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California

**SUPERIOR COURT OF CALIFORNIA**

**COUNTY OF SAN DIEGO**

PEOPLE OF THE STATE OF CALIFORNIA,

Plaintiff,

v.

FIROUZ MEMARZADEH;  
FARAH MEMARZADEH;  
MICROSKILLS SAN DIEGO, LLC;  
MICROSKILLS SAN DIEGO, L.P.;  
PARS ASSETS, LLC;  
MEMARZADEH FAMILY TRUST; and  
DOES 1 through 30 inclusive,

Defendants.

CASE NO.:

**COMPLAINT FOR  
INJUNCTION, CIVIL  
PENALTIES AND OTHER  
EQUITABLE RELIEF**

**VERIFIED ANSWER  
REQUIRED**

The People of the State of California, by and through their attorneys EDMUND G. BROWN JR.,  
Attorney General of the State of California, by HOWARD WAYNE, Deputy

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1 Attorney General; and BONNIE M. DUMANIS, San Diego District Attorney, by TRICIA  
2 PUMMILL, Deputy District Attorney, acting upon information and belief, alleges:

3 **JURISDICTION AND VENUE**

4 1. EDMUND G. BROWN JR., Attorney General, and BONNIE M. DUMANIS, District  
5 Attorney for the County of San Diego, bring this action on behalf of the People of the State of  
6 California, acting to protect the general public. Plaintiff brings this action pursuant to Business  
7 and Professions Code sections 17535, 17536, 17203 and 17206 to enjoin Defendants from  
8 engaging in unfair and unlawful business practices, as alleged herein, and seeks to obtain civil  
9 penalties and other remedies for the Defendants' violations of those statutes.

10 2. Defendants at all times mentioned in this Complaint have transacted business within  
11 and from the County of San Diego. The violations of law described in this Complaint have been  
12 and are now being committed within the County of San Diego and elsewhere in the State of  
13 California. Pursuant to California Code of Civil Procedure section 393, venue of this case is  
14 appropriate in the County of San Diego.

15 **DEFENDANTS**

16 3. Defendant Firouz MEMARZADEH is an individual who owned, controlled, managed  
17 and operated a vocation school located in San Diego, California, under the fictitious name  
18 "MICROSKILLS."

19 4. Defendant Farah MEMARZADEH is an individual who owned, controlled, managed  
20 and operated a vocational school located in San Diego, California, under the fictitious name  
21 "MICROSKILLS."

22 5. Defendant MICROSKILLS SAN DIEGO, LLC is a California Limited Liability  
23 Company which owned, controlled, managed and operated a vocational school located in San  
24 Diego, California, under the fictitious name "MICROSKILLS."

25 6. Defendant MICROSKILLS SAN DIEGO, L. P. is a limited partnership which  
26 owned, controlled, managed and operated a vocational school located in San Diego, California,  
27 under the fictitious name "MICROSKILLS."

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1       7. Defendant PARS ASSETS, LLC. is a California Limited Liability Company which  
2 owned, controlled, managed and operated a vocational school located in San Diego, California,  
3 under the fictitious name “MICROSKILLS.”

4       8. Defendant MEMARZADEH FAMILY TRUST owned, controlled, managed and  
5 operated a vocational school located in San Diego, California, under the fictitious name  
6 “MICROSKILLS.”

7       9. The true names and capacities, whether individual, corporate, or otherwise, of  
8 Defendants sued in this Complaint under the fictitious names of DOES 1 through 30, inclusive,  
9 are unknown to Plaintiff who, therefore, sues these Defendants by such fictitious names under  
10 the provisions of section 474 of the Code of Civil Procedure. Defendants DOES 1 through 30  
11 are in some manner responsible for the events alleged herein.. Plaintiff will amend this  
12 Complaint to show their true names and capacities when they have been ascertained.

13       10. Whenever in this Complaint reference is made to any act of the Defendants, the  
14 allegation shall be deemed to mean the act of each Defendant acting individually and jointly.

15       11. Whenever in this Complaint reference is made to any act or omission of a corporate  
16 Defendant, company, partnership or trust, that allegation shall mean that entity did the acts  
17 alleged in the Complaint through its officers, partners, directors, members, agents, employees,  
18 and/or representatives while they were acting within the actual or ostensible scope of their  
19 authority.

20       12. Defendants engaged in a conspiracy, the purpose of which was to make the untrue or  
21 misleading statements and to commit the unfair competition alleged in the First and Second  
22 Causes of Action.

23                                   **NATURE OF DEFENDANTS’ BUSINESS**

24       13. From 1999 until October 2006, Defendants operated a vocational school in San Diego,  
25 California, known as MicroSkills. The school offered computer training for a tuition fee of as  
26 much as \$25,000 or more. Students were told that if they withdrew from class they would  
27 receive a partial refund for classes not taken. Defendants received payment “up front” for all of

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1 the courses the students were to take, as well as for the cost of testing for certification in each  
2 subject, even though the courses were to be provided to the students on a sequential basis.

3 14. Sometime in 2006, Defendants decided to shut down operation of their vocational  
4 school. Nevertheless, Defendants continued to advertise the school and to solicit students.  
5 Defendants continued to sign up new students and receive payments from students for such  
6 training during the time Defendants intended to close their school. Defendants failed to inform  
7 students of the decision to close and failed to inform the Bureau for Private Postsecondary and  
8 Vocational Education of this decision prior to closing MicroSkills vocational school. On or  
9 about October 20, 2006, Defendants closed MicroSkills and ceased offering students classes or  
10 any services for which they had contracted. In addition, Defendants have failed to make the  
11 represented refunds and failed to make the full refunds mandated by law.

12 15. During the time Defendants operated, managed and controlled MicroSkills vocational  
13 school, they caused assets of the school to be transferred to them, including an unsecured loan or  
14 loans with no apparent repayment schedule or rate of interest. At times, the amount of said loans  
15 were in excess of two million dollars (\$2,000,000.00).

16 **FIRST CAUSE OF ACTION**

17 **VIOLATION OF BUSINESS AND PROFESSIONS CODE**  
18 **SECTION 17500 (MAKING UNTRUE OR MISLEADING**  
19 **STATEMENTS TO THE PUBLIC ABOUT GOODS OR**  
20 **SERVICES) ALLEGED AGAINST ALL DEFENDANTS**

21 16. Paragraphs 1 through 15 of this Complaint are incorporated by reference as though  
22 set forth in full.

23 17. Beginning at an exact date unknown to Plaintiff, but within three years preceding  
24 the filing of this Complaint, Defendants, with the intent directly or indirectly to induce members  
25 of the public to purchase training at MICROSKILLS, made or caused to be made representations  
26 to  
27 the public in California that were untrue or misleading in violation of Business and Professions  
28 Code section 17500. These misrepresentations include, but are not limited to:

A. Misrepresenting that in consideration for payment of tuition, Defendants would

- 1 provide training in computer skills;
- 2 B. Misrepresenting that students would receive a pro-rata refund of tuition paid if the
- 3 students withdrew from the program;
- 4 C. Misrepresenting that students would receive a pro-rata refund of tuition paid if the
- 5 school closed; and
- 6 D. Omitting to inform students and prospective students prior to closing MICROSKILLS
- 7 that the school would be closing.

8 18. Defendants knew or should have known that the representations and statements made

9 by Defendants as set forth in Paragraph 17 above were untrue or misleading when made.

10 **II.**

11 **SECOND CAUSE OF ACTION**

12 **VIOLATION OF BUSINESS AND PROFESSIONS**

13 **CODE SECTION 17200 (UNFAIR COMPETITION)**

14 **ALLEGED AGAINST ALL DEFENDANTS**

15 19. Paragraphs 1 through 18 of this Complaint are incorporated by reference as though set

16 forth in full.

17 20. Beginning on an exact date unknown to Plaintiff, but within four years prior to the

18 filing of this Complaint and continuing to the present, Defendants engaged in and are still

19 engaged in unfair competition within the meaning of and in violation of Business and

20 Professions Code sections 17200 through 17206 by:

- 21 A. Committing the violations of Business and Professions Code section 17500 as set
- 22 forth in the First Cause of Action;
- 23 B. Making false or fraudulent representations to students of MICROSKILLS with the
- 24 intent to defraud those student into paying tuition for classes that Defendants knew
- 25 they did not intend to offer in violation of Penal Code section 487(a);
- 26 C. Fraudulently appropriating money entrusted to them by students of
- 27 MICROSKILLS after failing to provide for classes for which that money was received,
- 28 in violation of Penal Code section 487(a);

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- 2 D. Failing to refund tuition paid by or on behalf of students, within 31 days of  
3 closing MICROSKILLS vocational school, in violation of Education Code sections  
4 94824; 94869(b), 94820(a) and 94870 (e);
- 5 E. Failing to refund all monies paid by students of MICROSKILLS vocational school 31  
6 days after the school closed, as required by Education Code section 94877(a);
- 7 F. Failing to provide the California Bureau for Private Postsecondary and Vocational  
8 Education with financial data required by Education Code section 94808(a)(6) in  
9 violation of Education Code section 94834(a);
- 10 G. Compensating representatives involved in recruitment, enrollment or admissions on a  
11 commissions basis in violation of Education Code section 94832(e);
- 12 H. Failing to notify the Bureau for Private Postsecondary and Vocational Education in  
13 writing of intent to close MICROSKILLS vocational school at least 30 days before  
14 ceasing to offer educational services at the school in violation of Section 74200 of  
15 Title 5 of the California Code of Regulations;
- 16 I. Representing that a transaction (payment of all tuition “up front”) conferred or  
17 involved rights or remedies (pro-rata refund in case of cancellation) which it did not  
18 have in violation of Civil Code section 1770(a)(14).

19 **PRAYER**

20 **WHEREFORE,** Plaintiff prays for judgment as follows:

- 21 1. Pursuant to Business and Professions Code sections 17203 and 17535 that Defendants,  
22 and each of them, personally and through their successors, agents, representatives, employees,  
23 and any and all other persons who act under, by, through, or on behalf of Defendants, be  
24 permanently restrained and enjoined from making untrue or misleading statements and engaging  
25 in acts and practices of unfair competition, as set forth in Paragraphs 17, 18, 19 and 20;
- 26 2. Pursuant to Business and Professions Code sections 17203 and 17535, Defendants, and  
27 each of them, be ordered to pay each student who enrolled at MICROSKILLS school and who  
28 had not completed training at MICROSKILLS school as of October 20, 2006, all funds the

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2 school received from or on behalf of the students within 30 days of entry of Judgment, and  
3 provide satisfactory proof of payment to the Court;

4 3. Pursuant to Business and Professions Code section 17206, Defendants and each of  
5 them, be assessed a civil penalty of \$2,500.00 for each violation of Business and Professions  
6 Code section 17200 as proven at trial, but in an amount not less than one million dollars  
7 (\$1,000,000.00);

8 4. Pursuant to Business and Professions Code section 17536, Defendants and each of  
9 them, be assessed a civil penalty of \$2,500.00 for each violation of Business and Professions  
10 Code section 17500, as proved at trial, but in an amount not less than one million dollars  
11 (\$1,000,000.00);

12 5. Pursuant to Business and Professions Code sections 17206 and 17506, Defendants be  
13 ordered to pay the investigation and prosecution costs incurred in this case; and

14 6. Plaintiff have such other and further relief as the nature of the case may require, and  
15 the Court deems appropriate to dissipate the unlawful and unfair acts complained of.

16 Dated: May 7, 2007

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Respectfully submitted,

EDMUND G. BROWN JR.  
Attorney General of California  
ALBERT NORMAN SHELDEN  
Senior Assistant Attorney General  
SANFORD FELDMAN  
Supervising Deputy Attorney General

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