



1 KAMALA D. HARRIS
 Attorney General of California
 2 NICKLAS A. AKERS
 Senior Assistant Attorney General
 3 NICHOLAS G. CAMPINS (SBN 238022)
 DAVID A. JONES (SBN 250287)
 4 Deputy Attorneys General
 1515 Clay Street, Suite 2100
 5 Oakland, CA 94612
 Telephone: (510) 622-2060
 6 Fax: (510) 622-2270
 E-mail: Nicholas.Campins@doj.ca.gov
 7 Attorneys for THE PEOPLE OF THE STATE OF
 CALIFORNIA

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 San Francisco County Superior Court

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CLERK OF THE COURT
 BY: [Signature] Deputy Clerk

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
 10 COUNTY OF SAN FRANCISCO

13 THE PEOPLE OF THE STATE OF
 14 CALIFORNIA,
 15 Plaintiff,
 16 v.
 17 HEALD COLLEGE, LLC; CORINTHIAN
 COLLEGES, INC.; CORINTHIAN
 18 SCHOOLS, INC.; SEQUOIA EDUCATION,
 INC.; CAREER CHOICES, INC.; MJB
 19 ACQUISITION CORPORATION; TITAN
 SCHOOLS, INC.; RHODES COLLEGES,
 20 INC.; FLORIDA METROPOLITAN
 UNIVERSITY, INC.; EVEREST COLLEGE
 21 PHOENIX, INC.
 22 Defendants.

Case No. CGC-13-534793
 C.K.
 [PROPOSED] FINAL JUDGMENT
 Assigned to Hon. Curtis E.A. Karnow
 Department 304
 Hearing Date/Time: March 22, 2016 at 9:00
 AM
 Date Action Filed: October 10, 2013
 Trial Date: None Set

24 Plaintiff the People of the State of California's Application for Entry of a Default Judgment
 25 came on for hearing in Department 304 of this Court on March 22, 2016. Plaintiff the People of
 26 the State of California ("Plaintiff" or the "People") appeared through their attorney, Kamala D.
 27 Harris, Attorney General of the State of California, by Deputy Attorney General Nicholas G.
 28 Campins and Senior Assistant Attorney General Nicklas A. Akers. Defendants Heald College,

1 LLC (“Heald”); Corinthian Colleges, Inc.; Corinthian Schools, Inc.; Sequoia Education, Inc.;
2 Career Choices, Inc.; MJB Acquisition Corporation; Titan Schools, Inc.; Rhodes Colleges, Inc.;
3 Florida Metropolitan University, Inc.; and Everest College Phoenix, Inc. (collectively,
4 “Defendants” or “CCI”), are in default (having failed to answer the People’s Second Amended
5 Complaint), and did not appear through their counsel of record. Upon due consideration of all
6 pleadings in connection with this application, the records filed with the Court, and the argument
7 of counsel, the Court finds that the proposed judgment is proper and supported by the evidence
8 proffered and Defendants’ default.

9 THEREFORE, the Court having considered the matter and good cause appearing therefor,

10 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:**

11 1. This Court has jurisdiction over the parties to this action and to enter this
12 Judgment.

13 **PLAINTIFF**

14 2. Plaintiff is the People of the State of California. The People bring this action by
15 and through Kamala D. Harris, Attorney General. The Attorney General is authorized by
16 Business and Professions Code sections 17204, 17206, and 17207 to bring actions to enforce the
17 Unfair Competition Law (“UCL”); by Business and Professions Code sections 17535, 17535.5,
18 and 17536 to bring actions to enforce the Fair Advertising Law (“FAL”); and by Government
19 Code sections 12658 and 12660 to bring actions to enforce the Corporate Securities Law of 1968
20 (“CSL”). The restitution sought in this action pursuant to the UCL and FAL is on behalf of
21 students who attended Defendants’ schools.

22 **DEFENDANTS**

23 3. Defendant Heald College, LLC is a Limited Liability Company (“LLC”) organized
24 and existing under the laws of the State of California. Although it has dissolved for purposes of
25 continuing business, pursuant to applicable law, no action or proceeding to which a California
26 LLC is a party abates by the dissolution of the LLC. Defendant Heald College, LLC transacted
27 business throughout California, including at campuses in Concord, Fresno, Hayward, Modesto,
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1 Rancho Cordova, Roseville, Salinas, San Francisco, San Jose, Stockton, and online. Defendant
2 Heald College, LLC, is referred to herein as "Heald."

3 4. Defendant Corinthian Colleges, Inc. is a corporation organized and existing under
4 the laws of the State of Delaware. Although it has dissolved for purposes of continuing business,
5 pursuant to applicable law, with respect to any action, suit or proceeding begun by or against a
6 Delaware corporation either prior to or within 3 years after the date of the corporation's
7 expiration or dissolution, the action shall not abate by reason of the dissolution of the corporation;
8 the corporation shall, solely for the purpose of such action, suit or proceeding, be continued as a
9 body corporate beyond the 3-year period and until any judgments, orders, or decrees therein shall
10 be fully executed. Defendant Corinthian Colleges, Inc. transacted business throughout California,
11 including at its headquarters in Santa Ana. Corinthian Colleges, Inc.'s direct and indirect
12 subsidiaries operate schools and/or enroll students throughout California and include Corinthian
13 Schools, Inc.; Rhodes Colleges, Inc.; Florida Metropolitan University, Inc.; Titan Schools, Inc.;
14 Career Choices, Inc.; Sequoia Education, Inc.; MJB Acquisition Corporation; Everest College
15 Phoenix, Inc.; and Heald College, LLC.

16 5. Defendant Corinthian Schools, Inc. is a corporation organized and existing under
17 the laws of the State of Delaware. Although it has dissolved for purposes of continuing business,
18 pursuant to applicable law, with respect to any action, suit or proceeding begun by or against a
19 Delaware corporation either prior to or within 3 years after the date of the corporation's
20 expiration or dissolution, the action shall not abate by reason of the dissolution of the corporation;
21 the corporation shall, solely for the purpose of such action, suit or proceeding, be continued as a
22 body corporate beyond the 3-year period and until any judgments, orders, or decrees therein shall
23 be fully executed. Defendant Corinthian Schools, Inc. transacted business throughout California,
24 including its Everest College campuses in Alhambra, Anaheim, City of Industry, Gardena,
25 Hayward, Los Angeles – Wilshire, Ontario, Ontario Metro, Reseda, San Bernardino, San
26 Francisco, San Jose, Torrance, and West Los Angeles, as well as its Wyotech campus in Long
27 Beach.

1 6. Defendant Sequoia Education, Inc. is a corporation organized and existing under
2 the laws of the State of California. Although it has dissolved for purposes of continuing business,
3 pursuant to applicable law, no action or proceeding to which a California corporation is a party
4 abates by the dissolution of the corporation. Defendant Sequoia Education, Inc. transacted
5 business throughout California, including at its Wyotech campus in Fremont.

6 7. Defendant Career Choices, Inc. is a corporation organized and existing under the
7 laws of the State of California. Although it has dissolved for purposes of continuing business,
8 pursuant to applicable law, no action or proceeding to which a California corporation is a party
9 abates by the dissolution of the corporation. At all times relevant herein, Defendant Career
10 Choices, Inc. transacted business throughout California, including through Sequoia Education,
11 Inc., which it owns.

12 8. Defendant MJB Acquisition Corporation is a corporation organized and existing
13 under the laws of Wyoming. Although it has dissolved for purposes of continuing business,
14 pursuant to applicable law, dissolution of a Wyoming corporation does not abate or suspend a
15 proceeding pending by or against the corporation on the effective date of dissolution. Defendant
16 MJB Acquisition Corporation transacted business throughout California, including at its Wyotech
17 campus in West Sacramento. MJB Acquisition Corporation is owned by Titan Schools, Inc.

18 9. Defendant Titan Schools, Inc. is a corporation organized and existing under the
19 laws of Delaware. Although it has dissolved for purposes of continuing business, pursuant to
20 applicable law, with respect to any action, suit or proceeding begun by or against a Delaware
21 corporation either prior to or within 3 years after the date of the corporation's expiration or
22 dissolution, the action shall not abate by reason of the dissolution of the corporation; the
23 corporation shall, solely for the purpose of such action, suit or proceeding, be continued as a body
24 corporate beyond the 3-year period and until any judgments, orders, or decrees therein shall be
25 fully executed. Defendant Titan Schools, Inc. transacted business throughout California,
26 including through MJB Acquisition Corporation, which it owns.

27 10. Defendant Rhodes Colleges, Inc. is a corporation organized and existing under the
28 laws of Delaware. Although it has dissolved for purposes of continuing business, pursuant to

1 applicable law, with respect to any action, suit or proceeding begun by or against a Delaware
2 corporation either prior to or within 3 years after the date of the corporation's expiration or
3 dissolution, the action shall not abate by reason of the dissolution of the corporation; the
4 corporation shall, solely for the purpose of such action, suit or proceeding, be continued as a body
5 corporate beyond the 3-year period and until any judgments, orders, or decrees therein shall be
6 fully executed. Defendant Rhodes Colleges, Inc. transacted business throughout California,
7 including through its subsidiaries Florida Metropolitan University, Inc. and Everest College
8 Phoenix, Inc.

9 11. Defendant Florida Metropolitan University, Inc., is a corporation organized and
10 existing under the laws of the State of Florida. Although it has dissolved for purposes of
11 continuing business, pursuant to applicable law, dissolution of a Florida corporation does not
12 abate or suspend a proceeding pending by or against the corporation on the effective date of
13 dissolution. Defendant Florida Metropolitan University, Inc. transacted business throughout
14 California, including through Everest University Online, which it operates as part of institutions it
15 owns with physical locations in Brandon, Pompano Beach, and Orlando, Florida.

16 12. Defendant Everest College Phoenix, Inc. is a corporation organized and existing
17 under the laws of the State of Arizona. Although it has dissolved for purposes of continuing
18 business, pursuant to applicable law, dissolution of an Arizona corporation does not abate or
19 suspend a proceeding pending by or against the corporation on the effective date of dissolution.
20 Defendant Everest College Phoenix, Inc. transacted business throughout California, including
21 through its online school, Everest College Phoenix Online, which it operates as part of an
22 institution it owns with physical locations in Phoenix and Mesa, Arizona.

23 13. Whenever reference is made to any act of "CCI," and/or "Defendants," that
24 finding shall mean that each Defendant acted individually and jointly with the other Defendants.

25 **DEFENDANTS' REPRESENTATIONS AND BUSINESS PRACTICES**

26 14. The Court makes the findings set forth in Paragraphs 15 to 40 below on the basis of the
27 uncontested evidence submitted by the People in support of their application for a default
28 judgment.

1 **Job Placement Rates Provided to Students**

2 15. From at least 2009 until the closure of its schools, many of CCI's representations
3 and advertisements related to job placement were untrue and/or misleading. In numerous cases,
4 the placement rate data in CCI's files show that the actual placement rate is lower than the
5 advertised rate.

6 16. CCI issued standardized disclosures for each campus related to job placement.
7 The disclosures contained placement rates for each program. The consumer disclosures were
8 published online and provided to students in hard copy as part of the enrollment process.

9 17. The placement rates that CCI published were systematically false, misleading,
10 erroneous and/or failed to comply with applicable state and federal regulations and/or accreditor
11 standards. In addition, many of these published placement rates could not be substantiated using
12 CCI's own internal placement data and files.

13 18. On April 14, 2015, the United States Department of Education ("ED") issued a
14 fine letter to Heald. In the letter, ED found that "Heald College Failed to Comply with the
15 Regulations Governing Disclosure of Its Job Placement Rates." The Heald placement rates
16 published online and/or provided in paper format to each Heald student were systematically false,
17 misleading, and erroneous for the reasons specified in ED's April 14, 2015 fine letter.

18 **Misrepresenting Job Placement Rates to Investors**

19 19. From at least 2011 until the closure of its schools, Corinthian Colleges, Inc. made
20 representations to investors related to job placement.

21 20. The statements concerning the graduate placement rates were false. In fact, CCI's
22 own data and files suggest that the actual rate is much lower and has been subject to
23 manipulations and assumptions not disclosed to investors.

24 21. Evidence concerning Corinthian Colleges, Inc.'s knowledge of the falsity of the
25 placement rates was submitted by the People in support of their application.

26 22. The misstatements concerning the placement rate are material to investors because
27 a reasonable investor would consider the rate important in reaching an investment decision.
28

1 **Advertising for Programs that CCI Does Not Offer**

2 23. Heald, Corinthian Schools, Inc., and Corinthian Colleges, Inc. did not offer
3 ultrasound technician programs, x-ray technician programs, radiology technician programs, or
4 dialysis technician programs in California.

5 24. Despite this fact, from at least 2010 until the filing of this action, Heald,
6 Corinthian Schools, Inc., and Corinthian Colleges, Inc. nevertheless ran millions of online and
7 mobile ads stating that they do offer ultrasound technician, x-ray technician, radiology technician
8 or dialysis technician programs, certificates, diplomas, or degrees at their California campuses.

9 25. The fact that these false ads misled students was known by Heald, Corinthian
10 Schools, Inc., and Corinthian Colleges, Inc. as outlined in evidence submitted by the People in
11 support of their application.

12 **Unlawfully Using Military Seals In Advertising**

13 26. From at least 2012 until the closure of its schools, Heald and Corinthian Colleges,
14 Inc. included the official seals of the United States Department of the Army, the United States
15 Department of the Navy, the United States Department of the Air Force, the United States Marine
16 Corps, and the United States Coast Guard in mailings, electronic messages, and Internet Web
17 sites to solicit information, or to solicit the purchase of or payment for a product or service.

18 27. The seals and related content were used in a manner that reasonably could be
19 interpreted or construed as implying federal government connection, approval, or endorsement.

20 28. For example, the seals were prominently displayed on Healdmilitary.com and in
21 online ads run by Heald.

22 29. Heald and Corinthian Colleges, Inc. had no expressed connection with or approval
23 by the United States Department of the Army, the United States Department of the Navy, the
24 United States Department of the Air Force, the United States Marine Corps and/or the United
25 States Coast Guard.

26 30. Heald and Corinthian Colleges, Inc. did not include the statutory disclaimers
27 required by Business & Professions Code section 17533.6 on any mailings, electronic messages,
28 and internet websites containing the seals of the United States Department of the Army, the

1 United States Department of the Navy, the United States Department of the Air Force, the United
2 States Marine Corps, or the United States Coast Guard.

3 **Inserting Unlawful Clauses into Enrollment Agreements**

4 31. CCI enrollment agreements contain language that violates Civil Code section 1770,
5 subdivision a, paragraph 14, because they purport to confer rights and remedies on CCI that are
6 expressly prohibited by law. Specifically, the enrollment agreements claim that CCI is exempt
7 from responsibility from “any and all claims of any kind whatsoever.” Because the enrollment
8 agreements therefore purport to exempt Defendants from their “own fraud, or willful injury to the
9 person or property of another, or violation of law, whether willful or negligent,” they are per se
10 invalid under Civil Code section 1668.

11 **Unlawful Debt Collection**

12 32. In or about June 2011, CCI entered into a financial arrangement with a third party,
13 ASFG, LLC (which has subsequently changed its name to Campus Student Funding, LLC)
14 (hereafter, “ASFG”) under which another non-party, Liberty Bank, N.A., (“Liberty”), provided
15 private loans to CCI students. Because it took the place of a similar program operated by CCI
16 with another third party, Genesis Lending Services, Inc., and because it used a similar lending and
17 servicing platform, the loans made under the student loan program operated by CCI and ASFG
18 are commonly referred to as “Genesis Loans” by CCI employees and students. As used herein,
19 the “Genesis Private Student Loan Program” refers to the program that CCI and ASFG operated
20 beginning in or about June 2011. Pursuant to the terms of the Genesis Private Student Loan
21 Program, CCI was paid in full, did not own the loans, and the students owed the money to a third-
22 party.

23 33. The unlawful and unfair debt collection practices engaged in by CCI in connection
24 with the Genesis Private Student Loan Program include, but are not limited, to the following:

- 25 a. Pulling students who are behind on their loan payments (often by only a few
26 days) from class during instruction time and subjecting them to collection
27 activities. CCI employees refer to this practice in emails as a “best practice.”
28

1 36. This conduct continued until on or after January 1, 2013, in violation of Education
2 Code section 69800, subdivision (c).

3 **Misrepresenting Transferability of Credits**

4 37. From at least 2010 until the closure of its schools, Heald and Corinthian Colleges,
5 Inc. engaged in false and misleading advertising regarding the transferability of credits earned at
6 Heald, including without limitation the transferability of those credits to the California State
7 University system (“CSU”) and its campuses.

8 38. For example, they published advertisements suggesting that a number of purported
9 “partner colleges,” including CSU, “accept Heald credits toward bachelor’s degree programs.”
10 These misrepresentations are reinforced by Heald enrollment advisers who told students that all
11 or most of their credits will be transferable to CSU and other colleges. However, the
12 advertisements fail to disclose important limitations on the transferability of Heald credits,
13 including but not limited to the following facts:

- 14 a. Only a fraction of Heald’s diploma, certificate, and AAS credits transfer to
15 CSU, and students in those programs will therefore be able to transfer only a
16 handful of their Heald units to CSU;
- 17 b. Students who only complete a Heald diploma, certificate, or AAS program will
18 be ineligible to transfer to six of the eight CSU campuses listed by Heald as
19 “partner colleges.” This is because those six campuses will only accept
20 transfer applicants who have completed at least sixty transferable semester
21 units.

22 **Financial Stability**

23 39. Beginning in 2014, Defendants falsely represented their financial stability to
24 students.

25 **CAUSES OF ACTION**

26 **First Cause of Action - Violations of Business and Professions Code Section 17500**

27 40. On the basis of the findings above and the evidence that the People presented,
28 Defendants, and each of them, have engaged in, aided and abetted, and conspired to engage in

1 acts or practices that constitute violations of Business and Professions Code section 17500 et seq.,
2 by making or causing to be made untrue or misleading statements with the intent to induce
3 members of the public to purchase Defendants' services. Defendants' untrue or misleading
4 representations included the following:

- 5 a. Defendants' statements regarding job placement rates, including but not
6 limited to their published job placement disclosures that were posted online
7 and provided to students during the enrollment process;
- 8 b. Heald's, Corinthian Schools, Inc.'s, and Corinthian Colleges, Inc.'s
9 advertisements for programs, certificates, diplomas, or degrees they do not
10 offer in California;
- 11 c. Heald's and Corinthian Colleges, Inc.'s unlawful use of United States
12 government seals in advertisements;
- 13 d. Defendants' failure to disclose CCI's role in the Genesis Private Student Loan
14 Program;
- 15 e. Heald's and Corinthian Colleges, Inc.'s statements regarding the transferability
16 of credits, including but not limited to their published advertisements that were
17 posted online; and
- 18 f. Defendants' misleading statements concerning their stability.

19 41. Judgment is entered in favor of the People and against each Defendant as to the
20 First Cause of Action for violation of Business and Professions Code section 17500.

21 **Second Cause of Action - Violation Of Business and Professions Code Section 17200**

22 42. On the basis of the findings above and the evidence that the People presented,
23 Defendants, and each of them, have engaged in, have aided and abetted, and have conspired to
24 engage in business acts or practices that constitute unfair competition as defined in the Unfair
25 Competition Law, Business and Professions Code section 17200 et seq., in that such business acts
26 and practices are unlawful, unfair, and fraudulent within the meaning of that statute.

27 43. The business acts and practices engaged in by Defendants that violate the Unfair
28 Competition Law include:

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- a. As to all Defendants, publishing and/or providing students with untrue, misleading, unreliable, and/or inaccurate job placement rate information.
- b. As to Heald, Corinthian Schools, Inc. and Corinthian Colleges, Inc., running ads for programs, certificates, diplomas, or degrees they do not offer in California.
- c. As to Heald, Corinthian Schools, Inc., and Corinthian Colleges, Inc., failing to disclose to students on the phone that Defendants do not offer certain programs, certificates, diplomas, or degrees in California.
- d. As to Heald and Corinthian Colleges, Inc., unlawfully using official United States government seals to imply a connection to, approval by, or endorsement by 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/or the United States Coast Guard, when Heald and Corinthian Colleges, Inc. have no such endorsement.
- e. As to Corinthian Colleges, Inc., making untrue statements of material fact related to job placement rates and related information to investors.
- f. As to Corinthian Colleges, Inc., omitting material facts from statements to investors related to job placement rates.
- g. As to all Defendants, including clauses in enrollment agreements that falsely state that Defendants are immune from liability from any and all claims of any kind whatsoever.
- h. As to all Defendants, engaging in unfair and unlawful debt collection practices in connection with the Genesis Private Student Loan Program.
- i. As to all Defendants, failing to make disclosures regarding the Genesis Private Student Loan Program and CCI's Role in that program, and falsely stating that "we do not promote or endorse this lender."

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j. As to Heald and Corinthian Colleges, Inc., publishing and/or providing students with untrue, misleading, unreliable, and/or inaccurate information concerning the transferability of credits earned at Heald.

44. These business acts and practices are unlawful because they violate laws including.

- a. Business and Professions Code section 17500;
- b. Corporations Code section 25400, subdivision (d);
- c. Corporations Code section 25401;
- d. Business and Professions Code section 17533.6;
- e. Civil Code section 1770, subdivision (a), paragraph 2;
- f. Civil Code section 1770, subdivision (a), paragraph 3;
- g. Civil Code section 1770, subdivision (a), paragraph 9;
- h. Civil Code section 1770, subdivision (a), paragraph 14;
- i. Civil Code section 1788.17; and/or
- j. Education Code section 69800, subdivision (c).

45. These business acts and practices are unfair in that Defendants have:

- a. caused students to pay tens of thousands of dollars, undertake huge credit obligations, and/or spend years of their lives in educational programs because they hoped to get a job - and believed they would get a job - based on Defendants' untrue and misleading representations;
- b. in the case of Heald, Corinthian Schools, Inc., and Corinthian Colleges, Inc., caused consumers to call them, visit their campuses, and/or enroll at one of their schools by misleading consumers into believing Heald, Corinthian Schools, Inc., and Corinthian Colleges, Inc. offer programs, certificates, diplomas, or degrees they do not offer;
- c. in the case of Heald and Corinthian Colleges, Inc., caused consumers, including service members and veterans, to call them, visit their campuses, enroll at their schools, and/or use federal benefits they accrued through service to their country under the false pretense that Heald and Corinthian Colleges,

1 Inc. have a connection with, approval of, or endorsement of the United States
2 Department of the Army, the United States Department of the Navy, the
3 United States Department of the Air Force, the United States Marine Corps,
4 and/or the United States Coast Guard;

- 5 d. included clauses in enrollment agreements that falsely stated that Defendants
6 are immune from liability from any and all claims of any kind whatsoever, and
7 thereby dissuading students with valid legal claims from taking legal action;
- 8 e. engaged in unfair debt collection practices in connection with the Genesis
9 Private Student Loan Program including pulling students from class during
10 instruction time, barring students from attending class, barring students from
11 attending externships, and dropping students altogether from their programs;
- 12 f. caused students to undertake huge credit obligations without disclosing critical
13 facts about the Genesis Private Student Loan Program and CCI's relationship
14 with that program;
- 15 g. in the case of Heald and Corinthian Colleges, Inc., caused consumers to call
16 them, visit their campuses, and/or enroll at one of their schools by misleading
17 consumers concerning the transferability of credits earned at Heald to other
18 schools, including CSU; and/or
- 19 h. engaged in conduct that is immoral, unethical, oppressive, unscrupulous,
20 and/or substantially injurious to consumers.

21 46. These business acts and practices are fraudulent in that Defendants' untrue and
22 misleading representations regarding: their job placement rates; their ads for programs,
23 certificates, diplomas, or degrees they do not offer; their unauthorized use of official United
24 States government seals; their use of enrollment agreements that falsely state that Defendants are
25 immune from liability; the Genesis Private Student Loan Program and CCI's role in that program;
26 and the transferability of credits earned at Heald to other schools are likely to deceive the public.

27 47. Judgment is entered in favor of the People and against Defendants as to their
28 Second Cause of Action for violation of Business and Professions Code section 17200.

1 **Third Cause of Action Against Corinthian Colleges, Inc. - Violation of Corporations Code**

2 **Section 25401**

3 48. On the basis of the findings above and the evidence that the People presented,
4 Corinthian Colleges, Inc. has violated Corporations Code section 25401.

5 49. Corinthian Colleges, Inc. offered for sale and sold Corinthian Colleges, Inc.'s
6 common stock, which was traded on the NASDAQ National Market System, to investors in
7 California.

8 50. Corinthian Colleges, Inc. offered for sale and sold Corinthian Colleges, Inc.'s
9 common stock to employees in California and to employees of its subsidiaries in California via an
10 employee stock purchase program. On or about February 1, 2013, Corinthian Colleges, Inc. filed
11 a Registration Statement (Form S-8) with the Securities and Exchange Commission for the plan.

12 51. Corinthian Colleges, Inc.'s common stock qualifies as a security as defined in
13 Corporations Code section 25019.

14 52. Corinthian Colleges, Inc. qualifies as an issuer under Corporations Code sections
15 25010 and as a person under Corporations Code section 25013.

16 53. Corinthian Colleges, Inc.'s misrepresentations were made in connection with the
17 offer and sale of securities within the meaning of Corporations Code section 25017.

18 54. Corinthian Colleges, Inc.'s misrepresentations took place within the State of
19 California within the meaning of Corporations Code section 25008.

20 55. In offering for sale and/or selling its common stock, Corinthian Colleges, Inc.
21 misrepresented the job placement rate of its graduates; the methodology it used to calculate the
22 job placement rate of its graduates; the number of graduates it placed; the number of eligible
23 graduates; the reliability of its placement and placement verification process; the stringency of its
24 definitions regarding job placements; its compliance with accreditor mandated policies; and its
25 compliance with its own policies. Corinthian Colleges, Inc. violated Corporations Code section
26 25401 because these statements were untrue and misleading by virtue of the omission of material
27 facts.

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1 56. Judgment is entered in favor of the People and against Corinthian Colleges, Inc. as
2 to the Fourth Cause of Action for violation of Corporations Code section 25401.

3 **Fourth Cause of Action Against Corinthian Colleges, Inc. - Violation of Corporations Code**
4 **Section 25400, Subdivision (D)**

5 57. On the basis of the findings above and the evidence presented by the People,
6 Corinthian Colleges, Inc. has violated Corporations Code section 25400, subdivision (d).

7 58. Corinthian Colleges, Inc. offered for sale, sold, and/or induced the purchase or sale
8 of Corinthian Colleges, Inc.'s common stock by others, which was traded on the NASDAQ
9 National Market System, to investors in California.

10 59. Corinthian Colleges, Inc. offered for sale, sold, and/or induced the purchase or
11 sale of Corinthian Colleges, Inc.'s common stock by its employees in California and to
12 employees of its subsidiaries in California via an Employee Stock Purchase Plan. On or about
13 February 1, 2013, Corinthian Colleges, Inc. filed a Registration Statement (Form S-8) with the
14 Securities and Exchange Commission for the plan.

15 60. Corinthian Colleges, Inc.'s common stock qualifies as a security as defined in
16 Corporations Code section 25019.

17 61. Corinthian Colleges, Inc. qualifies as an issuer under Corporations Code sections
18 25010 and as a person under Corporations Code section 25013.

19 62. Corinthian Colleges, Inc.'s misrepresentations were made in connection with the
20 offer and sale of securities within the meaning of Corporations Code section 25017.

21 63. Corinthian Colleges, Inc.'s misrepresentations took place within the State of
22 California within the meaning of Corporations Code section 25008.

23 64. In offering for sale, selling, or inducing the purchase and/or sale of its common
24 stock by others, Corinthian Colleges, Inc. misrepresented the job placement rate of its graduates;
25 the methodology it used to calculate the job placement rate of its graduates; the number of
26 graduates it placed; the number of eligible graduates; the reliability of its placement and
27 placement verification process; the stringency of its definitions regarding job placements; its
28 compliance with accreditor mandated policies; and its compliance with its own policies.

1 Corinthian Colleges, Inc. violated Corporations Code section 25400, subdivision (d) because
2 these statements were untrue and misleading by virtue of the omission of material facts.

3 65. Corinthian Colleges, Inc. knew or had reasonable ground to believe the
4 representations were false and/or misleading.

5 66. Judgment is entered in favor of the People and against Corinthian Colleges, Inc. as
6 to the Fourth Cause of Action for violation of Corporations Code section 25400, subdivision (d).

7 **Fifth Cause of Action Against Corinthian Schools, Inc. - Violation of Business and**
8 **Professions Code Section 17207**

9 67. On the basis of the findings above and the evidence that the People presented,
10 Corinthian Schools, Inc. has violated Business and Professions Code Section 17207.

11 68. On July 31, 2007, the Los Angeles Superior Court in *People v. Corinthian Schools,*
12 *Inc., et al.* (Super. Ct. L.A. County, 2007, No. BC374999), entered a final judgment permanently
13 enjoining and restricting Corinthian Schools, Inc. and Titan Schools, Inc., their predecessors,
14 agents, employees, officers, directors, representatives, successors, partners, assigns and any and
15 all persons acting in concert or participating with Corinthian Schools, Inc. (with the exception of
16 Wyotech campuses) from engaging in or performing, directly or indirectly, certain statements and
17 activities related to advertising and student enrollment, including but not limited to the following:

- 18 a. Paragraph 7, subdivision (A) prohibits making or causing to be made any
19 statement related to Corinthian Schools, Inc.'s own students' employment or
20 salaries that is not substantiated by Corinthian Schools, Inc.'s records or any
21 statement based on information in Corinthian Schools, Inc.'s records that
22 Corinthian Schools, Inc. knows or should know is inaccurate;
- 23 b. Paragraph 7, subdivision (D) prohibits making or causing to be made any
24 "untrue, misleading or deceptive statement" in connection with any matter
25 relating to the offer of any program of instruction;
- 26 c. Paragraph 8, subdivision (A) prohibits making or causing to be made any
27 statement regarding any student whom Corinthian Schools, Inc.'s records state
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1 is self-employed unless Corinthian Schools, Inc. possesses documents
2 evidencing the student's self-employment.

3 The final judgment was issued, in part, pursuant to Business and Professions Code section 17203.

- 4 69. Corinthian Schools, Inc. violated the final judgment in the following manner:
- 5 a. Publishing and/or providing students with untrue, misleading, unreliable,
6 unsubstantiated, and/or inaccurate job placement rate information.
 - 7 b. Advertising for programs, certificates, diplomas, or degrees they do not offer,
8 including but not limited to ultrasound technician, x-ray technician, radiology
9 technician, or dialysis technician programs, certificates, diplomas, or degrees
10 in California.
 - 11 c. Failing to disclose to students on the phone that Corinthian Schools, Inc.
12 schools do not offer certain programs, certificates, diplomas, or degrees,
13 including but not limited to ultrasound technician, x-ray technician, radiology
14 technician, or dialysis technician programs, certificates, diplomas, or degrees
15 in California.

16 70. Judgment is entered in favor of the People and against Corinthian Schools, Inc. as
17 to their Fifth Cause of Action for violation of Business and Professions Code section 17207.

18 **Sixth Cause of Action Against Corinthian Schools, Inc. - Violation of Business and**
19 **Professions Code Section 17535.5**

20 71. On the basis of the findings above and the evidence presented by the People,
21 Corinthian Schools Inc. violated Business and Professions Code section 17535.5.

22 72. On July 31, 2007, the Los Angeles Superior Court in *People v. Corinthian Schools,*
23 *Inc., et al.* (Super. Ct. L.A. County, 2007, No. BC374999) entered a final judgment permanently
24 enjoining and restricting Corinthian Schools, Inc. and Titan Schools, Inc., their predecessors,
25 agents, employees, officers, directors, representatives, successors, partners, assigns and any and
26 all persons acting in concert or participating with Corinthian Schools, Inc. (with the exception of
27 Wyotech campuses) from engaging in or performing, directly or indirectly, certain statements and
28 activities related to advertising and student enrollment, including but not limited to the following:

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- a. Paragraph 7, subdivision (A) prohibits making or causing to be made any statement related to Corinthian Schools, Inc.'s own students' employment or salaries that is not substantiated by Corinthian Schools, Inc.'s records or any statement based on information in Corinthian Schools, Inc.'s records that Corinthian Schools, Inc. knows or should know is inaccurate;
- b. Paragraph 7, subdivision (D) prohibits making or causing to be made any "untrue, misleading or deceptive statement" in connection with any matter relating to the offer of any program of instruction;
- c. Paragraph 8, subdivision (A) prohibits making or causing to be made any statement regarding any student whom Corinthian Schools, Inc.'s records state is self-employed unless Corinthian Schools, Inc. possesses documents evidencing the student's self-employment.

The final judgment was issued, in part, pursuant to Business and Professions Code section 17535.

- 73. Corinthian Schools, Inc. violated the final judgment in the following manner:
 - a. Publishing and/or providing students with untrue, misleading, unreliable, unsubstantiated, and/or inaccurate job placement rate information.
 - b. Running ads for programs, certificates, diplomas, or degrees they do not offer, including but not limited to ultrasound technician, x-ray technician, radiology technician, or dialysis technician programs, certificates, diplomas, or degrees in California.
 - c. Failing to disclose to students on the phone that Corinthian Schools, Inc. did not offer certain programs, certificates, diplomas, or degrees, including but not limited to ultrasound technician, x-ray technician, radiology technician, or dialysis technician programs, certificates, diplomas, or degrees in California.

74. Judgment is entered in favor of the People and against Corinthian Schools, Inc. as to their Sixth Cause of Action for violation of Business and Professions Code section 17535.5.

1 **RESTITUTION**

2 75. Pursuant to Business and Professions Code sections 17207 and 17535, the Court
3 orders Defendants to pay restitution in the amount of \$820,000,000, to be equitably provided at
4 the Attorney General's discretion to each Heald, Everest College, Wyotech, Everest University
5 Online, and Everest College Phoenix student residing in or attending school in California from
6 2010 to the present. The amount provided to an individual student shall not exceed the tuition
7 and fees paid by such student (including any interest paid on loans).

8 76. The People may apply to the Court as necessary for further specific orders, if any,
9 required to make a claim on the Student Tuition Recovery Fund on behalf of eligible students for
10 whom the Court has ordered restitution.

11 **PENALTIES AND COSTS**

12 77. For violations of Business and Professions Code section 17200, under Business
13 and Professions Code sections 17206, the Court assesses civil penalties against Defendants jointly
14 and severally in the amount of \$150,000,000.

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1 78. For violations of Business and Professions Code section 17500, under Business
2 and Professions Code section 17536, the Court assesses civil penalties against Defendants jointly
3 and severally in the amount of \$150,000,000.

4 79. For violations of the final judgment issued by the Los Angeles Superior Court in
5 *People v. Corinthian Schools, Inc., et al.* (Super. Ct. L.A. County, 2007, No. BC374999) the
6 Court assesses a civil penalty of \$25,000,000 against Corinthian Schools, Inc. under the authority
7 of Business and Professions Code section 17207.

8 80. For violations of the final judgment issued by the Los Angeles Superior Court in
9 *People v. Corinthian Schools, Inc., et al.* (Super. Ct. L.A. County, 2007, No. BC374999) the
10 Court assesses a civil penalty of \$25,000,000 against Corinthian Schools, Inc. under the authority
11 of Business and Professions Code section 17535.5.

12 81. For violations of Corporations Code sections 25401 and/or 25400, subdivision (d)
13 the Court assesses a penalty of \$25,000, under the authority of Government Code section 12660.

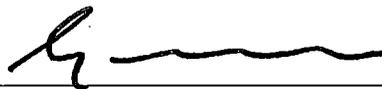
14 82. The Court finds that the People are the prevailing party and are therefore entitled
15 to costs. However, the People have waived costs.

16 **OTHER TERMS**

17 83. Jurisdiction is retained by the Court for the purpose of enabling any party to the
18 Judgment to apply to the Court at any time for such further orders and directions as may be
19 necessary or appropriate for the construction or carrying out of this Judgment, for enforcement of
20 compliance herewith, and for the punishment of violations hereof.

21 84. This Judgment shall take effect immediately.

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23 DATED: March 23, 2016



24 JUDGE OF THE SUPERIOR COURT