

## **Some pending and recent government investigations and actions regarding career colleges**

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### **Corinthian Colleges**

- **State attorneys general investigation**

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/htm49175.htm>

- **Civil complaint 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\\_0.pdf](https://oag.ca.gov/system/files/attachments/press_releases/Complaint%2C%20filed%20stamped_0.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>

- **CFPB civil investigative demand**

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)

- **Justice Department False Claims Act investigations**

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>

- **SEC subpoena**

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 letter to Corinthian Colleges, 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>

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>

## **Education Management Corporation (EDMC)**

- **State attorneys general investigation**

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>

- **Colorado attorney general lawsuit and settlement**

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>

- **Massachusetts attorney general investigation**

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>

- **State attorneys general investigations**

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>

- **Justice Department False Claims Act lawsuit**

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.nacacnet.org/issues-action/LegislativeNews/Documents/USAvEDMC.pdf>

EDMC's Motion to Dismiss granted in part and denied in part 05-11-12

<http://www.leagle.com/decision/In%20FDCO%2020120514973>

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>

### **ITT Educational Services**

- **State attorneys general investigation**

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)

- **SEC subpoena**

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>

- **CFPB investigation**

ITT SEC 8-K, 12-23-13:

"As previously disclosed, in September 2013, ITT Educational Services, Inc. (the "Company") received a new Civil Investigative Demand (the "New CID") from the Consumer Financial Protection Bureau (the "CFPB"), and the CFPB withdrew a Civil Investigative Demand that it had issued to the Company in May 2012. The New CID, like the prior CID, provides that the purpose of the investigation is, in part, "to determine whether for-profit post-secondary companies, 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." The Company has provided documentation and other information to the CFPB in response to the New CID.

On December 23, 2013, the Company received a letter from the CFPB, confirming that the CFPB has notified 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 Section 1036 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, 12 U.S.C. § 5536, the Truth in Lending Act, 15 U.S.C. §§ 1601 et seq., and Regulation Z, 12 C.F.R. part 226. The NORA Letter also states that, in connection with the contemplated action, the Staff expects to recommend seeking remedies and penalties to the fullest extent of the law. 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 recipient of a NORA notice believes the CFPB should not take legal action against it.

Based on information released by the CFPB as to its procedures, the Company understands that a NORA notice from the Staff is not a formal allegation of wrongdoing or a determination that a recipient violated any law, rather it is an indication that the Staff is considering recommending that the CFPB commence enforcement proceedings. The Company intends to make a NORA submission to the CFPB, and continues to believe that its acts and practices relating to the matters under investigation are lawful. There can be no assurance, however, that the CFPB will decide not to take legal action against the Company. Although the Company intends to defend itself vigorously against any legal action taken against it by the CFPB, the Company cannot predict the outcome of any legal action and there can be no assurance that the ultimate outcome of the CFPB's investigation will not have a material adverse effect on the Company's financial condition or results of operations."

[https://www.sec.gov/Archives/edgar/data/922475/000092247513000024/form8\\_k.htm](https://www.sec.gov/Archives/edgar/data/922475/000092247513000024/form8_k.htm)

## Career Education Corporation

- **State attorneys general investigation**

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/form8k.htm>

- **New York attorney general settlement**

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>

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>

- **State attorneys general investigations**

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>

- **Florida attorney general investigation**

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>

- **SEC investigation**

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>

### DeVry University

- **Illinois and Massachusetts attorneys general investigations:**

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>

- **Federal Trade Commission investigation**

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>

### Apollo Group / University of Phoenix

- **Florida attorney general investigation**

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>

- **Delaware attorney general investigation**

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>

- **Massachusetts attorney general investigation**

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>

- **SEC enforcement inquiry**

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 degree 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>

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

*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>

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>

### **Kaplan Education**

- **Florida attorney general investigation**

[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)

- **North Carolina attorney general investigation**

“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>  
(02-01-12)

- **Massachusetts attorney general investigation**

<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)

### **Bridgepoint Education**

- **California attorney general investigation**

“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>  
(07-24-13)

- **North Carolina attorney general investigation**

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>

- **New York attorney general investigation**

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>

- **Iowa attorney general investigation**

"Last month, Iowa's attorney general launched an investigation of the company's business practices and requested three years' worth of Bridgepoint documents to inspect."

<http://voiceofsandiego.org/2011/03/23/bridgepoint-booms-over-troubled-waters/> (03-23-11)

## ATI Enterprises

- **Justice Department False Claims Act lawsuit and settlement**

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>

## American Career Institute

- **Massachusetts attorney general lawsuit**

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>

I would be grateful for any updates, responses, clarifications, corrections, etc. I have focused on some of the major career college companies; I would be interested in receiving information on government investigations and actions concerning other career college companies as well. [davidhalperindc@gmail.com](mailto:davidhalperindc@gmail.com)