

ORIGINAL FILED  
JUL 31 2007  
LOS ANGELES  
SUPERIOR COURT

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF LOS ANGELES

THE PEOPLE OF THE STATE OF  
CALIFORNIA,

Plaintiff,

v.

CORINTHIAN SCHOOLS, INC., a Delaware  
corporation doing business as Bryman College  
and Everest College; and TITAN SCHOOLS,  
INC., a Delaware corporation doing business as  
National Institute of Technology,

Defendants.

Case No.

BC374999

**FINAL JUDGMENT**

Plaintiff, the People of the State of California, appearing through Edmund G. Brown Jr., Attorney General, by Deputy Attorneys General Robyn C. Smith and Benjamin Diehl, and Defendants Corinthian Schools, Inc. and Titan Schools, Inc., appearing through their counsel, Manatt, Phelps and Phillips, LLP, by Clayton S. Friedman, and O'Melveny and Myers LLP, by Carolyn Kubota, having stipulated to the entry of this Final Judgment (hereinafter "Judgment") without the taking of evidence; without trial or adjudication of any issue of fact or law or any adjudication of or decision regarding the substantive merits of any claim or defense in this case; this Judgment not constituting a finding or evidence of or an admission regarding any issue of any kind, including without limitation any admission by Defendants that they have engaged in

1 any unlawful conduct; this Judgment not limiting or prejudicing Defendants' right to defend  
2 themselves in any other action or proceeding; the Court having considered the Stipulation for  
3 Entry of Final Judgment executed by the parties and filed herewith; and good cause appearing  
4 therefor,

5 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED** as follows:

6 1. This Court has jurisdiction of the subject matter hereof and the parties hereto.

7 2. Venue is proper in this Court.

8 3. In this action, the People alleged specific violations of sections 17200 and 17500  
9 of the Business and Professions Code and certain specified provisions of the Education Code,  
10 among others.

11 4. The injunctive provisions of this Judgment shall apply to the diploma programs  
12 offered in California by Defendants Corinthian Schools, Inc. and Titan Schools, Inc., their  
13 predecessors, agents, employees, officers, directors, representatives, successors, partners, assigns,  
14 and any and all persons acting in concert or participating with Defendants Corinthian Schools,  
15 Inc. and Titan Schools, Inc., all of whom are referred to collectively as "Defendants;" except that  
16 the injunctive provisions of this Judgment do not apply to the diploma programs presently  
17 offered at Defendants' Wyotech campuses.

18 5. All relief under Paragraphs 4 through 26 of this Judgment is ordered pursuant to  
19 the Court's powers, including the Court's powers under sections 17203 and 17535 of the  
20 California Business and Professions Code.

21 6. Defendants are enjoined for eighteen months from enrolling new students in the  
22 following programs at the following campuses after June 29, 2007:

23 A. The Pharmacy Technician program at the Anaheim campus, presently  
24 located at 511 North Brookhurst, Anaheim, California;

25 B. The Medical Lab Assistant program at the City of Industry campus,  
26 presently located at 12801 Crossroads Parkway South, City of Industry,  
27 California;

28 C. The Medical Administrative Assistant program at the Gardena campus,

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

presently located at 1045 West Redondo Beach Boulevard, Gardena, California;

- D. The Pharmacy Technician program at the Los Angeles campus, presently located at 3460 Wilshire Boulevard, Los Angeles, California;
- E. The Business Management program at the Ontario campus, presently located at South Milliken Avenue, Ontario, California;
- F. The Medical Lab Assistant and Homeland Security programs at the San Bernadino campus, presently located at 217 East Club Center Drive, San Bernardino, California;
- G. The Medical Administrative Assistant and Medical Insurance Billing and Coding programs at the San Francisco campus, presently located at 814 Mission Street, San Francisco, California;
- H. The Pharmacy Technician program at the San Jose campus, presently located at 1245 South Winchester Boulevard, San Jose, California; and
- I. The Business Management program at the West Los Angeles campus, presently located at 3000 South Robertson Boulevard, Los Angeles, California.

If Defendants choose to stop providing instruction in any program identified in this paragraph to any student who had started the program on or before June 29, 2007, and who had not completed the program by the date Defendants stop providing instruction, then Defendants shall provide a full refund to each such student.

7. Upon entry of this Judgment, Defendants are immediately and permanently enjoined from engaging in or performing, directly or indirectly, all of the following:

- A. Making or causing to be made any untrue or misleading statement about the employment or salaries that students will or may obtain after enrolling in or completing any of Defendants' programs. Prohibited statements include, but are not limited to (i) any statement related to Defendants' own students' employment or salaries that is not substantiated by Defendants'

1 records; (ii) any statement based on information in Defendants' records  
2 that Defendants know or should know is inaccurate; and (iii) any statement  
3 that contradicts or suggests that a prospective student should disregard any  
4 employment or salary disclosures based on Defendants' own records that  
5 Defendants make or are required to make.

6 B. Failing to provide a student, before he or she enrolls in any program, a  
7 retainable copy of written disclosures about employment and salaries to  
8 the extent that (i) such disclosures are required by Education Code  
9 sections 94816(a) or 94859(a)(2), if applicable, or (ii) Defendants are  
10 required to provide such disclosures in accordance with then-current  
11 California law or pursuant to an agreement with an agency of the State of  
12 California (other than the Attorney General).

13 C. Enrolling any student in any program without providing that student with  
14 written disclosures that conform to the requirements of then-current  
15 California law, including any Notice of Cancellation, Notice of Student  
16 Rights and/or enrollment agreement to the extent required by then-current  
17 law.

18 D. Making or causing to be made any untrue, misleading or deceptive  
19 statement or engaging in any unlawful, unfair or fraudulent act or practice  
20 in connection with any matter relating to: (i) the recruitment of students  
21 for enrollment; (ii) the offer or sale of any program of instruction; (iii)  
22 program length or credits; (iv) the transferability of credits, (v) the  
23 withholding of loan or grant funds from a student; or (vi) the employment  
24 of students.

25 E. Making or causing to be made any untrue or misleading statement about  
26 (i) licensure requirements for employment; (ii) completion percentages;  
27 (iii) admissions requirements; (iv) government approval; (v) accreditation;  
28 or (vi) rights of cancellation and withdrawal.

1           8.       Beginning 60 days after entry of this Judgment, Defendants are permanently  
2 enjoined from engaging in or performing, directly or indirectly, all of the following:

3           A.       Making or causing to be made any statement regarding any student whom  
4 Defendants' records state is self-employed unless Defendants possess  
5 documents evidencing the student's self-employment, such as checks,  
6 invoices, or bills for payment of services rendered by the student, tax  
7 returns, contracts, social security contribution records, records of accounts  
8 receivable or customer payments, invoices for business supplies, rent  
9 receipts, appointment book entries, or business licenses. To the extent that  
10 Defendants do not possess such documents for a particular student, but  
11 obtain a statement, signed by the student, that he or she is self-employed,  
12 Defendants may state that the student is self-employed if they (i) obtain  
13 confirmation, thirty or more days after the student has completed the  
14 program, that the student has worked and obtained pay as a self-employed  
15 person; (ii) confirm with the student the existence, and make reasonable  
16 efforts to obtain copies, of documents of the kind described in this  
17 paragraph, evidencing the student's self-employment; and (iii) record the  
18 name and address of the person confirming the student's self-employment,  
19 and the date such confirmation is obtained.

20           B.       Failing to provide to any prospective student, during his or her first visit to  
21 any of Defendants' campuses subject to this Judgment, all disclosures  
22 required by then-current law regarding employment, completion, salaries  
23 of former students, and transferability, the enrollment agreement, and any  
24 other documents that the Defendants request students read, sign, date,  
25 and/or initial.

26           C.       Directly or indirectly pressuring any prospective student to sign, date,  
27 and/or initial any document before the student has had a reasonable  
28 opportunity to read and consider the document.

1 E. Enrolling a student in a program without, prior to enrollment, clearly  
2 identifying any non-refundable charges on the schedule of charges  
3 provided to the student.

4 F. Using any settlement agreement that in any way conditions or limits, either  
5 expressly or implicitly, the ability of any party to that agreement from  
6 communicating with any third-party without including a statement to the  
7 effect that nothing in the settlement agreement prohibits or places any  
8 conditions on communication between any government agency and any  
9 party to the agreement regarding the underlying dispute.

10 This Judgment does not prevent Defendants from making statements about prospective  
11 employment or salaries based on reliable third-party information, provided that if during the  
12 same campus visit in which such statements are made Defendants give to the student all  
13 disclosures that are required by law regarding Defendants' own students' employment and  
14 salaries, as substantiated by Defendants' records.

15 9. Within sixty (60) days after the entry of this Judgment, Defendants shall provide  
16 training regarding the injunctive provisions of this Judgment to any current employee and any  
17 third party directly involved in, or who supervise any employee or any third party directly  
18 involved in, speaking with prospective students regarding admissions or financial aid, assisting  
19 students with job placement, or obtaining or recording information related to Defendants'  
20 students' completion, employment or salaries, and shall provide page one through Paragraph 3 on  
21 page 2, Paragraph 7 on page 3 through the end of Paragraph 8 on page 6, and the signature page  
22 of this Judgment to each such employee and third party. For a period of five years from the date  
23 of entry of this Judgment, Defendants shall provide, no later than 10 days after any such person  
24 begins work, a copy of page one through Paragraph 3 on page 2, Paragraph 7 on page 3 through  
25 the end of Paragraph 8 on page 6, and the signature page of this Judgment to each new employee  
26 and each new third party directly involved in, or who supervise any employee or any third party  
27 directly involved in, speaking with prospective students regarding admissions or financial aid,  
28 assisting students with job placement, or obtaining or recording information related to

1 Defendants' students' completion, employment or salaries.

2 10. For four years from the date of entry of this Judgment, Defendants shall provide to  
3 the Attorney General, within thirty (30) days of receipt of a written request from the Attorney  
4 General, all information requested for the purpose of enabling the Attorney General to determine  
5 compliance with the provisions of this Judgment.

6 11. Information provided under Paragraph 10 shall have the same protection from  
7 disclosure in response to any request from a member of the public as information the Attorney  
8 General obtains in the course of an investigation.

9 12. Nothing in this Judgment limits the rights of the Attorney General to request or  
10 obtain information from Defendants as otherwise provided in this Judgment or as provided by  
11 law.

12 13. No later than five days after execution of the Stipulation for Entry of Judgment  
13 filed herewith, Defendants shall jointly and severally pay the sum of \$4,300,000 (Four Million,  
14 Three Hundred Thousand Dollars) to the Attorney General for distribution to students. The  
15 Attorney General shall, at his sole discretion, determine which students who completed their  
16 programs between January 1, 2003, and June 29, 2007, inclusive, are eligible to receive funds  
17 distributed pursuant to this paragraph, and in what amounts.

18 14. Defendants shall cancel a total amount of \$1,500,000 (One Million, Five Hundred  
19 Thousand Dollars) of outstanding credit contract obligations owed to Defendants and incurred by  
20 students on or after January 1, 2003, as follows:

21 A. On or before August 15, 2007, Defendants may satisfy obligations under  
22 this Paragraph 14, first by canceling credit contract obligations owed by students who, as  
23 of July 31, 2007, were no more than 150 days delinquent (late) on their monthly  
24 payments.

25 B. To the extent that the total dollar value of the obligations canceled  
26 pursuant to Paragraph A fails to meet the total amount of \$1,500,000 (One Million, Five  
27 Hundred Thousand Dollars), on or before September 15, 2007, Defendants may satisfy  
28 the difference by canceling credit contract obligations owed by students who, as of

1 August 31, 2007, were no more than 150 days delinquent (late) on their monthly  
2 payments.

3 C. To the extent that the total dollar value of the obligations canceled  
4 pursuant to Paragraphs A and B fails to meet the total amount of \$1,500,000 (One  
5 Million, Five Hundred Thousand Dollars), on or before October 15, 2007, Defendants  
6 shall satisfy the difference by canceling credit contract obligations owed by students who,  
7 as of September 30, 2007, were no more than 150 days delinquent (late) on their monthly  
8 payments.

9 Further, on or before November 1, 2007, Defendants shall notify all credit reporting agencies to  
10 which they provide information regarding obligations owed by students of the identity of students  
11 whose debt has been canceled pursuant to this Judgment, and the amount of debt that is canceled.  
12 Defendants shall provide written verification of the amount of canceled debt to each such  
13 student, and shall also permanently record the amount of canceled debt in all paper and electronic  
14 records they maintain or have in their possession regarding each credit contract affected by this  
15 paragraph. If the cancellation of debt results in a zero balance due on any credit contract  
16 obligation, all paper and electronic records regarding that credit contract obligation shall be  
17 marked to indicate that the obligation has been paid in full.

18 15. The distribution of the funds identified in Paragraph 13 shall be administered by a  
19 third-party administrator ("Administrator") selected by the Attorney General and retained by  
20 Defendants within thirty (30) days of the date of entry of this Judgment or within such other  
21 reasonable time to which Defendants and the Attorney General may agree. The Administrator's  
22 responsibilities, as set forth in this Judgment, shall be described in a letter of engagement that is  
23 approved by the Attorney General. The Administrator shall be independent of Defendants and  
24 shall be substantially experienced in the administration of programs where funds are distributed  
25 to consumers, including such programs involving government agencies.

26 16. The \$4,300,000 (Four Million, Three Hundred Thousand Dollars) paid by  
27 Defendants pursuant to Paragraph 13 shall be transferred to a separate interest-bearing account  
28 (the "Account") established by the Administrator for the purposes of this Judgment. Any interest



1 earned on this amount shall be added to the Account.

2           17.     The cost of the Administrator shall be borne as follows: Defendants shall pay  
3 \$100,000 (One Hundred Thousand Dollars) of administrative expenses to the Administrator and  
4 the Attorney General shall pay any administrative expenses in excess of that amount. If less than  
5 \$100,000 (One Hundred Thousand Dollars) is needed for administrative expenses, the  
6 Administrator shall refund the difference to Defendants.

7           18.     Defendants shall, at their expense, promptly provide to the Attorney General and  
8 the Administrator all documents and information, including without limitation data bases or  
9 spreadsheets, names of students, most recent addresses, e-mail addresses, if any, Social Security  
10 Numbers, and driver's license numbers, requested by the Attorney General or the Administrator  
11 for the purposes of determining which students shall be eligible to receive any funds under this  
12 Judgment, the amount of funds for which each student is eligible, and the identity and location of  
13 each eligible student, or for facilitating the distribution of funds to eligible students or for the  
14 Administrator's performance of its duties under this Judgment. The information received by the  
15 Administrator and Attorney General and all information generated by the Administrator shall be  
16 treated as confidential personal identifying information and shall not be disclosed to third parties  
17 except with respect to other government agencies for the sole purpose of locating students who  
18 are eligible to receive any funds under the terms of this Judgment or unless required by law.

19           19.     Based on the information provided by Defendants, the Attorney General, with the  
20 assistance of the Administrator, shall determine the students potentially eligible to receive any of  
21 the funds to be distributed to students pursuant to this Judgment. The Administrator shall  
22 conduct reasonable address checks, including, when appropriate, using the United States Postal  
23 Service's National Change of Address database or the equivalent, to confirm and update the  
24 address information provided by Defendants regarding each such potentially eligible student.  
25 The Administrator shall use reasonable skip tracing services to locate a potentially eligible  
26 student for whom a current address cannot otherwise be reasonably obtained. If Defendants have  
27 reason to believe that an address they provided to the Administrator is not accurate, they shall  
28 notify the Administrator and the Attorney General.

1           20.     The Attorney General shall direct the Administrator with respect to the  
2 distribution of the moneys in the Account. The Attorney General shall determine which students  
3 are eligible to receive a payment and the amount to be paid to each such student for whom the  
4 Administrator has obtained a current address. Within fifteen (15) days of the Attorney General's  
5 request, the Administrator shall provide a list of all such eligible students, and estimated amounts  
6 they will receive, to the Attorney General and Defendants.

7           21.     Within thirty (30) days of the Attorney General's request, the Administrator shall  
8 send by first-class U.S. mail to each eligible student, in envelopes marked with the  
9 Administrator's return address, a check in the amount determined by the Attorney General. Each  
10 check issued by the Administrator shall bear substantially the notation, "This check is void if not  
11 cashed within ninety (90) days from the date printed on the check." Each check issued by the  
12 Administrator shall be accompanied by a letter of explanation from the Attorney General.

13           22.     If a student is eligible to receive funds from the Account and discharge or  
14 cancellation of debt sufficient to provide (i) a full refund of all amounts he or she has paid to  
15 Defendants, (ii) all moneys he or she has paid on any debt incurred in connection with his or her  
16 enrollment in a program offered by Defendants, and (iii) cancellation or payment of all amounts  
17 outstanding, including principal and interest, on all debts that he or she incurred in connection  
18 with his or her enrollment in a program offered by Defendants, then the consumer's acceptance  
19 of the funds provided under the terms of this Judgment may be conditioned on the limited release  
20 of claims a student may have against Defendants for the violations specifically alleged in the first  
21 and second causes of action in the People's complaint that apply to the student's program.

22           23.     Within fifteen (15) days of any check being returned as undeliverable or expiring  
23 (90 days after issuance) without being deposited, the Administrator shall attempt to determine the  
24 current address of the relevant eligible student by checking the United States Postal Service's  
25 National Change of Address database or the equivalent. The Administrator shall use reasonable  
26 skip tracing services to locate an eligible student for whom a current address cannot otherwise be  
27 reasonably obtained. Where new address information is available, the Administrator shall send a  
28 letter, to be approved by the Attorney General, to each student requesting a confirmation of

1 address within thirty (30) days of the date of the letter. Each letter shall be sent with a  
2 confirmation card and pre-addressed envelope, with first-class postage pre-paid. The  
3 Administrator shall send to students who return the confirmation of address cards, by first-class  
4 U.S. mail, a check in the correct amount with the letter of explanation from the Attorney General,  
5 as described in Paragraph 21 above.

6         24. One hundred (100) days and again two-hundred (200) days after all checks have  
7 been mailed, the Administrator shall provide Defendants and the Attorney General a written  
8 report showing the names of all students to whom a check was mailed since the last written  
9 report and whether the check was cashed, was returned by the Post Office as undeliverable, or  
10 was not returned as undeliverable but was not cashed within ninety (90) days.

11         25. If, despite efforts by the Administrator to locate and distribute payments to all  
12 eligible students as provided in Paragraphs 19 and 23, as provided above, the amount in the  
13 Account is not depleted, then any money remaining in the Account shall be disbursed to the  
14 Consumer Protection Prosecution Trust Fund previously created by the Stipulated Final  
15 Judgment and Permanent Injunction, filed on September 21, 1989, in Alameda County Superior  
16 Court case number 656038-0. A certified check (or equivalent) payable to the "Consumer  
17 Protection Prosecution Trust Fund" drawn by the Administrator for the residual amount, if any,  
18 shall be delivered to the Attorney General as soon as practicable in accordance with the terms of  
19 this Judgment.

20         26. The Administrator shall provide a final accounting of all payments from the  
21 Account. The final accounting shall include a report showing the names of all students to whom  
22 a check was mailed, the amount of each check, whether each check was cashed, was returned by  
23 the Post Office as undeliverable, or was not returned as undeliverable but was not cashed, the  
24 total amount paid to students, and the remaining amount transferred from the Account to the  
25 Consumer Protection Prosecution Trust Fund.

26         27. On entry of this Judgment, Defendants shall jointly and severally pay \$700,000  
27 (Seven Hundred Thousand Dollars) to the Attorney General, by certified check (or the  
28 equivalent) payable to the Attorney General of California. Of this sum, \$200,000 (Two Hundred

1 Thousand Dollars) shall be paid as costs of investigation, attorneys' fees, and other expenses  
2 related to the investigation and resolution of this matter and \$500,000 (Five Hundred Thousand  
3 Dollars) shall be deposited in the Unfair Competition Law Fund.

4 28. This Judgment resolves the above-captioned action, and is meant to resolve those,  
5 and only those, matters specifically set forth in the allegations of the Complaint filed in this  
6 action, for conduct which occurred prior to the entry of this Judgment.

7 29. All documents and notices to be provided to any party under this Judgment are  
8 sufficient if given by nationally recognized overnight courier service or personal delivery to the  
9 named party at the address below:

10 A. If to Defendants: Clayton S. Friedman, Manatt, Phelps & Phillips, LLP,  
11 695 Town Center Drive, 14th Floor, Costa Mesa, California, 92626;  
12 Carolyn J. Kubota, O'Melveny & Myers LLP, 400 South Hope Street, Los  
13 Angeles, California, 90071; and to the Attention of the General Counsel,  
14 Corinthian Schools, Inc., 6 Hutton Centre Drive, Suite 400, Santa Ana,  
15 California, 92707.

16 B. If to the Attorney General: Deputy Attorney General Robyn C. Smith,  
17 Office of the California Attorney General, 300 S. Spring Street, Suite  
18 1702, Los Angeles, California, 90013.

19 Notice is effective when delivered personally or on the business day after it is sent by nationally  
20 recognized courier service for next day delivery. Any party may designate some other person to  
21 receive Reports or notices or change its notice address by giving notice in accordance with this  
22 paragraph.

23 30. All payments required to be made to the Attorney General shall be personally  
24 delivered to Benjamin Diehl at the address set forth in Paragraph 29(B) (or to such other person  
25 and address identified in writing by the Attorney General).

26 31. Nothing in this Judgment shall be construed as relieving any of the Defendants of  
27 their obligation to comply, or as prohibiting any of those parties from complying, with all  
28 applicable local, state and federal laws, regulations or rules, nor shall any of the provisions of this

1 Judgment be deemed to be permission to engage in any acts or practices prohibited by any  
2 applicable law, regulation, or rule.

3 32. This Court shall retain jurisdiction over this matter for the purposes of enabling  
4 any party to this Judgment to apply to the Court at any time, after serving notice on all other  
5 parties, for such further orders and directions as might be necessary or appropriate for the  
6 construction or carrying out of this Judgment, for modification of the injunctive provisions of  
7 this Judgment, and for the Attorney General to apply at any time for enforcement of any  
8 provisions of this Judgment and for punishment for any violation of this Judgment.

9 33. This Judgment shall take effect immediately upon entry by the clerk, and the clerk  
10 is ordered to enter it forthwith.

11

12 Date: **JUL 31 2007**

*IS* **KENNETH R. FREEMAN**

Judge, California Superior Court  
**KENNETH R. FREEMAN**

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28