investigative Demand (“CID”) from the U.S. Department of Justice (“DOJ”). The CID provides that the purpose of the investigation is “to determine whether there is or has been a violation of [the False Claims Act]” and is “focused on whether [the Company] knowingly submitted false statements in violation of the Department of Education’s Program Participation Agreement regulations.” The CID contains requests for production of documents and answers to interrogatories which the Company believes are principally related to the Company’s compliance with the U.S. Department of Education’s compensation regulations. The Company believes that its practices with respect to compensation matters are in compliance with applicable laws and regulations, and is cooperating with the DOJ in responding to the CID.”

https://www.sec.gov/Archives/edgar/data/922475/000092247515000033/form8_k.htm

(https://www.sec.gov/Archives/edgar/data/922475/000092247515000033/form8_k.htm)

ITT SEC 8-K 01-21-16:

“As previously disclosed in September 2015, ITT Educational Services, Inc. (the “Company”) received a Civil Investigative Demand (“CID”) from the U.S. Department of Justice (“DOJ”). The Company believed that the CID was principally related to the Company’s compliance with the U.S. Department of Education’s compensation regulations and likely related to a sealed qui tam action. On January 15, 2016, the United States District Court for the Middle District of Florida issued an order unsealing the underlying qui tam case, revealing that the DOJ has declined to intervene in the qui tam action. Accordingly, the DOJ has closed its investigation of the Company. The court also ordered that the qui tam False Claims Act complaint, which was

filed by a former disgruntled employee, be served on defendants ITT Educational Services, Inc. and ITT Technical Institute. The qui tam False Claims Act complaint alleges, among other things, that the defendants violated the False Claims Act by receiving Title IV federal financial aid in violation of various Title IV rules and regulations, and also asserts a claim of retaliation. The complaint has not been served on the defendants. The Company vehemently denies the allegations in the qui tam action and intends to vigorously defend itself against those claims.”

http://www.sec.gov/Archives/edgar/data/922475/000092247516000041/form8_k.htm
(http://www.sec.gov/Archives/edgar/data/922475/000092247516000041/form8_k.htm)

[False Claims Act complaint against ITT (Justice Department declined to join):

<http://www.republicreport.org/wp-content/uploads/2016/01/Lipscomb-v-ITT.pdf> (<http://www.republicreport.org/wp-content/uploads/2016/01/Lipscomb-v-ITT.pdf>)

Kaplan Higher Education, Graham Holdings (Kaplan University) (In 2018, Graham Holdings transferred ownership of Kaplan University to public Purdue University, and the new non-profit school was renamed Purdue University Global. Graham Holdings continues to operate many aspects of the school under a contract with Purdue. In 2015, Graham Holdings sold Kaplan College to Education Corporation of America, which renamed the schools Brightwood College.)



(<https://i1.wp.com/www.republicreport.org/wp-content/uploads/2015/05/dgraham.jpg>)

Donald Graham, chairman, Graham Holdings

- **Delaware attorney general investigation of Kaplan**

Washington Post Company SEC 10-K, 02-29-12:

“On July 20, 2011, Kaplan Higher Education Corporation received a subpoena from the Office of the Attorney General of the State of Delaware. The demand primarily sought information pertaining to Kaplan University’s online and KHE Campuses’ students who are residents of Delaware. KHE has cooperated with the Delaware Attorney General and provided the information requested in the subpoena. KHE also may receive further requests for information from the Delaware Attorney General.”

<http://www.sec.gov/Archives/edgar/data/104889/000010488912000006/d10k.htm>
(<http://www.sec.gov/Archives/edgar/data/104889/000010488912000006/d10k.htm>)

- **Florida attorney general investigation of Kaplan**

Washington Post Company SEC 10-K, 02-29-12:

“On October 21, 2010, Kaplan Higher Education Corporation received a subpoena from the office of the Florida Attorney General. The subpoena sought information pertaining to the online and on-campus schools operated by KHE in and outside of Florida. KHE has cooperated with the Florida Attorney General and provided the information requested in the subpoena. KHE also may receive further requests for information from the Florida Attorney General. The Company cannot predict the outcome of this inquiry.”

<http://www.sec.gov/Archives/edgar/data/104889/000010488912000006/d10k.htm> (http://articles.sun-sentinel.com/2012-10-31/news/fl-keiser-attorney-general-20121031_1_federal-student-kaplan-university-keiser-university) http://articles.sun-sentinel.com/2012-10-31/news/fl-keiser-attorney-general-20121031_1_federal-student-kaplan-university-keiser-university (http://articles.sun-sentinel.com/2012-10-31/news/fl-keiser-attorney-general-20121031_1_federal-student-kaplan-university-keiser-university) (10-31-12)

Florida Attorney General News Release, June 17, 2014:

“Attorney General Pam Bondi today announced that her office has entered an Assurance of Voluntary Compliance (AVC) with Kaplan Higher Education, Kaplan Higher Education Campuses, and Kaplan University. The agreement follows the office’s investigation, with which Kaplan cooperated, into the school’s enrollment and marketing practices and allegations that students were misled by marketing claims. Under the agreement, the school must clearly and conspicuously disclose true and accurate information relating to the school’s accreditation, program costs (including the cost of taking any licensing or certification exams required to practice in Florida), financial aid and the scope and nature of employment services they provide. During the course of the

investigation, Kaplan voluntarily waived tuition and fees for more than 2,400 Florida students at a cost of more than \$6,000,000. Kaplan has also agreed to offer retraining to eligible students and establish an expedited arbitration process for students who have asserted claims against the school. The AVC details and requires Kaplan to reimburse the Attorney General's Office for attorney's fees and costs."

<http://www.myfloridalegal.com/newsrel.nsf/newsreleases/89E733424AECF53985257CFA00690F74>

(<http://www.myfloridalegal.com/newsrel.nsf/newsreleases/89E733424AECF53985257CFA00690F74>)

[http://myfloridalegal.com/webfiles.nsf/WF/JMEE-9L6QDA/\\$file/KaplanAVC.pdf](http://myfloridalegal.com/webfiles.nsf/WF/JMEE-9L6QDA/$file/KaplanAVC.pdf) ([http://myfloridalegal.com/webfiles.nsf/WF/JMEE-9L6QDA/\\$file/KaplanAVC.pdf](http://myfloridalegal.com/webfiles.nsf/WF/JMEE-9L6QDA/$file/KaplanAVC.pdf))

- **Illinois attorney general investigation of Kaplan**

Washington Post Company SEC 10-K, 03-02-11:

"On February 7, 2011, Kaplan Higher Education Corporation received a Civil Investigative Demand from the Office of the Attorney General of the State of Illinois. The demand primarily seeks information pertaining to Kaplan University online students who are residents of the State of Illinois. Kaplan Higher Education is currently reviewing the demand and intends to cooperate with the inquiry."

<http://www.sec.gov/Archives/edgar/data/104889/000119312511053497/d10k.htm>

(<http://www.sec.gov/Archives/edgar/data/104889/000119312511053497/d10k.htm>)

- **Massachusetts attorney general investigation of Kaplan**

Washington Post Company SEC 10-K, 03-02-11:

"On April 30, 2011, Kaplan Higher Education Corporation received a Civil Investigative Demand from the Office of the Attorney General of the State of Massachusetts. The demand primarily sought information pertaining to KHE Campuses' students who are residents of Massachusetts. KHE has cooperated with the Massachusetts Attorney General and provided the requested information. KHE also may receive further requests for information from the Massachusetts Attorney General."

<http://www.sec.gov/Archives/edgar/data/104889/000119312511053497/d10k.htm>

(<http://www.sec.gov/Archives/edgar/data/104889/000119312511053497/d10k.htm>)

<http://www.boston.com/news/local/massachusetts/2013/02/04/attorney-general-martha-coakley-investigating-more-than-for-profit-schools-massachusetts/v5qTyei1UC1o2yHzKqVfXO/story.html> (<http://www.boston.com/news/local/massachusetts/2013/02/04/attorney-general-martha-coakley-investigating-more-than-for-profit-schools-massachusetts/v5qTyei1UC1o2yHzKqVfXO/story.html>) (02-03-13)

Graham Holdings Company SEC 10-Q, 11-05-14:

"On April 30, 2011, Kaplan Higher Education Corporation received a Civil Investigative Demand from the Office of the Attorney General of the State of Massachusetts. The demand primarily sought information pertaining to KHE's nationally accredited campuses in Massachusetts known as the Charlestown and Kenmore Square campuses. Both of those campuses closed in 2013. KHE has cooperated with the Massachusetts Attorney General and provided the requested information, as well as additional information requested in 2012 and 2013. In October 2014, the Attorney General's office sent Kaplan a "notice of intention to file" a lawsuit letter under section 93A of the Massachusetts consumer fraud statute. The letter outlined 12 allegations against the Charlestown and Kenmore Square campuses. The Company cannot predict the outcome of this inquiry or any possible litigation."

<http://www.sec.gov/Archives/edgar/data/104889/000010488914000054/d10q.htm>

(<http://www.sec.gov/Archives/edgar/data/104889/000010488914000054/d10q.htm>)

Settlement –

Court filing, 07-23-15:

<http://www.republicreport.org/wp-content/uploads/2015/07/Kaplan-settlement.pdf> (<http://www.republicreport.org/wp-content/uploads/2015/07/Kaplan-settlement.pdf>)

Press release from Massachusetts attorney general Healey, 07-30-15:

"Under the settlement with Kaplan Higher Education, LLC – which owned Kaplan Career Institute schools in Massachusetts – a total of \$1.375 million will be distributed to eligible graduates of the school's medical vocational programs, through paying off a portion or all of the students' federal student loan debt. Kaplan has closed the school and no longer operates any Kaplan Career Institute schools in Massachusetts.

Students who attended these programs largely entered them in hopes of obtaining employment in the medical field. According to the AG's investigation, Kaplan induced enrollment of students at the school with harassing sales tactics and misleading representations in its recruitment materials concerning its educational program and employment.

Students reported to the Attorney General's Office that the job listings provided by Kaplan were from publicly available resources and that Kaplan did not provide any special services or programs to assist students and graduates in their job search.

As part of the settlement, Kaplan is also required to give notice to the AG's Office before attempting to open or re-open any for-profit school campuses in Massachusetts."

<http://www.mass.gov/ago/news-and-updates/press-releases/2015/2015-07-30-for-profit-schools-settlements.html> (<http://www.mass.gov/ago/news-and-updates/press-releases/2015/2015-07-30-for-profit-schools-settlements.html>)

- **North Carolina attorney general investigation of Kaplan**

"Kaplan College's Charlotte campus has surrendered its license to operate a dental assistant program following allegations that its officials lied to students about the credentials they'd receive after graduating."

<http://web.archive.org/web/20120402031850/http://www.charlotteobserver.com/2012/02/01/2974937/college-reimburses-students-after.html> (<http://web.archive.org/web/20120402031850/http://www.charlotteobserver.com/2012/02/01/2974937/college-reimburses-students-after.html>) (02-01-12)

- **Justice Department False Claims Act cases against Kaplan**

Justice Department statement, 01-05-15:

"Kaplan Higher Education ('Kaplan'), a leading for-profit education company with campuses located throughout the country, will pay roughly \$1.3 million under a civil settlement with the United States Department of Justice. The settlement resolves whistleblower allegations that the company employed unqualified instructors at its campuses in Texas, Acting U.S. Attorney Richard L. Durbin, Jr. announced today."

<http://www.justice.gov/usao-wdtx/pr/profit-college-kaplan-refund-federal-financial-aid-under-settlement-united-states> (<http://www.justice.gov/usao-wdtx/pr/profit-college-kaplan-refund-federal-financial-aid-under-settlement-united-states>)

<https://www.republicreport.org/wp-content/uploads/2017/05/coleman-kaplan-settlement.pdf> (<https://www.republicreport.org/wp-content/uploads/2017/05/coleman-kaplan-settlement.pdf>)

Graham Holdings SEC 10-K, 02-27-15:

"On or about January 17, 2008, an Assistant U.S. Attorney in the Civil Division of the U.S. Attorney's Office for the Eastern District of Pennsylvania contacted KHE's Broomall campus and made inquiries about the Surgical Technology program, including the program's eligibility for Title IV U.S. Federal financial aid, the program's student loan defaults, licensing and accreditation. Kaplan responded to the information requests and fully cooperated with the inquiry. The ED also conducted a program review at the Broomall campus, and Kaplan likewise cooperated with the program review. On July 22, 2011, the U.S. Attorney's Office for the Eastern District of Pennsylvania announced that it had entered into a comprehensive settlement agreement with Kaplan that resolved the U.S. Attorney's inquiry, provided for the conclusion of the ED's program review and also settled a previously sealed U.S. Federal False Claims Act (False Claims Act) complaint that had been filed by a former employee of the CHI-Broomall campus. The total amount of all required payments by Broomall under the agreements was \$1.6 million. Pursuant to the comprehensive settlement agreement, the U.S. Attorney inquiry has been closed, the False Claims Act complaint (United States of America ex rel. David Goodstein v. Kaplan, Inc. et al.) was dismissed with prejudice and the ED will issue a final program review determination."

<https://www.sec.gov/Archives/edgar/data/104889/000010488915000017/d10k.htm> (<https://www.sec.gov/Archives/edgar/data/104889/000010488915000017/d10k.htm>)

- **Department of Education actions re Kaplan**

Graham Holdings Company SEC 10-Q, 11-05-15:

"In the third quarter of 2015, Kaplan submitted data to the ED beginning with the 2008-2009 through the 2014-2015 award years, as required under the GE [gainful employment] regulations. In October 2015, Kaplan University received a letter from the ED indicating that that it had failed to report data on a number of programs and that Kaplan University cannot start any new programs until the matter is resolved. Kaplan has submitted additional data to the ED and is awaiting a formal response and resolution of the matter. Failure to properly resolve the matter could result in administrative actions by the ED...."

On October 9, 2015, Kaplan University received a letter from the ED indicating that it failed to report data on a significant number of programs that were listed as active in the ED's system. The letter states that until this issue is resolved, Kaplan University cannot start any new programs and failure to resolve could result in material administrative actions."

ED Program Reviews. The U.S. Department of Education (ED) has undertaken program reviews at various KHE locations. Currently, there are five open program reviews, four of which are at campuses that were part of the KHE Campuses business, including the ED's final reports on the program reviews at KHE's Broomall, PA, and Pittsburgh, PA, locations. Kaplan retains responsibility for any financial obligation resulting from the ED program reviews at the

KHE Campuses business.

The ED conducted a program review at Kaplan University in the first quarter of 2015, covering all aspects of Kaplan University's financial aid systems and on the standards for determining student attendance in online programs. A failure to properly determine student attendance under the federal Title IV rules could result in a failure to refund the proper amount of Title IV aid to the ED when a student withdraws from the program.

The Company does not expect the open program reviews to have a material impact on KHE; however, the results of open program reviews and their impact on Kaplan's operations are uncertain.

Graham Holdings Company SEC 8-K, 12-21-15:

"Kaplan Inc., a subsidiary of Graham Holdings Company, operates Kaplan University ("KU"). As a condition of participation in federal Title IV student loan programs, KU must periodically execute a Program Participation Agreement ("PPA") with the U.S. Department of Education ("ED"). In March 2015, KU applied for renewal of its then current PPA. On December 17, 2015, KU received notice from the ED that it has placed KU on provisional certification for ongoing Title IV participation until September 30, 2018. Language in the PPA refers to an open and ongoing ED program review. In response to an inquiry by the Company, the ED informed KU that this is standard language for PPA renewals where there is a concurrently open program review. The ED also informed KU that the provisional status does not necessarily mean that there are any deficiencies or liabilities identified as a result of the open program review and to date, the ED has not notified KU of any negative findings or concerns. However, at this time we cannot predict the outcome of the program review.

Provisional certification does not by itself limit an institution's access to Title IV program funds, but may subject that institution to closer ED review and possible summary adverse action if that institution commits a material violation of Title IV program requirements or the terms of the PPA. If the ED determines that a provisionally certified institution is unable to meet its responsibilities under its PPA, it may seek to revoke the institution's certification to participate in Title IV programs with fewer due process protections for the institution than if it were fully certified, for example, without advance notice. During the period of provisional certification, KU must comply with the conditions included in its PPA including prior ED approval to open a new location, add an educational program, acquire another school or make any other significant change."

<http://www.sec.gov/Archives/edgar/data/104889/000010488915000079/d8k.htm>

(<http://www.sec.gov/Archives/edgar/data/104889/000010488915000079/d8k.htm>)

Graham Holdings Company SEC 10-Q, 08-03-16:

"ED has undertaken program reviews at various KHE [Kaplan Higher Ed] locations. Currently, there are five open program reviews, four of which are at campuses that were formerly a part of the KHE Campuses business, including the ED's final reports on the program reviews at KHE's Broomall, PA, and Pittsburgh, PA, locations. Kaplan retains responsibility for any financial obligation resulting from the ED program reviews at the KHE Campuses business. On February 23, 2015, the ED began a review of Kaplan University. The review will assess Kaplan's administration of its Title IV, HEA programs and will initially focus on the 2013 to 2014 and 2014 to 2015 award years. On December 17, 2015, Kaplan University received a notice from the ED that it had been placed on provisional certification status until September 30, 2018, in connection with the open and ongoing ED program review. The ED has not notified Kaplan University of any negative findings. However, at this time, Kaplan cannot predict the outcome of this review, when it will be completed or any liability or other limitations that the ED may place on Kaplan University as a result of this review. During the period of provisional certification, Kaplan University must obtain prior ED approval to open a new location, add an educational program, acquire another school or make any other significant change. In March and April 2015, the ED conducted a program review of the nationally accredited San Antonio (Ingram) and Hammond (Indiana) KHE campuses. These campuses were subsequently a part of the sale of the nationally accredited campuses to ECA [Education Corporation of America]. Kaplan retains liability for any deficiency findings relating to pre-sale conduct. On July 20, 2016, ECA received the Preliminary Program Review Report for the two reviews from the ED. The Report highlighted a number of required policy changes and requires ECA to conduct a full review of student files over a two year period to help the Department determine if the school properly reported enrollment status for certain students to the National Student Loan Data System. Failure to properly report status could result in students receiving funds for which they were not entitled. Kaplan will work with ECA on these reviews; however, until they are completed, Kaplan cannot predict the final outcome or potential liability associated with these reviews."

<https://www.sec.gov/Archives/edgar/data/104889/000010488916000106/d10q.htm>

(<https://www.sec.gov/Archives/edgar/data/104889/000010488916000106/d10q.htm>)

Keiser University / Everglades College



(<https://io.wp.com/www.republicreport.org/wp-content/uploads/2014/04/arthur-keiser.jpg>)

Arthur Keiser, Chancellor and CEO,
Keiser University

- **Florida Attorney General Assurance of Voluntary Compliance agreement with Keiser, 10-29-12:**

<https://www.republicreport.org/wp-content/uploads/2017/04/Keiser-FL-AVC-2012.pdf> (<https://www.republicreport.org/wp-content/uploads/2017/04/Keiser-FL-AVC-2012.pdf>)

http://articles.sun-sentinel.com/2012-10-31/news/fl-keiser-attorney-general-20121031_1_federal-student-kaplan-university-keiser-university
(http://articles.sun-sentinel.com/2012-10-31/news/fl-keiser-attorney-general-20121031_1_federal-student-kaplan-university-keiser-university)

- **Justice Department False Claims Act lawsuit against and settlement with Keiser**

United States District Court for the Southern District of Florida, order approving settlement, 04-01-15:

“This is a False Claims Act (“FCA”) action, brought by Relators against Defendant [Keiser]. Relators alleged that Defendant submitted upwards of 200,000 false claims. Ultimately, the Court entered judgment in favor of Relators following a bench trial. However, judgment was entered in the relatively small amount of \$11,000, based on the Court’s finding that Keiser did knowingly submit only two false claims.... Since that time, the United States and Defendant reached a settlement in principle that would resolve the action, save for Relators’ claim to attorneys’ fees, costs, and to a share of the proceeds of the settlement The United States has not previously sought to intervene in this action.... Under the terms of the proposed settlement agreement, Defendant shall pay the United States \$335,000 to resolve the FCA liability claims.”

<http://republicreport.wpengine.com/wp-content/uploads/2015/05/everglades1.pdf> (<http://republicreport.wpengine.com/wp-content/uploads/2015/05/everglades1.pdf>)

La’ James International College

Iowa attorney general settlement with La’ James International College

“La’ James International College will forgive \$2.1 million in student debts, significantly change its business practices, submit to outside oversight, and pay \$550,000, through a settlement with Attorney General Tom Miller.... The settlement, through a consent judgment (https://www.iowaattorneygeneral.gov/media/cms/La_James_Consent_Judgment_8C15E94DoA285.pdf), resolves a consumer fraud lawsuit filed in Polk County District Court in 2014, alleging La’ James engaged in deceptive, omissive, and unfair practices in marketing, enrollment, and instruction.”

<https://www.iowaattorneygeneral.gov/newsroom/la-james-international-college-settlement/> (<https://www.iowaattorneygeneral.gov/newsroom/la-james-international-college-settlement/>)

https://www.iowaattorneygeneral.gov/media/cms/La_James_Consent_Judgment_8C15E94DoA285.pdf

Lincoln Educational Services Corp (Lincoln Technical Institute)



(<https://i2.wp.com/www.republicreport.org/wp-content/uploads/2014/04/scott-shaw.jpg>)

Scott Shaw, CEO, Lincoln Technical Institute

- **Massachusetts attorney general lawsuit against Lincoln Technical Institute**

Complaint filed 07-08-15:

<http://www.republicreport.org/wp-content/uploads/2015/07/Lincoln-Complaint.pdf> (<http://www.republicreport.org/wp-content/uploads/2015/07/Lincoln-Complaint.pdf>)

Settlement –

Court filing, 07-13-15:

<http://www.republicreport.org/wp-content/uploads/2015/07/Lincoln-Tech-settlement.pdf> (<http://www.republicreport.org/wp-content/uploads/2015/07/Lincoln-Tech-settlement.pdf>)

Press release from Massachusetts attorney general Healey, 07-30-15:

“Under the settlement with Lincoln Technical Institute and its owner Lincoln Education Services, Inc., \$850,000 will be used to pay down federal student loans for eligible graduates of the school’s criminal justice program at its Somerville and Lowell campuses. The school will also forgive an additional \$165,000 in private student loans.

Despite the school’s website stating that students would ‘[b]uild the foundation for a career in law enforcement and private security with Criminal Justice training at Lincoln,’ the AG’s Office alleges that many students could not find work in these fields. Lincoln improperly counted temporary jobs, part-time jobs, and jobs outside the students’ field of study – such as general retail positions – toward its placement statistics.

Lincoln also allegedly used an admissions manual that instructed recruiters to ‘bring out the pain’ in potential students so that they would feel pressure enroll. Lincoln’s recruiters used scripted questions to ‘establish unhappiness, create urgency.’ The AG’s complaint alleges that the school’s recruiters steered students away from other ways to further their education and training, including the military and community college. Recruiters were required to make at least seven attempts to contact the student within the first three days in order to persuade them to enroll.

The settlement with Lincoln requires the school to accurately calculate placement statistics going forward. Lincoln must also make disclosures to prospective students regarding job placements and refrain from making misleading representations regarding the transferability of credits.”

<http://www.mass.gov/ago/news-and-updates/press-releases/2015/2015-07-30-for-profit-schools-settlements.html> (<http://www.mass.gov/ago/news-and-updates/press-releases/2015/2015-07-30-for-profit-schools-settlements.html>)

- **Maryland attorney general subpoena to Lincoln Technical Institute**

“On December 15, 2015, the Company received an administrative subpoena from the Attorney General of the State of Maryland. Pursuant to the subpoena, Maryland’s Attorney General has requested from the Company documents and detailed information relating to its Columbia, Maryland campus. The Company has responded to this request and intends to continue cooperating with the Maryland Attorney General’s Office.”

<https://www.sec.gov/Archives/edgar/data/1286613/000114036116085194/form10q.htm>

(<https://www.sec.gov/Archives/edgar/data/1286613/000114036116085194/form10q.htm>)

Marinello Schools of Beauty (schools closed February 2016) (operated by B&H Education)



(<https://i1.wp.com/www.republicreport.org/wp-content/uploads/2014/04/Rashed-Elyas.jpg>)

Rashed Elyas, CEO, B&H
Education



(<https://i10.wp.com/www.republicreport.org/wp-content/uploads/2014/04/daniel-neuwirth.jpeg>)

Daniel Neuwirth, General
Partner, Quad Partners

- **Department of Education action against Marinello**

Department website announcement:

“On Feb. 1, 2016, the U.S. Department of Education (ED) issued letters to five Marinello Schools of Beauty, comprised of 23 locations, notifying them that the Department has denied recertification of their eligibility to participate in the federal student aid programs. ED took this step after finding that the schools failed to meet their fiduciary responsibility to ED and its students to administer the financial aid programs with a high degree of care and diligence. The letters notified the schools that their participation in the federal student aid programs will end on Feb. 29, 2016.

The letters also provide the schools the opportunity to submit factual evidence to dispute ED’s findings. The schools have until Feb. 16, 2016, to submit that evidence. If that evidence causes ED to change its determination, the schools can continue to participate in the federal student aid programs.

Denial of Recertification Letters

- Las Vegas, NV—Federal School Code 00736700 (<https://studentaid.ed.gov/sa/sites/default/files/marinello-00736700-denial-letter.pdf>)
- Los Angeles, CA—Federal School Code 00747600 (<https://studentaid.ed.gov/sa/sites/default/files/marinello-00747600-denial-letter.pdf>)
- Burbank, CA—Federal School Code 01265000 (<https://studentaid.ed.gov/sa/sites/default/files/marinello-01265000-denial-letter.pdf>)
- Moreno Valley, CA—Federal School Code 02221300 (<https://studentaid.ed.gov/sa/sites/default/files/marinello-02221300-denial-letter.pdf>)
- Sacramento, CA—Federal School Code 03094400 (<https://studentaid.ed.gov/sa/sites/default/files/marinello-03094400-denial-letter.pdf>)“

<https://studentaid.ed.gov/sa/about/announcements/marinello> (<https://studentaid.ed.gov/sa/about/announcements/marinello>)

Department press release:

“The Department determined that Marinello was knowingly requesting Federal aid for students based on invalid high school diplomas, underawarding Title IV aid to students, charging students for excessive overtime, and engaging in other acts of misrepresentation.”

<http://www.ed.gov/news/press-releases/us-department-education-takes-enforcement-against-two-school-ownership-groups>

(<http://www.ed.gov/news/press-releases/us-department-education-takes-enforcement-against-two-school-ownership-groups>)

- **False Claims Act Suit against Marinello**

The U.S. Justice Department declined to join a federal whistleblower fraud suit against Marinello, but the whistleblowers settled with Marinello, so 70% to 75% of the \$11 million settlement will go to U.S. taxpayers. Marinello denied the charges in the suit.

<http://www.marketwatch.com/story/beauty-school-must-pay-11-million-in-federal-fraud-case-2016-08-15> (<http://www.marketwatch.com/story/beauty-school-must-pay-11-million-in-federal-fraud-case-2016-08-15>)

Masters of Cosmetology (school closed 2016)

- **Federal criminal conviction of Kaydean Geist, owner and president of Masters of Cosmetology**



(<https://i1.wp.com/www.republicreport.org/wp-content/uploads/2014/04/Screen-Shot-2016-04-19-at-1.08.33->

PM.png)

Information filed 07-15-15:

<http://www.republicreport.org/wp-content/uploads/2016/04/Geist-information.pdf> (<http://www.republicreport.org/wp-content/uploads/2016/04/Geist-information.pdf>)

Findings and Recommendation of Magistrate Judge Upon Plea of Guilty 04-14-16:

<http://www.republicreport.org/wp-content/uploads/2016/04/Geist-plea.pdf> (<http://www.republicreport.org/wp-content/uploads/2016/04/Geist-plea.pdf>)

“FORT WAYNE, Ind. (WANE) The former head of Masters of Cosmetology admitted Thursday in federal court to running a student loan scheme at the beauty school that secured nearly \$3 million in bad student loans.

 Kaydean Geist, the former owner of Masters of Cosmetology beauty school, walks out of U.S. District Court in Fort Wayne on Thursday, April 14, 2016, after pleading guilty to a illegitimate student loan scheme.

(<https://lintvwane.files.wordpress.com/2016/04/kaydean-geist.jpg>)

Kaydean Geist, the former owner of Masters of Cosmetology beauty school, walks out of U.S. District Court in Fort Wayne on Thursday, April 14, 2016, after pleading guilty to a illegitimate student loan scheme.

Kaydean Geist, the owner and president of Masters of Cosmetology at 1732 Bluffton Road, pleaded guilty in U.S. District Court in Fort Wayne to allegations that she did not repay student financial aid funds in the millions of dollars she helped students secure illegitimately between April 2009 and August 2010.

Federal law prohibits students enrolled in programs like those as Masters of Cosmetology from obtaining more than \$30,000 in student loans, or obtaining Federal Family Education loans and direct loans concurrently.

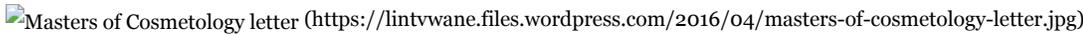
The charges allege that Geist and the school, though, “fraudulently schemed to obtain (United States Department of Education) loan funds to which (the school) and its students were not entitled, by using elaborate false statements to conceal from ED, and the students themselves, the fact that Defendant College and its students were receiving loan funds far in excess of their eligibility.” According to the charges, Geist would code the receipt of the federal loan proceeds as cash rather than as federal financial aid funds, then not report them to the college’s third-party student aid processing contractor.

The scheme allowed the school to apply for both Federal Family Education loans and direct loans for the same students for the same academic period, the charges alleged.

From there, Geist would have the students sign promissory notes for the loans without showing them the details of their debts, the charges alleged. She also told students they were being awarded with false loans, the charges alleged.

Investigators said Geist and the school “knowingly and falsely told students that the loans were under a new government program that required only minimal payments and did not need to be repaid in full.”

Geist also granted students sham loans from the school for their personal expenses that were actually federal loans, and forged more than 150 Family Education loan checks for more than \$500,000 that was deposited into the school’s account.

 Masters of Cosmetology letter (<https://lintvwane.files.wordpress.com/2016/04/masters-of-cosmetology-letter.jpg>)

All told, more than 50 Masters of Cosmetology students received between \$30,000 and \$98,000 in loans, and Geist and the school helped secure some \$2.9 million in bad student loans, the charges alleged.

As part of the plea with federal prosecutors, Geist was ordered to pay \$300,000 in restitution to the government.

Masters of Cosmetology is now closed. A letter posted on a door of the Bluffton Road school from Geist herself details she has been “forced to close our school” because she was “responsible for the mishandling of federal financial aid funds by a former financial aid director.” Therefore, the letter reads, “all government aid has been halted, making it impossible for me to keep the school open.”

“These past several years have been very stressful and emotional for me, my family and my staff as we worked very hard to provide the education our students entrusted to us without the assistance of federal funds along with the cost of legal counsel,” the letter reads.

Geist is facing up to five years in prison and a fine of up to \$250,000. It’s not clear yet when Geist will be sentenced.”

<http://wane.com/2016/04/14/masters-of-cosmetology-head-facing-5-years-for-student-loan-scheme/> (<http://wane.com/2016/04/14/masters-of-cosmetology-head-facing-5-years-for-student-loan-scheme/>)

“The Department of Education is trying to claw back a total of more than \$5.8 million each from Geist and the now-shuttered school, according to a consent decree signed by Geist, effectively ending the civil lawsuit. Had that case gone to trial, the government was seeking triple the actual damages amount from each, which would have been \$8.7 million, plus an additional \$5,500 to \$11,000 penalty per transaction.”

<http://www.journalgazette.net/news/local/courts/Guilty-plea-entered-in-loan-fraud-12567187> (<http://www.journalgazette.net/news/local/courts/Guilty-plea-entered-in-loan-fraud-12567187>)

Medtech College

- **Department of Education action against MedTech College**

Department of Education press release, 07-26-16:

“After a thorough review of the institution’s application for recertification and an assessment of its job placement rate reporting and information, the U.S. Department of Education (ED) issued a letter on July 26, 2016, to one Medtech institution (<https://studentaid.ed.gov/sa/sites/default/files/medtech-recert-denial.pdf>)—comprised of a main location in Falls Church, Virginia, and additional locations in Silver Spring, Maryland, and Washington, D.C.—notifying them that ED has denied recertification of their eligibility to participate in the federal student aid programs. ED took this step after finding that Medtech significantly overstated job placement rates reported to its institutional accreditor, to the public, and to ED. In addition, Medtech made numerous misrepresentations as to the job placement of individual students; and it contracted with a third-party placement rate verifier without providing for required safeguards in the contract and failed to report that arrangement in direct contravention of ED’s regulations.

The letter notified Medtech that, upon its effective date of July 31, 2016, Medtech’s participation in the federal student aid programs would end. The letter permits Medtech until Aug. 5, 2016, to provide ED with factual evidence to dispute ED’s findings. If that evidence causes ED to change its determination, Medtech’s application to be recertified may be approved to allow the institution to regain its ability to receive program funds.

In addition, JTC Education Holdings, Inc. and Subsidiary, the parent company of Medtech and other affiliate brands, has been directed to remit a larger letter of credit (<https://studentaid.ed.gov/sa/sites/default/files/medtech-letter-of-credit.pdf>) as a condition to continue its participation in the federal student aid programs. The increased letter of credit request is due in part to the heightened risk to students and taxpayers resulting from the action noted above and could be used to reimburse taxpayers for liabilities due to ED as a result of this investigation or any future ones, and if campuses precipitously close as a result.”

<https://studentaid.ed.gov/sa/about/announcements/medtech> (<https://studentaid.ed.gov/sa/about/announcements/medtech>)

<https://studentaid.ed.gov/sa/sites/default/files/medtech-recert-denial.pdf> (<https://studentaid.ed.gov/sa/sites/default/files/medtech-recert-denial.pdf>)

<https://studentaid.ed.gov/sa/sites/default/files/medtech-letter-of-credit.pdf> (<https://studentaid.ed.gov/sa/sites/default/files/medtech-letter-of-credit.pdf>)

Micropower Career Institute / Institute for Health Education (IHE)

- **Federal criminal convictions of senior executives**

U.S. Department of Justice press release, 01-27-16:

SURESH HIRANANDANEY, LALIT CHABRIA, and ANITA CHABRIA, who were senior executives of privately owned for-profit schools, were sentenced yesterday in Manhattan federal court for their roles in a student financial aid fraud scheme in which they defrauded the United States Department of Education (“Education Department”) of \$1,000,000 in education grant funds, and in a student visa fraud scheme that generated \$7,440,000 in illegal revenues.

United States District Judge J. Paul Oetken sentenced HIRANANDANEY to one year and one day in prison, LALIT CHABRIA to one year and one day in prison, and ANITA CHABRIA to six months of home confinement. Judge Oetken also ordered these three former executives to forfeit \$7,440,000 for the student visa fraud and to pay \$1,000,000 in restitution for the student financial aid fraud.

HIRANANDANEY, LALIT CHABRIA, and ANITA CHABRIA were associated with the Micropower Career Institute (“MCI”), a for-profit school with five campuses in New York and New Jersey, or the Institute for Health Education (“IHE”), a for-profit school located in New Jersey, both of which offered vocational, language, and other classes to, among others, domestic students whose tuition was partially covered by Department of Education Department financial aid, and foreign students who were allowed to stay in this country on student visas requiring that they pursue full courses of study at bona fide educational institutions. Hiranandaney was MCI’s president; his brother-in-law, LALIT CHABRIA, was MCI’s chief executive officer and IHE’s president; and ANITA CHABRIA, the sister of HIRANANDANEY and wife of LALIT CHABRIA, was MCI’s vice president and the director of MCI’s Mineola Campus in Mineola, New York.

HIRANANDANEY, LALIT CHABRIA, and ANITA CHABRIA defrauded the Education Department of \$1,000,000 of educational grant money – funds that the Education Department had paid to MCI for the purpose of covering tuition for domestic students to attend classes at MCI. As part of this fraud, they falsified and manipulated documents to hide MCI’s failure to timely return financial aid money received by MCI for domestic students who had dropped out of MCI.

Similarly, HIRANANDANEY, LALIT CHABRIA, and ANITA CHABRIA made \$7,440,000 in illicit profits by defrauding immigration authorities. In this scheme, they concealed that MCI and IHE were collecting millions of dollars in tuition revenues from foreign students who were not attending courses as required to stay in the United States on student visas. HIRANANDANEY, LALIT CHABRIA, ANITA CHABRIA, and others fraudulently portrayed MCI and IHE to immigration authorities as legitimate institutes of higher learning where foreign students carried full course loads. In reality, the majority of foreign students at MCI and IHE did not attend the required number of classes. HIRANANDANEY, LALIT CHABRIA, and ANITA CHABRIA failed to report this to immigration authorities, as required, while MCI and IHE continued to collect millions of dollars in tuition from foreign students with delinquent attendance. When a campus of MCI came under regulatory scrutiny, HIRANANDANEY, LALIT CHABRIA, ANITA CHABRIA, and others transferred foreign students with delinquent attendance to affiliated schools (such as another MCI campus or IHE) that were not under scrutiny.

* * *

In addition to their prison and home confinement sentences, HIRANANDANEY, 61, of Dix Hills, New York, and LALIT CHABRIA, 54, and ANITA CHABRIA, 50, both of Old Bethpage, New York, were ordered to forfeit \$7,440,000 to the United States Government from the proceeds of their student visa fraud, and pay \$1,000,000 in restitution to United States Department of Education for losses from their student financial aid fraud.

The remaining defendants, Samir Hiranandaney and Seema Shah, are scheduled to be sentenced later this year before Judge Oetken.

<http://www.justice.gov/usao-sdny/pr/three-senior-executives-sentenced-manhattan-federal-court-their-roles-student-visa-and>
(<http://www.justice.gov/usao-sdny/pr/three-senior-executives-sentenced-manhattan-federal-court-their-roles-student-visa-and>)

New England College of Business and Finance

- **Massachusetts Attorney General settlement with New England College of Business and Finance**

MA attorney general press release, 03-22-18:

“Attorney General Maura Healey today announced a settlement with a for-profit online college based in Boston over allegations of failing to make proper disclosures to prospective students of its programs and engaging in excessive recruitment calls.

The assurance of discontinuance, filed Wednesday in Suffolk Superior Court against the New England College of Business and Finance (NECB), alleges that it violated the state’s for-profit and occupational school regulations (<http://www.mass.gov/ago/docs/regulations/940-cmr-31-00.pdf>) designed to curb deceptive and unfair practices and increase protections for prospective students.”

<https://www.mass.gov/news/online-business-school-resolves-claims-of-failing-to-provide-program-disclosures-high-pressure>
(<https://www.mass.gov/news/online-business-school-resolves-claims-of-failing-to-provide-program-disclosures-high-pressure>)

NC Medical Institute

- **North Carolina Attorney General lawsuit against NC Medical Institute (school closed 2015)**

NC attorney general press release, 10/09/15:

“A private career school that charged students hundreds of dollars for unlicensed, unaccredited medical courses and put them to work without proper training has been ordered to stop operating, Attorney General Roy Cooper announced today.... Wake County Superior Court Judge G. Bryan Collins, Jr., granted Cooper’s request to temporarily bar (http://www.ncdoj.gov/getdoc/63ae6de7-83b1-4985-baa9-c3f47bc5b93e/NCMI_TRO_signed.aspx) North Carolina Medical Institute and its owner, Sherita McQueen, from advertising, offering, or accepting payment for any educational products or services in North Carolina. Cooper is seeking a permanent ban on NC Medical Institute’s misleading business practices and refunds for students.”

<http://www.ncdoj.gov/News-and-Alerts/News-Releases-and-Advisories/Press-Releases/Unlicensed-medical-institute-shut-down-for-offerin.aspx>
(<http://www.ncdoj.gov/News-and-Alerts/News-Releases-and-Advisories/Press-Releases/Unlicensed-medical-institute-shut-down-for-offerin.aspx>)

http://www.ncdoj.gov/getdoc/63ae6de7-83b1-4985-baa9-c3f47bc5b93e/NCMI_TRO_signed.aspx (http://www.ncdoj.gov/getdoc/63ae6de7-83b1-4985-baa9-c3f47bc5b93e/NCMI_TRO_signed.aspx)

State links down. Press article: <https://www.bizjournals.com/triangle/news/2015/10/09/private-career-school-potentially-endangered-n-c.html>
(<https://www.bizjournals.com/triangle/news/2015/10/09/private-career-school-potentially-endangered-n-c.html>)

Pacific College

- **Federal investigation of Pacific College**

“A private, for-profit nursing school in Costa Mesa is under investigation for potential financial aid fraud, according to federal court records.

Federal authorities earlier this month were given permission to seize more than \$3 million in bank funds and currency in connection with an investigation of Pacific College, court records show.

In seeking permission to seize the funds, the U.S. Attorney’s office in a filing at the federal courthouse in Santa Ana outlined an investigation by both federal and state agencies into an alleged “financial aid fraud scheme” tied to United States Department of Education funds that began in 2012.

While the seizure request was approved by a federal judge, there is no indication that criminal charges or a civil lawsuit have been filed against Pacific College, its owners or employees.

The U.S. Attorney’s Office declined to comment on whether they plan to pursue a lawsuit or criminal indictment in connection to the investigation.

Officials at Pacific College did not immediately respond to requests for comment regarding the allegations raised in court filings.

According to the court filing, the government investigation revealed that officials with Pacific College inflated grades, falsified attendance records, and relaxed their academic criteria in order to recruit and retain as many students as possible.

The goal, prosecutors allege in the filing, was to maintain a stream of incoming financial aid funding. The campus received nearly \$23 million in financial aid funds from 2010 through 2017, according to court records.

The complaint contends that as a result of the college’s actions “unprepared and unqualified” students were pushed through the nursing program.”

<https://www.ocregister.com/2018/05/10/costa-mesa-nursing-school-under-investigation-court-records-show/>
(<https://www.ocregister.com/2018/05/10/costa-mesa-nursing-school-under-investigation-court-records-show/>)

Penn Foster (does not receive federal student aid; owner: Bain Capital (<https://www.pehub.com/2018/05/bain-capital-led-investor-group-acquires-penn-foster-from-vistria/>))

- **Oregon Attorney General settlement with Penn Foster:**

“...Oregon Justice Department ... had investigated and would make Penn Foster refund [student Malcolm Strand’s] \$1,900 in tuition.... Penn Foster must pay Attorney General Ellen Rosenblum’s agency \$22,000 for the investigation’s cost. The for-profit company must donate as much as \$50,000 to nonprofit or government organizations that give disadvantaged Oregonian youths access to education. Under terms of a signed agreement, Penn Foster must be truthful when advertising its accreditation and the potential to transfer its credits. And the company must provide restitution to any other Oregon consumers who come forward with legitimate complaints concerning the college’s accreditation and transfers.”

http://www.oregonlive.com/education/index.ssf/2015/05/penn_foster_college_must_pay_m.html
(http://www.oregonlive.com/education/index.ssf/2015/05/penn_foster_college_must_pay_m.html)

Premier Education Group (Salter College)

- **Massachusetts Attorney General settlement with Salter College**

Complaint 12-09-14:

<http://www.mass.gov/ago/docs/press/2014/salter-complaint.pdf> (<http://www.mass.gov/ago/docs/press/2014/salter-complaint.pdf>)

Final Judgment by Consent, 12-11-14:

<http://www.mass.gov/ago/docs/press/2014/salter-judgment-by-consent.pdf> (<http://www.mass.gov/ago/docs/press/2014/salter-judgment-by-consent.pdf>)

Mass AG press release, 12-12-14:

“A for-profit school will pay students \$3.75 million to resolve allegations of misrepresenting job placement numbers and using deceptive enrollment tactics ... The AG’s complaint alleges that in order to induce students to enroll in their Massachusetts campuses, Salter and Premier claimed to have a selective admissions process, and misrepresented the historical success of students in finding jobs in their fields of study, such as the medical assistant, medical billing and coding, and health claims specialist programs.

<http://www.mass.gov/ago/news-and-updates/press-releases/2014/2014-12-12-salter-college.html> (<http://www.mass.gov/ago/news-and-updates/press-releases/2014/2014-12-12-salter-college.html>)

Retail Ready Career Center (closed 2017)

- **U.S. Department of Veterans Affairs Inspector General investigation of Retail Ready Career Center**

Statement by Texas Veterans Commission, 09-28-17:

“On Sept. 20, 2017, the Texas Veterans Commission was informed that a search warrant had been executed at the Retail Ready Career Center in Garland, Texas which is being investigated by the Department of Veterans Affairs Office of the Inspector General.

The TVC’s Education Program serves as the State Approving Agency and approves programs of education for veterans and eligible family members to utilize VA education benefits. RRCC’s approval to train veterans using VA education benefits in it’s HVAC program was withdrawn.

RRCC chose to close their school and send veteran students home on Wednesday, September 27th, 2017.”

School denies wrongdoing: <https://www.dallasnews.com/news/education/2017/09/28/hundreds-veterans-scramble-garland-profit-college-closes> (<https://www.dallasnews.com/news/education/2017/09/28/hundreds-veterans-scramble-garland-profit-college-closes>)

Southern Technical College

- **Department of Education compliance review of Southern Technical College**

Department assessed \$229,000 in liabilities because of compliance issues, including incorrect financial aid calculations and invalid high school diplomas.

<https://www.documentcloud.org/documents/2711530-Southern-Technical-ED-Program-Review-2012.html> (<https://www.documentcloud.org/documents/2711530-Southern-Technical-ED-Program-Review-2012.html>)

<http://www.miamiherald.com/news/local/education/article27256573.html> (<http://www.miamiherald.com/news/local/education/article27256573.html>)

Spencerian College

- **Kentucky attorney general lawsuit against Spencerian College**

<http://migration.kentucky.gov/Newsroom/ag/spenceriansuit.htm> (<http://migration.kentucky.gov/Newsroom/ag/spenceriansuit.htm>)

Sullivan and Cogliano Training Centers, Inc.

- **Massachusetts Attorney General settlement with Sullivan and Cogliano**

Mass AG press release 10-31-13: “A Brockton-based for-profit school must reimburse students \$425,000 and change its advertising practices following allegations that it misrepresented job placement numbers and made other misleading statements about its medical field training programs...”

<http://www.mass.gov/ago/news-and-updates/press-releases/2013/2013-10-31-sullivan-cogliano-consent-judgment.html> (<http://www.mass.gov/ago/news-and-updates/press-releases/2013/2013-10-31-sullivan-cogliano-consent-judgment.html>)

Trump University (unaccredited, did not receive federal student aid, closed 2010)



(<https://i2.wp.com/www.republicreport.org/wp->

[content/uploads/2013/08/trump.jpg](#))

- **New York attorney general lawsuit against Trump University**

Case docket: <http://iapps.courts.state.ny.us/iscroll/SQLData.jsp?IndexNo=451463-2013> (<http://iapps.courts.state.ny.us/iscroll/SQLData.jsp?IndexNo=451463-2013>)

Complaint: <https://iapps.courts.state.ny.us/fbem/DocumentDisplayServlet?documentId=Hddr8YKCN5Re7VBMDqA6FA==&system=prod>
(<https://iapps.courts.state.ny.us/fbem/DocumentDisplayServlet?documentId=Hddr8YKCN5Re7VBMDqA6FA==&system=prod>)

“More than 5,000 people across the country who paid Donald Trump \$40 million to teach them his hard sell tactics got a hard lesson in bait-and-switch,” said **Attorney General Schneiderman**. “Mr. Trump used his celebrity status and personally appeared in commercials making false promises to convince people to spend tens of thousands of dollars they couldn’t afford for lessons they never got.”

<http://www.ag.ny.gov/press-release/ag-schneiderman-sues-donald-trump-trump-university-michael-sexton-defrauding-consumers>
(<http://www.ag.ny.gov/press-release/ag-schneiderman-sues-donald-trump-trump-university-michael-sexton-defrauding-consumers>)

Trial judge rules Trump is personally liable for operating a school without the required license; dismisses two of the other claims brought by New York; dismisses Trump claim for malicious prosecution

<https://iapps.courts.state.ny.us/fbem/DocumentDisplayServlet?documentId=RQqHokVHgdC1zuTosjjXjg==&system=prod>
(<https://iapps.courts.state.ny.us/fbem/DocumentDisplayServlet?documentId=RQqHokVHgdC1zuTosjjXjg==&system=prod>)

<http://mobile.reuters.com/article/idUSKCN0I52MW20141016> (<http://mobile.reuters.com/article/idUSKCN0I52MW20141016>)

Trial judge denies Trump motion to dismiss fraud charges

<https://iapps.courts.state.ny.us/fbem/DocumentDisplayServlet?documentId=HGN8QTU2Ie09dKF051DrqQ==&system=prod>
(<https://iapps.courts.state.ny.us/fbem/DocumentDisplayServlet?documentId=HGN8QTU2Ie09dKF051DrqQ==&system=prod>)

<http://nypost.com/2015/04/22/eric-schneidermans-suit-against-trump-headed-to-court/> (<http://nypost.com/2015/04/22/eric-schneidermans-suit-against-trump-headed-to-court/>)

Appellate division affirms trial court

http://www.courts.state.ny.us/reporter/3dseries/2016/2016_01430.htm (http://www.courts.state.ny.us/reporter/3dseries/2016/2016_01430.htm)

Settlement of New York attorney general lawsuit and two class action lawsuits against Trump University pending in the U.S. District Court for the Southern District of California – \$25 million payment by Donald Trump

<http://www.nytimes.com/2016/11/19/us/politics/trump-university.html> (<http://www.nytimes.com/2016/11/19/us/politics/trump-university.html>)

Statement by New York attorney general, 11-18-16:

“In 2013, my office sued Donald Trump for swindling thousands of innocent Americans out of millions of dollars through a scheme known as Trump University. Donald Trump fought us every step of the way, filing baseless charges and fruitless appeals and refusing to settle for even modest amounts of compensation for the victims of his phony university. Today, that all changes. Today’s \$25 million settlement agreement is a stunning reversal by Donald Trump and a major victory for the over 6,000 victims of his fraudulent university.

I am pleased that under the terms of this settlement, every victim will receive restitution and that Donald Trump will pay up to \$1 million in penalties to the State of New York for violating state education laws. The victims of Trump University have waited years for today’s result and I am pleased that their patience—and persistence—will be rewarded by this \$25 million settlement.”

<http://www.ag.ny.gov/press-release/statement-ag-schneiderman-25-million-settlement-agreement-reached-trump-university>
(<http://www.ag.ny.gov/press-release/statement-ag-schneiderman-25-million-settlement-agreement-reached-trump-university>)

Tweet by Donald Trump, 11-19-16:

“I settled the Trump University lawsuit for a small fraction of the potential award because as President I have to focus on our country.”

Universal Technical Institute

- **Massachusetts attorney general investigation of Universal Technical Institute**

UTI SEC 10-Q, 05-01-13:

“In September 2012, we received a Civil Investigative Demand (CID) from the Attorney General of the Commonwealth of Massachusetts related to a pending investigation in connection with allegations that we caused false claims to be submitted to the Commonwealth relating to student loans, guarantees and grants provided to students at our Norwood, Massachusetts campus. The CID required us to produce documents and provide written testimony regarding a broad range of our business since September 2006 to the present. We responded timely to the request, as well as a follow-up request for additional information made in December 2012. At this time, we cannot predict the eventual scope, duration, outcome or associated costs of this request and accordingly we have not recorded any liability in the accompanying financial statements.”

<http://www.sec.gov/Archives/edgar/data/1261654/000119312513188497/d521184d10q.htm>
(<http://www.sec.gov/Archives/edgar/data/1261654/000119312513188497/d521184d10q.htm>)

University of Management and Technology

- **Justice Department and Naval Criminal Investigative Services investigations of University of Management and Technology**

<http://wjla.com/news/local/fbi-raids-rosslyn-university-of-management-and-technology-offices-arlnow-reports-82782> (<http://wjla.com/news/local/fbi-raids-rosslyn-university-of-management-and-technology-offices-arlnow-reports-82782>)

<http://www.foxnews.com/politics/2017/04/28/congress-looking-into-taxpayer-backed-school-over-alleged-ties-to-chinese-military.html>
(<http://www.foxnews.com/politics/2017/04/28/congress-looking-into-taxpayer-backed-school-over-alleged-ties-to-chinese-military.html>)

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