

DISTRICT COURT, DENVER CITY AND  
COUNTY, COLORADO  
1437 Bannock Street  
Denver, Colorado 80202

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STATE OF COLORADO, ex rel. JOHN W.  
SUTHERS, ATTORNEY GENERAL, AND JULIE  
MEAD, ADMINISTRATOR, UNIFORM  
CONSUMER CREDIT CODE,

Plaintiffs,

v.

CENTER FOR EXCELLENCE IN HIGHER  
EDUCATION, INC., a not-for-profit company;  
COLLEGEAMERICA DENVER, INC. and  
COLLEGEAMERICA ARIZONA, INC., divisions  
thereof, d/b/a COLLEGEAMERICA; STEVENS-  
HENAGER COLLEGE, INC., a division thereof,  
d/b/a STEVENS HENAGER COLLEGE;  
COLLEGE AMERICA SERVICES, INC., a division  
thereof; THE CARL BARNEY LIVING TRUST;  
CARL BARNEY, Chairman; and ERIC JUHLIN,  
Chief Executive Officer,

Defendants.

▲ COURT USE ONLY ▲

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Case No.: 2014cv34530  
Div.: 275

## **PLAINTIFFS' MOTION FOR PRELIMINARY INJUNCTION**

Plaintiffs, the State of Colorado, upon relation of John Suthers, Attorney General for the State of Colorado, and Julie Meade, Administrator of the Uniform Consumer Credit Code, by and through undersigned counsel, move this Court for a Preliminary Injunction pursuant to Colo. Rev. Stat. § 6-1-110(1) and § 5-6-112(1) (2014), to enjoin Defendants from engaging in deceptive trade practices and unlawful activities as specified in Plaintiffs' Complaint, and for such other relief as this Court deems necessary and appropriate. As grounds for the foregoing, Plaintiffs state as follows:

### **INTRODUCTION**

1. Defendants entice students to enroll in their colleges with promises of high-paying careers and a better life. However, as Defendants know from their own records, the true outcomes for their students consist largely of low-wage jobs that do not require a college degree, credentials that do not qualify them for the jobs advertised by Defendants, and student loans they are unable to repay.

2. To remedy Defendants' ongoing deceptive trade practices and protect consumers from irreparable and immediate harm, Plaintiffs respectfully request the Court to enter the attached proposed preliminary injunction, which would prevent Defendants from continuing to enroll students based on false and misleading claims.

### **BACKGROUND**

3. Plaintiffs filed a Complaint against the above-captioned Defendants on December 1, 2014. Plaintiffs' Complaint alleges that Defendants have violated and continue to violate the Colorado Consumer Protection Act, Colo. Rev. Stat. §§ 6-1-101 *et seq.* ("CCPA") and the Uniform Consumer Credit Code, Colo. Rev. Stat. §§ 5-1-101 *et seq.* (2014) ("UCCC"). Plaintiffs incorporate their Complaint by reference herein.

4. The Center for Excellence in Higher Education, Inc. ("CEHE") is an Indiana not-for-profit corporation established in 2006.

5. On December 31, 2012, Stevens-Henager College, Inc., CollegeAmerica Denver, Inc., CollegeAmerica Arizona, Inc.<sup>1</sup>, California College, Inc., and CollegeAmerica Services, Inc., all of which were for-profit corporations, merged into CEHE.

1. Prior to the December 31, 2012 merger with CEHE, Defendant Carl Barney [hereinafter “Barney”] was the owner and sole shareholder of Stevens-Henager College, Inc., CollegeAmerica Denver, Inc., CollegeAmerica Arizona, Inc., California College San Diego, Inc., California College, Inc., and CollegeAmerica Services, Inc.

2. Following the merger, Barney continues to control the companies and serves as the chairman and sole member of CEHE.

3. Barney developed Defendants’ marketing, advertising, lead generation, and enrollment practices as described herein. **Exhibit 1**, June 10, 2014, Civil Investigative Demand (“CID”) Testimony of Susie Reed at 33:25–34:9; 39:17-23; **Exhibit 2**, Affidavit of Kirk Bowden at ¶ 11. Barney has knowledge of CollegeAmerica’s graduate outcomes as he receives internal reports that detail completion and employment. **Exhibit 1** at 25:20–28:10.

4. Since 2010, Defendant Eric Juhlin [hereinafter “Juhlin”] served as the Chief Executive Officer of Stevens-Henager College, Inc., CollegeAmerica Denver, Inc., CollegeAmerica Arizona, Inc., California College San Diego, Inc., California College, Inc., and CollegeAmerica Services, Inc. Following the merger in 2012, Juhlin has served as Chief Executive Officer of CEHE.

5. Juhlin has been active in developing and carrying out CEHE’s business plan. Juhlin is aware of, authorizes, and oversees CEHE’s operations, including enrollment practices, EduPlan lending practices, and determination of student outcomes. **Exhibit 1** at 25:20–28:10; **Exhibit 3**, June 10, 2014, CID Testimony of Les Marstella at 25:5-26:16, 89:14-90:4.

6. Defendants know that the practices alleged in the Complaint and described herein are deceptive and harmful to students. Defendants also know that

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<sup>1</sup> CollegeAmerica Arizona, Inc. was originally incorporated as CollegeAmerica Colorado Springs, Inc. on November 30, 2001. CollegeAmerica Colorado Springs, Inc. changed its name to CollegeAmerica Arizona, Inc. on February 11, 2004, and CollegeAmerica Colorado Springs, Inc. were incorporated in Colorado on the same day, November 30, 2011. This entity has operated CollegeAmerica campuses in Colorado Springs. Any reference herein to CollegeAmerica Arizona, Inc. includes and incorporates by reference CollegeAmerica Colorado Springs, Inc.

their degree programs are insufficient or unnecessary for certification and employment in the advertised fields of study.

**I. Defendants deceptively advertise that CollegeAmerica degrees lead to “more money” and a “better job”**

7. Defendants have consistently advertised that their degree programs will lead to “more money” and a “better job.” **Exhibit 4**, CollegeAmerica Advertisements, at CA\_CO0026446, CA-CO0015313, CA-CO0015315.

8. On the radio, Defendants advertise that students should attend CollegeAmerica if they “want the best job, the best salary, the best life [they] can imagine.” **Exhibit 4** at CA\_CO0015338. The advertisements urge students to “[g]et started toward achieving the life and paycheck you deserve.” *Id.*

9. In direct mail advertising, Defendants advertise that students can “make more money and have a real career” and ask students to “think about what a bigger paycheck would mean for your future.” **Exhibit 4** at CA\_CO0000239. Defendants tout in the same ad that “You could earn a million dollars more over your lifetime if you hold the *right* degree.” *Id.* (emphasis in original).

10. Defendants frequently reference to statistics and salary data attributed to the Bureau of Labor Statistics (“BLS”), suggesting that CollegeAmerica degrees lead to the results published by the BLS. For example, several of Defendants’ print advertisements state: “You could make more money\* and get a better job...with the *right* degree!” The ad lists degrees available at CollegeAmerica that correspond to the BLS salary data. The asterisk references to a web address in tiny font to the either the 2006 census report from the BLS or directly to the BLS’s website. **Exhibit 4** at CA-CO0015313, CA-CO0015315-17, CA-CO0015323, CA-CO0015327, CA-CO0015332, CA-CO0015335-36, CA-CO0015349; *see also* references to BLS data without year specification, **Exhibit 4** at CA-CO0015353, CA-CO0015377, CA-CO0015381, CA-CO0015383, CA-CO0015398.

11. Iterations of the ads described above list the average annual earnings based on education level and earnings within particular fields of study. **Exhibit 4** at CA\_CO0015385; CA\_CO0026446. One CollegeAmerica advertisement shows the average annual salary for associate’s degree graduates as \$44,086 and average earnings for those with a bachelor’s degree as \$57,026. *Id.* at CA\_CO0000239. As recently as September 2014, CollegeAmerica continued to advertise these salary figures. *Id.* at CollegeAmerica: DPOS:004755 and 004846.

12. When potential students call CollegeAmerica for more information, CollegeAmerica utilizes a [REDACTED] [REDACTED] **Exhibit 5**, Excerpts from 2011 Admissions Consultant Manual at CA-CO0015591. The CollegeAmerica representative then invites the potential student for [REDACTED] [REDACTED] *Id.* at 15594.

13. The “career planning session” is a scripted process. *See Exhibit 6*, December 20, 2012, CID Testimony of Jaclyn Haack-Miller at 38:5-15. When the potential student arrives, the admissions recruiter tells her that [REDACTED] [REDACTED] [REDACTED] **Exhibit 5** at CA-CO0015621. However, the recruiter’s true goal [REDACTED] [REDACTED] *Id.* at 15614 (emphasis in original).

14. [REDACTED] [REDACTED] **Exhibit 5** at CA-CO0015572. Defendants train their admissions recruiters to sell CollegeAmerica degrees as leading to a [REDACTED] *Id.* (emphasis in original)

15. Defendants arm their admissions recruiters with a slide presentation. One slide is entitled “Our High-Value Programs” and states that “more skills means more career opportunities” and “more valuable skills can lead to a higher salary” and a “Better Chance for Promotion.” **Exhibit 5** at CA-CO0015628. Another is entitled “The more you learn...the more you earn” and provides a BLS salary chart that is similar to the chart Defendants use in their print advertisements. *Id.* at 15637.

16. Defendants provide their admissions recruiters with answers to “objections” that prospective students might raise. All of the answers lead to the same conclusion: the student should enroll in CollegeAmerica today. [REDACTED] [REDACTED] [REDACTED] [REDACTED] **Exhibit 5** at CA-CO0015647 (emphasis in original). [REDACTED] [REDACTED] *Id.* at 15648.

17. [REDACTED] [REDACTED] [REDACTED]

[REDACTED]  
[REDACTED] **Exhibit 5** at CA-CO0015649 (emphasis in original).

18. [REDACTED]  
[REDACTED] **Exhibit 5** at 15644. The recruiters are instructed to,  
[REDACTED]  
[REDACTED]  
[REDACTED]

*Id.* at 15645.

19. [REDACTED]  
[REDACTED] **Exhibit 5** at CA-CO0015644 (emphasis in original).

20. Plaintiffs' investigator Vicki Barber conducted an undercover admissions interview on August 2, 2012 at CollegeAmerica's Denver campus. **Exhibit 7**, August 2, 2013, Transcript of Vicky Barber Admissions Interview. When Investigator Barber asked about the cost of tuition at CollegeAmerica compared to a community college, the admissions consultant assured her that CollegeAmerica was the better choice because she could get a degree faster. *Id.* at 22:12-14, 23:7-8. Specifically, the admissions consultant said, "the quicker you get out, the more money you are going to make, and the faster you are going to be able to pay back your student loans." *Id.* at 24:6-8.

21. Later in the undercover interview, the CollegeAmerica admissions consultant again utilized the closing sales tactic to overcome Investigator Barber's question about cost, explicitly stating that a degree at CollegeAmerica will lead to a job making "more money" after graduation and the ability to pay back students loans associated with enrolling in CollegeAmerica:

6            *UNIDENTIFIED SPEAKER: I just got done paying*  
7 *one loan that took me eight years, and my other loan is a*  
8 *15-year loan. Yeah, it stinks, but it's a monthly payment.*  
9 *It's not the worst thing in the world.*  
10          *MS. BARBER: Sure.*  
11          *UNIDENTIFIED SPEAKER: You know, like --*  
12          *MS. BARBER: Sure.*  
13          *UNIDENTIFIED SPEAKER: And once you have a job,*  
14 *you're going to be making more money.*

15 MS. BARBER: Uh-huh.  
16 UNIDENTIFIED SPEAKER: You're going to be able  
17 to do that.

**Exhibit 7** at 39:6-17.

**II. Defendants' internal graduate outcome data do not support CollegeAmerica's representations about wages and careers**

22. Defendants maintain a database called Diamond D, in which they record all student information, including each student's start date, end date, program of study, graduation date, employment date, place of employment, pay amount, and job title. **Exhibit 8**, June 18, 2014, CID Testimony of Jill Roudebush, at 25:17-26:2, 26:20-28:5; **Exhibit 9**, May 14, 2014, CID Testimony of Linda Carter, at 17:5-6, 77:3-8, 121:11-22; **Exhibit 3**, at 83:12-19; **Exhibit 10**, May 22, 2014, CID Testimony of Ruby Rowe at 54:18-55:12; **Exhibit 11**, January 15, 2014, CID Testimony of Tami Rowe at 28:20-29:4.

23. [REDACTED]  
[REDACTED]  
[REDACTED] **Exhibit 12**, Information Letter 132R (updated on October 23, 2007) from Carl Barney at CA-CO0014748-49. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] *Id.* at 14748; *see also* **Exhibit 8** at 26:20-28:5.

24. The graduate outcomes contained in Diamond D reveal a reality that is very different from what CollegeAmerica advertises.

**A. Most students who enroll in CollegeAmerica do not graduate**

25. Since 2006, 70 percent of the students who enrolled in CollegeAmerica's Denver, Colorado Springs, Fort Collins, and Cheyenne, Wyoming campuses dropped out before graduating. **Exhibit 13**, Affidavit of Investigator LeAnn Lopez at ¶ 12.

26. This can be attributed, in part, to the poor training offered by CollegeAmerica. **Exhibit 14**, Affidavit of Ashley Barksdale at ¶¶ 13-15; **Exhibit 15**, Affidavit of Ray Casados at ¶¶ 8-9; **Exhibit 16**, Affidavit of Denise Lynn Dixon

at ¶¶ 8-10, 14-16, 23; **Exhibit 17**, Affidavit of Sherlyn Greene at ¶¶ 9-10; **Exhibit 18**, Affidavit of Jason Black at ¶ 9-16; **Exhibit 19**, Affidavit of Jennifer Jensen at ¶¶ 7-9; **Exhibit 20**, Affidavit of Jeremy Nanney at ¶¶ 9-10, 12, 15; **Exhibit 21**, Affidavit of Paul Niskanen at ¶¶ 6, 11-13, 16, 18; **Exhibit 22**, Affidavit of Robert S. Smith at ¶¶ 5-7; **Exhibit 23**, Affidavit of Conor Snyder at ¶¶ 11, 14-15; **Exhibit 65**, Affidavit of Kellie Hayes ¶¶4-9.

27. It can also be attributed to many students realizing mid-way through their programs of study that Defendants misrepresented the outcomes, such as certifications and jobs that the program would lead to. **Exhibit 24**, Affidavit of Raymond Barber at ¶ 10; **Exhibit 14** at ¶ 15; **Exhibit 16** at ¶ 16; **Exhibit 25**, Affidavit of Corren Beougher at ¶ 8; **Exhibit 20** at ¶ 14; **Exhibit 22** at ¶ 9; **Exhibit 23** at ¶¶ 6, 15; **Exhibit 26**, Affidavit of Regina Stafford at ¶¶ 6, 8. Within the first 180 days of attending CollegeAmerica, 46 percent of students drop out. **Exhibit 13** at Exhibit C therein.

**B. CollegeAmerica graduates do not earn the wages and salaries that CollegeAmerica advertises**

28. The vast majority of students who graduate go on to earn incomes that are far less than those advertised by CollegeAmerica.

29. While CollegeAmerica's advertisements cite U.S. Census data showing annual earnings of \$44,086 for holders of associate's degrees, **Exhibit 4** at CA-CO000239, Diamond D reveals that graduates of CollegeAmerica's associate's degree programs earn on average \$10.97 per hour, or approximately \$22,817.60 annually. **Exhibit 13** at ¶ 22. In other words, CollegeAmerica associate's degree graduates earn about half the amount advertised by CollegeAmerica. *See also Exhibit 4* at CA-CO0015637, CA-CO0015385.

30. Similarly, while CollegeAmerica advertises U.S. Census data showing annual earnings of \$57,026 for holders of bachelor's degrees, **Exhibit 4** at CO0000239, Diamond D reflects that graduates of CollegeAmerica's bachelor's programs earn, on average \$14.76 per hour, or approximately \$30,700.80 annually. **Exhibit 13** at ¶ 23. Again, this is just more than half the amounts advertised by CollegeAmerica. *See also Exhibit 4* at CA-CO0015637, CA-CO0015385.

31. The wage outcomes CollegeAmerica advertises for specific programs and career fields are also contradicted by the actual results reflected in Diamond D.

32. One of CollegeAmerica's current ads advertises salaries under various career headings, including "Business." **Exhibit 4** at CA\_CO0000239; *see also Exhibit 4* at CollegeAmerica:DPOS:004755 and 004846. Under the "Business" heading, the ad states that median starting salaries for graduates with a bachelor's degree in accounting was \$44,700 in 2011. **Exhibit 4** at CA\_CO0000239. The advertisement then lists a salary range of \$38,940 (the lowest 10%) to \$106,880 (the top 10%) for holders of bachelor's degrees in accounting in 2010. *Id.* The ad cites in tiny print to the BLS as well as PayScale College Salary Report, available at <http://www.payscale.com/college-salary-report>, both of which aggregate data from multiple sources. *Id.*

33. CollegeAmerica offer a Bachelor's of Science in Accounting. Graduates of this program earn an average of only \$13.28 per hour, or approximately \$27,622.40 annually. **Exhibit 13** at ¶ 20, Exhibit D therein. This is well below the lowest 10% salary range advertised by CollegeAmerica for holders of a bachelor's degree in accounting.

34. Even graduates from one of Defendants' other business degree programs – Business Administration Bachelor's of Science or Business Management and Accounting Associate's – do not earn within the advertised salary ranges in Defendants' ad depicted in **Exhibit 4** at CA\_CO0000239.

35. Graduates of CollegeAmerica's Bachelor's degree in Business Administration program earn an average of \$15.28 per hour, or \$31,782.40 annually. **Exhibit 13** at ¶ 20, Exhibit D therein.

36. Graduates of CollegeAmerica's Associate's degree in Business Management and Accounting earn an average of only \$13.46 per hour, or \$27,996.80 annually. **Exhibit** at ¶ 20, Exhibit D therein.

### **C. CollegeAmerica graduates do not obtain the jobs advertised by CollegeAmerica**

37. Further, CollegeAmerica graduates are not employed in the types of jobs that Defendants advertise their degree programs will lead to.

38. During the admissions interview, CollegeAmerica represents that a CollegeAmerica Accounting Bachelor's of Science degree leads to the following careers opportunities: accounting specialist, accounting technician, auditor, banker, budgeter, business planner, financial analyst, office manager, payroll accountant, and tax planner/preparer. CollegeAmerica represent as places of employment for graduates of the program: small and large businesses, accounting firms, CPA's

offices, hospitals, and small land large retail stores. **Exhibit 5** at CA-CO0015629 – 30.

39. CollegeAmerica’s internal graduate placement data tell a different story. The jobs listed in Diamond D for graduates of the Accounting Bachelor's of Science include: Office Associate at WalMart Neighborhood Market; Secretary at Conduit Electric Control; Courtesy Clerk at King Soopers; Financial Planner at CollegeAmerica; Manager at Sam’s Club; and Ticket Sales at Oklahoma State University. **Exhibit 13** at Exhibit G therein. Defendants characterize these graduates as employed in their field of study. *Id.*

40. For CollegeAmerica’s Business Administration Bachelor's of Science, they advertise the following career opportunities: account manager, database administrator, human resource assistant, small business developer, operations manager, purchaser and pricer, banking, entrepreneur, office manager, sales manager, and project coordinator. CollegeAmerica represents as places of employment for graduates of the program: small and large businesses, health management facilities, hospitals, and small and large retail stores. **Exhibit 5** at CA-CO0015630.

41. Again, CollegeAmerica’s internal graduate placement data tell a different story. The jobs listed in Diamond D for graduates of the Business Administration Bachelor's of Science program include: Administrative Assistant at the Denver Post; Front End Clerk at King Soopers; Financial Planners at College America; Receptionist at CTS Distributing; Secretary at an elementary school; and Assistant Manager at 7-11. **Exhibit 13** at Exhibit G therein. Defendants characterize these graduates as employed in their field of study. *Id.*

42. For CollegeAmerica’s Business Management and Accounting Associate’s degree, the admissions slide show lists the following possible job titles: business manager, business owner, entrepreneur, accountant, database manager, internet commerce, marketing and sales, and fixed asset manager. CollegeAmerica advertise the following possible places of employment: small and large businesses, health management facilities, hospitals, and small and large retail stores. **Exhibit 5** at CA-CO0015634.

43. The jobs listed in Diamond D for graduates of the Business Management and Accounting Associate’s program include: Sales Representative at JC Penny; Technician\Manager-in-Training at Mieneke; Member Services at Costco; Sales at Walmart; Crew Members at McDonalds, Subway, and Taco Bell; Cashiers; Salespersons; Recreational Aide; and a variety of retail sales associate

positions. **Exhibit 13** at Exhibit G therein. Again, CollegeAmerica characterizes these graduates as employed in their field of study. *Id.*

44. Counting crew members at McDonalds and other fast-food restaurants as employed in their field of study inflates the “employed in field” figures that Defendants report to their accrediting body. Those figures are used in determining whether CollegeAmerica should continue to have access to federal student loan funding. The figures are also posted on Defendants’ website and available to potential students. *See, e.g.*, [www.collegeamerica.edu/gainful-employment/ca-gaa.html](http://www.collegeamerica.edu/gainful-employment/ca-gaa.html) (last visited on 12/8/2014).

45. CollegeAmerica misrepresents graduate outcomes in other ways. For example, CollegeAmerica described approximately 66 graduates in Diamond D as “owners” of their own businesses and categorized them as “employed in field” or “related field.” **Exhibit 13** at ¶ 24. Of the 66 graduates, 47 graduated from CollegeAmerica’s Graphic Design associate’s degree program. *Id.* Business owners represent 46% of those Graphic Arts students who are listed as “employed in field.” *Id.* at Exhibit F therein.

46. In June 2014, Plaintiffs conducted a telephone survey of seventeen of the graduates classified as “Owner,” “Owner/CEO,” “Owner/Designer,” “Owner/Driver/Dispatcher,” “Owner/Graphic Designer,” “Owner/Operator,” “Owner/Performer,” or “Self-Employed.” **Exhibit 13** at ¶ 25.

47. The graduates told Plaintiffs that, contrary to Defendants’ records, they either did not own their own business in 2011, 2012 or 2013, or if they did own a business, it was because CollegeAmerica paid for their business filing with the state. Only three of the graduates had earned income from their business and only one was able to support himself using that income. The single graduate operating a self-sustaining business is a graduate of the Graphic Arts program. He owns a dry walling company. **Exhibit 13** at ¶ 25; **Exhibit 15** at ¶¶ 11-12; **Exhibit 27**, Affidavit of Stephen Remillard at ¶¶ 10-12.; **Exhibit 20** at ¶¶ 15-18; **Exhibit 26** at ¶8.

48. All but one of the “Owner/Operator” graduates interviewed by Plaintiffs stated that they were currently unemployed or employed outside their fields of study. The graduate who stated that he is employed in his field of study is unable to pay his bills. In fact, all but one of the graduates interviewed (the dry wall installer described above) are struggling to pay their bills. Many of the graduates stated that they had reported their current employment status to Defendants in an effort to reduce their monthly loan payments to Defendants.

**Exhibit 13** at ¶ 25; **Exhibit 15** at ¶¶ 11-12; **Exhibit 27** at ¶¶ 10-12.; **Exhibit 20** at ¶¶ 15-18; **Exhibit 26** at ¶8.

49. Although Defendants disclose on the CollegeAmerica website employment placement rates and a general description of the types of jobs that make up the rate (*see, e.g.* [www.collegeamerica.edu/gainful-employment/ca-gaa.html](http://www.collegeamerica.edu/gainful-employment/ca-gaa.html)), Defendants do not disclose in any of their promotional materials nor in their admissions presentation the actual jobs and wages of CollegeAmerica graduates. **Exhibit 6** at 49:16-50:17. In fact, at the Denver campus, only three people, none of whom are admissions recruiters – have access to the job placement and wage data that CollegeAmerica reports to its accrediting agency. *Id.* at 49:24-50:1, 63:9-16, 64:11-65:6.

### **III. Defendants know their degrees do not lead to the advertised outcomes because Defendants know students are unable to repay their student loans**

50. All of the students who attend CollegeAmerica take out some type of loan to pay for their schooling. Approximately 95% of CollegeAmerica students in Colorado take out federal student aid. **Exhibit 28**, 2011 ACCSC annual reports for Fort Collins, Denver and Colorado Springs (CollegeAmerica:ACCSC0000247-249; CollegeAmerica:ACCSC0002990-92; CollegeAmerica:ACCSC0008995-8997).

51. A large number of CollegeAmerica graduates default on their federal student loans. The U.S. Department of Education tracks the percentage of graduates who fail to make any payments for at least 360 days in a three year period after graduation. The Department of Education's data show that 38.3% of CollegeAmerica graduates in Colorado defaulted between 2009 and 2012; and 34.8% defaulted between 2010 and 2013. U.S. Department of Education Official 3-year Cohort Default Rate 2014 for CollegeAmerica at [https://www.nslds.ed.gov/nslds\\_SA/defaultmanagement/cohortdetail\\_3yr.cfm?sno=0&ope\\_id=025943](https://www.nslds.ed.gov/nslds_SA/defaultmanagement/cohortdetail_3yr.cfm?sno=0&ope_id=025943) (last visited on 11/10/2014). Notably, these percentages do not include the large numbers of students who are not making payments because their loans are in deferment or forbearance.

52. In comparison, among all schools nationally that are eligible to receive Title IV student aid, the graduate default rate has fluctuated between 13.4% and 14.7% during the same timeframe. **Exhibit 29**, National Student Loan Default Rates at CA\_AGO\_000317-18.

53. If a school reports a graduate default rate of 30% or higher for three consecutive years, the U.S. Department of Education may revoke its eligibility to receive Title IV financial aid for its students. **Exhibit 29** at CA\_AGO\_000317.

54. With two consecutive reporting years of graduate default rates over 30%, CollegeAmerica's Colorado campuses were on the cusp of losing Title IV eligibility in 2014. This would have been the death knell since CollegeAmerica is reliant on Title IV funds for its survival.

55. Defendants hired a staff of default managers in 2012 whose sole purpose was to bring the school's federal loan default rates below 30% for the next reporting period. The default managers repeatedly contacted graduates delinquent on their federal loan repayments and encouraged the graduates to enter into forbearance, deferment, or income-based repayment. Defendants awarded bonuses to these default managers based on the number of graduates they successfully place into one of the three categories. **Exhibit 30**, September 5, 2013, CID Testimony of Janna David at 25:7-32:5; 86:24-88:4, 89:1-90:10, 90:15-91:10.

56. The most recent data for CollegeAmerica's Colorado campuses show that 25.5% of the school's graduates defaulted between 2011 and 2014 – which is 9.3 percentage points lower than the previous reporting period. This lower rate does not change the reality for the many CollegeAmerica graduates who were placed into forbearance, deferment, and income-based repayment: they cannot afford to repay their student loans.

57. As high as these default rates are, they do not take into account those CollegeAmerica students who never graduate but still must repay student loans. As noted above, this group constitutes 70 percent of students who enroll at CollegeAmerica. **Exhibit 13** at ¶ 12.

58. Further, as discussed in detail below, CollegeAmerica writes off, on average, each year, █████ of the debt owed by students on CollegeAmerica's institutional loan, EduPlan, which CollegeAmerica extends to all students. **Exhibit 31**, Affidavit of Paul Pfenning at ¶ 12.

59. Despite CollegeAmerica students' inability to repay their student loans, CollegeAmerica continues to represent that their programs lead to jobs and wages that enable graduates to pay back their loans. CollegeAmerica also continues to advertise and extend EduPlan to students without taking into account historical data that indicates a large number of borrowers will be unable to repay the loan. **Exhibit 3** at 46:5-49:4.

**IV. Defendants deceptively advertise that CollegeAmerica’s medical degree programs are “valuable” in terms of job prospects and wages, certifications, and employability in management positions**

60. Students who enrolled in CollegeAmerica’s Medical Specialties Associate’s Degree and Healthcare Administration Bachelor’s Degree programs complain that Defendants misled them about the necessity of the degree to get jobs in their field, the certifications available to them upon graduation, and the jobs and wages available to CollegeAmerica graduates. **Exhibit 32**, Student Complaints to DPOS, at CollegeAmerica:DPOS:01244; CollegeAmerica:DPOS:01798; CollegeAmerica:DPOS:00518; CollegeAmerica:DPOS:02679-2681.

61. Diamond D supports these students’ claims. Graduates of Defendants’ Medical Specialties Associate’s Degree program earn an average of only \$11.02 per hour, or \$22,921.60 annually. **Exhibits 13** at ¶20, Exhibit D therein.

**A. The certifications and jobs that the associate’s in Medical Specialties leads to do not require a degree**

62. Defendants have advertised CollegeAmerica’s Medical Specialties Associate’s Degree as leading to careers in medical assisting, x-ray technology (Ltd.Scope) or limited scope x-ray, laboratory technology, pharmacy technology, medical coding/billing, phlebotomy, medical office administration, laboratory assisting, pharmacy assisting. **Exhibit 4** at CA-CO0015317; CA-CO0015635-36. Defendants also advertise certifications such as a C.N.A. (certified nurse aid), ECG/Monitor Technician, Insurance Coding, and Phlebotomy Technician. *Id.*

63. CollegeAmerica claims that Medical Specialties is the “the right degree” for employment in the fields in which the program offers training. **Exhibit 4** at CA-CO0015332.

64. Advertisements such as “CollegeAmerica...Delivers Training that Employers Need!” **Exhibit 4** at CA\_CO0015354 and CA\_CO0015382, “CollegeAmerica... Delivers Training that Employers Demand!” *Id.* at CA\_CO00015312, and “Get the skills today’s employers are looking for at CollegeAmerica.” *Id.* at CA\_CO0015384, suggest that CollegeAmerica is providing degrees required or preferred by employers.

65. Most, if not all, of the jobs and certifications that Defendants’ Medical Specialties Associate’s Degree program is designed to lead to do not require a

degree. These jobs can be obtained with a high school education, or a much less expensive certificate, or on-the-job experience.

66. For example, the National Center for Competency Testing (“NCCT”), the certifying body that certifies Medical Specialties students as medical assistants, does not require an associate’s degree. Training or experience is sufficient. *See Medical Assistant (NCMA)*, NCCT, <https://www.ncctinc.com/Certifications/MA.aspx> (last visited on 11/10/2014).

67. Large, local employers that hire medical assistants do not require or prefer the degree conferred by CollegeAmerica. **Exhibit 33**, Centura at CA\_Centura 000002 – 6; **Exhibit 34**, Exempla at SCLH000006 – 10; **Exhibit 35**, Kaiser at CA\_Kaiser 000004 – 7.

68. Similarly, the National Healthcareer Association (“NHA”), the certifying body that certifies Medical Specialties students as pharmacy technicians, does not require an associate’s degree. *See NHA ExCPT Candidate Handbook, \*6 (2013), available at* [http://www.nhanow.com/Libraries/pdf/ExCPT\\_Candidate\\_Handbook.sflb.ashx](http://www.nhanow.com/Libraries/pdf/ExCPT_Candidate_Handbook.sflb.ashx). Other large, local employers that hire pharmacy technicians do not state in their hiring requirements that they require or prefer the degree conferred by CollegeAmerica. **Exhibit 36**, Walgreens at WAG000001 – 6; **Exhibit 37**, King Soopers at CA\_Kingsoopers\_00001-00008.

69. Further, NHA’s pharmacy technician certification that CollegeAmerica offers to its Medical Specialties students is actually not required or preferred by large, local employers either. King Soopers and Walgreens, for example, require their pharmacy technicians to become certified by a completely different body – the Pharmacy Technician Certification Board (“PTCB”). **Exhibit 36; Exhibit 37**. It is important to note that the Colorado State Board of Pharmacy prefers pharmacy technicians to possess PTCB certification as well. *See* § 12-42.5-119(1) C.R.S. (2014) (“If three pharmacy technicians are on duty, at least one must be certified by a nationally recognized certification board, possess a degree from an accredited pharmacy technician training program, or have completed five hundred hours of experiential training in duties described in section 12-42.5-102(31)(b) at the pharmacy as certified by the pharmacist manager.”)<sup>2</sup>.

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<sup>2</sup> The Colorado State Board of Pharmacy specifies that “nationally recognized certification board” means the National Association of Boards of Pharmacy (“NABP”). *See* Colorado State Board of Pharmacy Policy No. 40-6, issued April 17, 2008 and revised July 1, 2012. The NABP recognizes the PTCB.

70. While some CollegeAmerica graduates have been hired by Walgreens and King Soopers as pharmacy technicians, they must undergo further training in order to sit for an additional exam in order to maintain their employment or seek promotion. **Exhibit 36; Exhibit 37.**

71. Defendants were put on notice in at least 2010 that pharmacy employers in Colorado require and prefer PTCB certification. As part of the accreditation requirements of the Accrediting Commission of Career Schools and Colleges (ACCSC), Defendants are required to conduct regular meetings with outside professionals to determine whether their academic programs are meeting industry needs. These meetings are called Program Advisory Committee/Board (“PAC”) meetings. [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED] **Exhibit 38**, November 5, 2010, Medical PAC Meeting Minutes at CA\_CO0030348. [REDACTED], **Exhibit 39**, March 11, 2011, Medical PAC Meeting Minutes at CA\_CO0030313, [REDACTED] **Exhibit 1** at 42:10-43:3; **Exhibit 40**, July 17, 2012 Medical PAC Meeting Minutes at CA\_CO0026729 [REDACTED]).

72. [REDACTED]  
[REDACTED]  
[REDACTED] **Exhibit 41**, November 4, 2009, PAC Meeting Minutes at CA\_CO0026724-25, a certification administered by the Colorado Board of Nursing, which does not require candidates to possess an associate’s degree to sit for the exam. In fact, CollegeAmerica has provided free C.N.A. training that does not require students to enroll into the Medical Specialties degree program at all.

73. Finally, CollegeAmerica’s Medical Specialties degree is not necessary to become a phlebotomist in Colorado or to become a certified phlebotomist by either NCCT or NHA. *See* §12-36-106, *et seq.*, C.R.S. (2014); 6 Colo. Code Regs. § 713-30 (2014) (phlebotomists are exempt from regulation under the Medical Practice Act); *see NCCT Phlebotomy Technician (NCPT)*, NCCT at <https://www.ncctinc.com/Certifications/PT.aspx> (last accessed 12/15/14); NHA Candidate Handbook, \*6-7 (2014) *available at* [http://www.nhanow.com/Libraries/pdf/Allied\\_Health\\_Certifications\\_Candidate\\_HB\\_ver\\_6\\_0\\_FINAL.sflb.ashx](http://www.nhanow.com/Libraries/pdf/Allied_Health_Certifications_Candidate_HB_ver_6_0_FINAL.sflb.ashx).

74. Community colleges offer short, certificate-level training programs in medical assisting, phlebotomy, pharmacy technician, home-health aide, and medical

billing and coding. Certificate programs at local community colleges can be completed in less time than CollegeAmerica's Medical Specialties associate's degree, and cost less than \$10,000 – some are as low as \$1,000. *See, e.g., Phlebotomy Requirements*, Red Rocks Community College, <http://www.rrcc.edu/phlebotomy/additional-info> (last visited on 12/3/2014) *c.f. Medical Specialties*, CollegeAmerica, [www.collegeamerica.edu/gainful-employment/ca-msa.html](http://www.collegeamerica.edu/gainful-employment/ca-msa.html) (last visited on 12/8/2014).

**B. CollegeAmerica falsely claims that its bachelor's in Healthcare Administration leads to better jobs and higher wages than its associate's in Medical Specialties**

75. Defendants offer a bachelor's degree in Healthcare Administration. Defendants encourage students who enrolled in the Medical Specialties program to then enroll in the Healthcare Administration bachelor's because, they say, the resulting jobs pay more. **Exhibit 32** at CollegeAmerica:DPOS:02679 – 81.

76. Defendants represent during the admissions presentation that the Healthcare Administration bachelor's degree leads to jobs at “hospitals and medical facilities” as a Medical Office Administrator, Office Manager, Patient Care Coordinator, Ombudsman, Public Health Coordinator, Medical Clinic Administrator, and Insurance Administrator. **Exhibit 5** at CA-CO0015632.

77. However, the employment outcomes for Healthcare Administration bachelor's degree are virtually the same as those for the Medical Specialties associate's degree.

78. Graduates of the Medical Specialties program earn, on average, \$11.02 per hour. **Exhibit 13** at ¶20, Exhibit D therein. Medical Specialties graduates are largely employed as Certified Nurses Assistants (CNA), medical assistants, medical receptionists and records specialists, phlebotomists, personal care providers and caregivers. **Exhibit 13** at Exhibit G therein.

79. Graduates of the Healthcare Administration program earn, on average, \$13.39 per hour. **Exhibit 13** at ¶20, Exhibit D therein. Healthcare Administration graduates are largely employed as CNAs, medical assistants, medical receptionists, phlebotomists and home healthcare providers. **Exhibit 13** at Exhibit G therein.



Cazares, ¶3; **Exhibit 21** at ¶¶ 3, 5–8; **Exhibit 45**, College America Brochure, at CollegeAmerica:DPOS:01554; **Exhibit 32** at CollegeAmerica:DPOS:01244, CollegeAmerica:DPOS:01798.

86. In reality, CollegeAmerica’s Medical Specialties program did not – nor does it now – qualify a graduate to sit for certification as either a radiologic technologist or limited scope (x-ray machine) operator in Colorado.

87. In order to lead to a graduate’s eligibility to become a radiologic technician in Colorado, a training program must be programmatically accredited by the American Registry of Radiologic Technologists (“ARRT”). Defendants’ Medical Specialties program is not programmatically accredited by any accrediting body, **Exhibit 46**, April 30, 2013 Letter from Ann-Marie Luciano, p. 3, responding to December 5, 2012 Subpoena, so Medical Specialties graduates are not eligible to sit for the radiologic technician exam administered by ARRT. **Exhibit 47**, Affidavit of Christine Irving at ¶ 20.

88. Further, Medical Specialties has not prepared and qualified students to sit for the limited scope operator examination upon graduation.

89. Since 2005, the Colorado Department of Public Health and Environment’s (“CDPHE”) Radiation Control X-Ray Unit has managed the testing and registration of individuals who wish to practice as limited scope operators. Under CDPHE’s standards, in order to sit for the exam, the applicant must first acquire 80 hours of classroom training and 480 hours of clinical experience, which must include 80 imaging procedures. **Exhibit 47** at ¶¶ 3-6. CDPHE requires an exam passage score of 75%. *Id.*

90. Prior to 2005, the prerequisites to sit for the limited scope operator exam were lower and far less stringent, requiring no clinical hours. Further, the State only required a limited scope operator exam passage rate of 60%. **Exhibit 47** at ¶ 6.

91. CDPHE notified Ron Quam, the Medical Specialties program coordinator at CollegeAmerica, about the stricter standards in 2005. **Exhibit 47** at ¶6.

92. CollegeAmerica did not modify the Medical Specialties program to ensure that students could meet CDPHE’s new standards upon graduation. **Exhibit 48**, August 21, 2013, CID Testimony of Ron Quam at 28:1-29:14; 36:1-6. The Medical Specialties program provides only 160 externship hours, one-third of the 480 hours required by CDPHE. *Id.* at 28:8-29:11; **Exhibit 47** at ¶ 4.



2004 Letter from the Department of Education to Carl Barney, CA\_DOE\_000312-317.

99. While CollegeAmerica, at times, made written disclosures about the inadequacies of their radiology training, the disclosures were contradicted by CollegeAmerica's admissions recruiters. **Exhibit 32** at CollegeAmerica:DPOS:01244; CollegeAmerica:DPOS:01798; CollegeAmerica:DPOS:02679-2681.

## V. CollegeAmerica misled students that it offered sonography and EMT programs

100. In March 2010, the president of the CollegeAmerica campus in Denver, Nathan Larson, told prospective students that CollegeAmerica was a few months away from launching a sonography program at the Denver campus. **Exhibit 14** at ¶ 6.

101. Larson instructed at least one student who expressed interest in the non-existent sonography program to enroll in the Healthcare Administration Bachelor's Degree program, and promised her that the credits she earned would transfer into the forthcoming sonography program. **Exhibit 14** at ¶ 9. To induce her to enroll, Larson also told Barksdale that sonographers earned high wages. *Id.* at ¶ 7. He also showed her drafts of sonography course descriptions, took her on a tour of the campus and pointed out the space that was designated for sonography instruction. *Id.* ¶ 11.

102. In order to offer a Sonography certificate or associates degree program of study in Colorado, a training program must obtain authorization from the Division of Private Occupational Schools (DPOS), pursuant to §12-59-106(1)(c), C.R.S. and Board Rule III.B. In order to offer a bachelor's degree, the program must receive approval from the Colorado Department of Higher Education (CDHE) and ACCSC, CollegeAmerica's accrediting body.

103. Larson instructed Barksdale and other students that they should not tell DPOS they had enrolled in the Healthcare Administration degree program while waiting for the sonography program. **Exhibit 14** at ¶ 9.

104. DPOS did not authorize CollegeAmerica to offer a Sonography certificate or associate's degree program of study in Colorado. ACCSC did not authorize CollegeAmerica to offer a bachelor's in sonography in 2010 or 2011 (CollegeAmerica did not even seek authorization until late 2011). **Exhibit 52**, Letter from Anne Meiling at CollegeAmerica:ACCSC:009193 – 9228. It was not

until January 2012 that ACCSC authorized CollegeAmerica to offer a bachelor's degree in sonography. *Id.* at CollegeAmerica:ACCSC:009229 – 9233.

105. However, CollegeAmerica did not offer the long-promised sonography program. Barksdale waited two years and took out \$40,000 in loans and continued with the Healthcare Administration degree because she was told her classes would transfer once the sonography program was official. **Exhibit 14** at ¶¶ 14-15. However, Barksdale was not able to transfer her credits and never received a degree in sonography from CollegeAmerica in exchange for her tuition. **Exhibit 53**, Barksdale October 27, 2011 Email, at CA\_Barksdale\_000010-11.

106. Defendants have also misrepresented the availability of Emergency Medical Technician (“EMT”) training at Defendants’ Fort Collins and Colorado Springs campuses. **Exhibit 54**, T.H. v. CEHE, Arbitration Award, January 2, 2014 at CA\_H\_000001-02; **Exhibit 25** at ¶¶5, 7.

107. Student T.H. enrolled in the Medical Specialties program in Fort Collins in 2008 with the express purpose of obtaining an EMT certification. CollegeAmerica’s admissions recruiters led her to believe that the campus offered EMT training and certification, when in fact that was not the case. By the time T.H. realized this, she was already well into her program and could not get her tuition back. **Exhibit 54** at CA\_H\_000002.

108. Student Corren Beogher was also told in 2008 that CollegeAmerica’s Colorado Springs campus would be launching an EMT program in the “next few months.” **Exhibit 25** at ¶ 5. CollegeAmerica staff instructed her to enroll in the Medical Specialties program in order to receive the EMT training. *Id.* at ¶¶ 4-5, 7. Beogher enrolled and learned, several months later and after incurring thousands of dollars in student loans, that CollegeAmerica would not be offering the EMT training. *Id.* at ¶¶ 8-9.

## **VI. Defendants deceive students by telling them that CollegeAmerica credits are transferrable**

109. Defendants’ admissions representatives explicitly or implicitly represent to students prior to enrollment that the credits they earn at CollegeAmerica are transferrable to other colleges, when that is in fact not possible. **Exhibit 55**, Affidavit of Andrea Brannon at ¶ 6. **Exhibit 20** at ¶ 13. Other students who realized midway through their degree programs that they would not receive the credential they had intended and looked into transferring, found that other schools would not accept their credits. These students decided their only option was to stay and complete their degree at CollegeAmerica. **Exhibit 44** at ¶ 9.

110. Few, if any, of CollegeAmerica's credits will transfer to other schools. CollegeAmerica, like other career colleges, is nationally accredited by ACCSC. Many public institutions such as community colleges are regionally accredited and do not accept credits from CollegeAmerica.

111. Defendants' disclosures about transfer of credits are in small print along with numerous other disclosures in their seven-page single-spaced enrollment agreements and buried deep in voluminous catalogs.

112. Defendants' enrollment agreement states in small print: "The College makes no representation whatsoever regarding transferring credits to any other college or university. You should assume credits are not transferable unless you have approval from another school." **Exhibit 56**, Affidavit of A. G. at ¶14, Exhibit 5 therein.

113. Defendants disclose on page 141 of its 193 page CollegeAmerica catalog that CollegeAmerica's "credits generally are not transferable to other colleges," students generally do not read this deeply into the catalog before enrolling. CollegeAmerica Catalog, 141 (2014) *available at* <http://www.collegeamerica.edu/downloads/catalogs/collegeamerica-catalog.pdf>.

114. Notwithstanding these disclosures, students relied on statements by CollegeAmerica admissions consultants' that their credits would transfer. **Exhibit 17** at ¶ 5; **Exhibit 16** at ¶¶ 5, 18; **Exhibit 5** at ¶ 6.

115. This misrepresentation can have very serious consequences for students who choose to complete their degrees at other schools. The student will be required by the new program to re-take the course, but the student, by that point, has likely maxed out their federal loan allowances. **Exhibit 16** at ¶ 29. Thus, the student must explore more expensive alternatives to fund their education. Additionally, if students choose to further their education in the same field, regionally-accredited programs will not accept their nationally-accredited credits or degrees as sufficient for admission. **Exhibit 17** at ¶ 11; **Exhibit 16** at ¶ 19.

## **VII. Defendants engage in unconscionable lending practices related to their institutional loan, EduPlan, and deceptively advertise the loan to students**

116. Defendants call their tuition installment payment plan that they offer to students, EduPlan loan. **Exhibit 57**, Admissions Meeting Minutes December 13, 2010 at CA-CO0030826. EduPlan covers any gap in tuition left after applying a

student's financial aid award. **Exhibit 58**, Financial Planner Manual at CA-CO0023486; **Exhibit 3** at 42:5-7, 22-25.

117. During enrollment, Students sign an Enrollment Agreement, which, among other things, obligates them to pay any tuition that is not covered by Title IV financial aid. **Exhibit 59**, Enrollment Agreement at CA\_CO0015468, CA\_CO0015473. Students also sign various documents related to EduPlan, including an Installment Note and Disclosure Statement. **Exhibit 56** at Exhibit 3 therein; **Exhibit 31** at ¶ 4.

118. CollegeAmerica disburses EduPlan funds to a student's account over the period of time that the student is actively enrolled and attending school. **Exhibit 60**, March 25, 2014, CID Testimony of Jarred Talmadge at 42:13 – 48:23.

119. Defendants structure EduPlan such that, while a student-borrower is in school, nominal payments of at least \$10 are made each month. After the student drops or graduates, Defendants apply an interest rate to the student's EduPlan balance. **Exhibit 58** at CA-CO0023486.

120. When students fail to repay their EduPlan debt, Defendants send delinquency notices to students, threatening to report negative activity to the credit bureaus. **Exhibit 61**, September 10, 2012, Delinquency Notice at CA-CO0027538 . CollegeAmerica's Controller, Les Marstella, stated that Defendants sell defaulted loans to debt collectors. **Exhibit 3** at 64:2-8. Marstella also stated that each campus takes action to collect on EduPlan debt. *Id.* at 62:18-21.

**A. Students do not benefit from EduPlan;  
CollegeAmerica benefits**

121. Marstella admits that "any student could get an EduPlan loan," that there is no underwriting process prior to the school granting the loan, and that is no requirements to determine whether a student should be given the EduPlan loan. **Exhibit 3** at 53:5-14.

122. In fact, CollegeAmerica knows that students are not benefitting from taking out an EduPlan loan. Defendants track the dollar amount of EduPlan that goes into repayment. If the student-borrower has not made any repayments on their EduPlan loan in a 12-month period, Defendants write-off the loan balance. **Exhibit 3** at 43:3–50:13.

123. The percentage of EduPlan debt that Defendants write-off at each campus is maintained and analyzed each year by Defendants in order to determine

an allowance of bad debt for the next year. *Id.* In 2008, [REDACTED] of student receivables were written off by CollegeAmerica; in 2009, [REDACTED] were written off; in 2010, [REDACTED] were written off; and in 2011, [REDACTED] were written off. **Exhibit 31** at ¶ 12.

124. Defendants are either ignoring or understating the inability of student-borrowers to repay debt associated with EduPlan. What is certain, Defendants are benefitting from students taking out EduPlan, despite writing off, on average, [REDACTED] of students' EduPlan debt each year.

125. EduPlan is essentially a tool that CollegeAmerica uses to induce students who cannot afford CollegeAmerica's tuition to enroll anyway. Without EduPlan, most students would not have enrolled in CollegeAmerica because Title IV student aid does not cover a student's entire tuition costs. **Exhibit 60** at 62:20 – 63:10. Without EduPlan, CollegeAmerica would not have generated, in 2010 alone, [REDACTED] in gross tuition revenue – most of which is Title IV funds. *See Exhibit 28* (On average, 95 percent of CollegeAmerica students take out Title IV loans).

**B. CollegeAmerica uses EduPlan to induce students who cannot afford tuition to enroll anyway**

126. The vast majority of the students who attend CollegeAmerica are low-income individuals. **Exhibit 60** at 24:19-25:1. Nearly half of the students whom CollegeAmerica enrolls are 24 years old or younger, according to data collected by the U.S. Department of Education. *See CollegeAmerica*, National Center for Education Statistics, <http://nces.ed.gov/collegenavigator/?q=CollegeAmerica&s=all&id=476319#enrolmt> (last visited 11/10/2014). Many CollegeAmerica students are the first in their families to attend college and are likely unfamiliar with financial aid. **Exhibit 4** at CA-CO0015362 (Defendants target “first generation” college students in their ads).

127. CollegeAmerica's financial planners enroll and package students as quickly as possible. **Exhibit 5** at CA-CO0015644-45 [REDACTED]; **Exhibit 58** at CA-CO0023535-37 [REDACTED]). CollegeAmerica financial planners essentially rush students through loan documents and disclosures in order to secure enrollments. **Exhibit 62**, December 6, 2010, Admissions Meeting Minutes at CA-CO0030801-02 .

128. Former CollegeAmerica financial planner Jarred Talmadge testified that CollegeAmerica discouraged him and his fellow financial planners from answering questions and fully explaining the contents or consequences of loans.

**Exhibit 60** at 96:12-16. Talmadge was told “that if [students] wanted to read [loan documents], they could read it; if they wanted to understand it, they could ask questions. But I was basically directed...to keep financial aid within a short period of time. The less time we spent doing it, the less questions they would ask.” *Id.* at 96:12-22.

129. Students frequently did not understand the terms of EduPlan – some did not know they owed any money to CollegeAmerica until after the loan went into repayment. **Exhibit 32** at CollegeAmerica:DPOS:02679-81; **Exhibit 56** at ¶ 12; **Exhibit 17** at ¶ 16; **Exhibit 23** at ¶¶ 8, 9, 17. Explaining finance charges did not happen because the students did not raise questions about it. **Exhibit 60** at 65:1-21. Talmadge testified:

*It just – you’re dealing – and again, I hate saying this, but you’re dealing with people who do not understand finance. They do not understand what they’re reading. They certainly don’t understand what they’re signing.*

*And so it was just a nonissue because the idea was to sell them on the idea that they are getting a better job. And that when they’re making 35-, 40-, \$45,000 a year versus making 12- or \$13,000 a year, are you really going to measure against what it’s going to cost you to get to that point? Because without that payment [EduPlan], you can’t get there.*

*And so it was completely sold as, this is your ticket to getting a higher-paying, better job, and it’s the only way to do it. Which, of course is very obviously not true.*

*Id.* at 65:1-20.

130. Talmadge also admitted that CollegeAmerica would “just throw [students] into the gap program.” **Exhibit 60** at 99:7-13. Approval for EduPlan loans was “nearly instantaneous.” *Id.* at 99:14-16.

131. A startling example of what could happen, and did in fact happen, because of Defendants’ practice of rushing their student population through the financial aid process and selling them EduPlan, is found in the experience of a student named A.G.

132. In June 2007, A.G., who is cognitively challenged and in fact has been diagnosed as “mildly retarded,” says that he saw a commercial for CollegeAmerica that made him believe he could change his life and make his mother “proud.”

**Exhibit 56** at ¶ 2; **Exhibit 63**, Affidavit of B.G. at ¶¶ 18-19. A.G. sat down with admissions recruiters and financial planners at the Colorado Springs campus on at least two occasions prior to starting school. **Exhibit 56** at ¶¶ 4, 14.

133. The CollegeAmerica admissions recruiter filled out much of A.G.'s paperwork for him and instructed him sign to agree to pay the \$59,000 tuition costs to enroll in a bachelor's degree program in computer programming. **Exhibit 56** at ¶ 11. A.G. also signed a Free Application for Federal Student Aid ("FAFSA") and an Installment Note and Disclosure Statement to pay certain money to CollegeAmerica, although he says that he did not understand what the paperwork was for. *Id.* at ¶ 13.

134. A.G. was placed on academic probation for two years, failed six courses, **Exhibit 56** at ¶ 19, and eventually told that he had enough credits to graduate with an associate's degree rather than a bachelor's degree in computer programming. *Id.* at 23. He was confused but agreed to "downgrade" to the associate's degree and graduate. *Id.* at ¶ 23-25.

135. A.G. recalls no instruction from CollegeAmerica about how to make student loan payments. He began receiving bills and phone calls about his student loans after graduation but did not know what to do since he was employed doing the job he had prior to CollegeAmerica – washing dishes – and making barely enough money to pay his rent. **Exhibit 56** at ¶ 26-27.

136. When A.G.'s mother, B.G., and his sister, J.G., learned about A.G.'s graduation and enormous student loans, they confronted CollegeAmerica and complained to the school's accrediting body and state regulators that CollegeAmerica had taken advantage of A.G.'s inability to understand the loan documents. **Exhibit 56** at ¶ 28; **Exhibit 63** at ¶ 11-15; **Exhibit 64**, Affidavit of J.G. at ¶ 14.

137. A.G.'s family also learned that A.G. not only failed 6 courses but he also stopped making his monthly installment payments to CollegeAmerica two or three months after he enrolled. **Exhibit 64** at ¶ 18. CollegeAmerica, however, continued to keep A.G. enrolled in school and EduPlan.

138. Although Clay Goodwin admits that he knew A.G. was probably disabled and should not have been attending CollegeAmerica, he felt that he had little choice but to ensure that A.G. remained in school. **Exhibit 50** at ¶¶ 25-30. CollegeAmerica's unwritten policy to staff was to pass along students even if they were failing or absent and make sure they graduate, even if it meant downgrading them from a bachelor's to an associate's degree. *Id.* at ¶¶ 22-24, 30; **Exhibit 11** at

80:12-81:12; **Exhibit 65** at ¶¶ 5-9; **Exhibit 66**, Affidavit of Jean Lesmeister at ¶¶ 5-8; **Exhibit 9** at 61:5-17.

**C. Defendants deceptively advertise EduPlan as a way to make college “affordable”**

139. Defendants not only sell EduPlan to prospective students during the enrollment process, Defendants advertise EduPlan as a reason why they should attend CollegeAmerica.

140. Defendants advertise in direct mailers that “college is affordable” at CollegeAmerica. **Exhibit 4** at CA-CO0000246. Listed as reasons why “you should get a degree from CollegeAmerica” are “Tuition Assistance: EduPlan loans are available regardless of credit history,” and “Financial Aid: Our Financial Planners help you get the student loans and grants that you qualify for – college is affordable.” *Id.* at CA-CO0015258.

141. In another advertisement, entitled “You Can Afford College,” Defendants state that “Your Preferred status makes you eligible for a no-cost, personal evaluation with a member of our financial aid department. *You can afford college. Find out how.*” *Id.* at CA-CO0015247 (emphasis in original). Students are given information, according to the advertisement, about “EduPlan loans and how they help you pay for college and help re-establish your credit. *Even if you have a prior default on a student loan.* You can qualify for an EduPlan loan regardless of your credit history.” *Id.* (emphasis in original). In closing, the ad states that “You may be surprised by how easy it is to afford college.” *Id.* at CA-CO0015262.

142. Defendants’ internal records of student outcomes – low wages, high default rates on federal loans, and high write-off rates of EduPlan – fail to substantiate Defendants’ affordability claims in advertisements. **Exhibit 13**; *See also* U.S. Department of Education’s Official 3-year Cohort Default Rate 2014 for CollegeAmerica at [https://www.nslds.ed.gov/nslds\\_SA/defaultmanagement/cohortdetail\\_3yr.cfm?sno=0&ope\\_id=025943](https://www.nslds.ed.gov/nslds_SA/defaultmanagement/cohortdetail_3yr.cfm?sno=0&ope_id=025943) (last visited on 11/10/2014); **Exhibit 31** at ¶ 12.

**LEGAL ARGUMENT**

**I. This Court is authorized to enjoin CollegeAmerica’s conduct to prevent further deceptive trade practices.**

143. This Court is expressly authorized by Colo. Rev. Stat. § 6-1-110(1) to issue a preliminary injunction to enjoin ongoing violations of the CCPA:

Whenever the attorney general or a district attorney has cause to believe that a person has engaged in or is engaging in any deceptive trade practice listed in section 6-1-105 or part 7 of this article, the attorney general or district attorney may apply for and obtain, in an action in the appropriate district court of this state, a temporary restraining order or injunction, or both, pursuant to the Colorado rules of civil procedure, prohibiting such person from continuing such practices, or engaging therein, or doing any act in furtherance thereof. The court may make such orders or judgments as may be necessary to prevent the use or employment by such person of any such deceptive trade practice or which may be necessary to completely compensate or restore to the original position of any person injured by means of any such practice or to prevent any unjust enrichment by any person through the use or employment of any deceptive trade practice.

§ 6-1-110(1), C.R.S. (2014).

144. This Court is also expressly authorized by Colo. Rev. Stat. § 5-6-111 and 113 to issue a preliminary injunction to enjoin violations of the UCCC:

With respect to an action brought to enjoin violations of this code under section 5-6-111 or unconscionable agreements or fraudulent or unconscionable conduct under section 5-6-112, the administrator may apply to the court for a temporary restraining order or preliminary injunction against a respondent pending final determination of proceedings. If the court finds after a hearing that there is a reasonable cause to believe that the respondent is engaging in or likely to engage in conduct sought to be restrained, it may grant any such temporary restraining order or preliminary injunction it deems appropriate.

§ 5-6-113, C.R.S. (2014).

145. The Court must “ensure that the injunctive decree will effectively redress the proven violations and prevent further ones” where the Court finds that there have been numerous, long-range, and repeated violations of the CCPA. *State ex rel Woodard v. May Dep’t Stores Co.*, 849 P.2d 802, 806 (Colo. App. 1992). When assessing injunctive relief, the Court must consider whether the relief adequately

addresses the Defendants' violations of the CCPA and whether the relief will prevent future harm. *May Dep't Stores Co. v. State ex rel Woodard*, 863 P.2d 967, 978 (Colo. 1993); *see also Federal Trade Comm'n v. Think Achievement Corp.*, 144 F.Supp. 2d 1013 (N.D. Ind. 2000) (upholding permanent injunction based on federal courts' broad authority to restrain acts which are of the same class or type as the unlawful acts defendant has committed), *aff'd in relevant part rev'd in part on other grounds*, 312 F.3d 259 (7<sup>th</sup> Cir. 2002). Past conduct can dictate the breadth of injunctive terms: "the purpose [of the injunction] being to prevent violations, the threat of which in the future is indicated because of their similarity or relation to those unlawful acts...found to have been committed...in the past." *NLRB v. Express Publ'g Co.*, 312 U.S. 426, 436-37 (1941).

146. In *May*, the Colorado Supreme Court affirmed the Court of Appeals holding that the district court's injunctive relief did not go far enough to prevent the continuation of the defendant's violation of the law and future harm. In order to address May's deceptive pricing scheme, the district court required May to include disclosures in its advertisements. The Court of Appeals – and ultimately the Supreme Court – disagreed that disclosures were sufficient to address May's deceptive ads. Ultimately, the appellate courts decided that in addition to properly drafted disclosures in the advertising, "the trial court should have also enjoined the underlying fraudulent practices." *May Dep't Stores*, 849 P.2d at 807.

147. Accordingly, the State requests that this Court enjoin the Defendants from, among other things, representing, explicitly and implicitly, that CollegeAmerica's degree programs lead to particular outcomes, either in quantitative or qualitative terms, unless Defendants can substantiate such representations. It is deceptive to advertise certain salary ranges that have no substantiation in fact. *May Dep't Stores*, 849 P.2d at 807.

## **II. The State's motion satisfies the factors under §§ 5-6-112 and 113, C.R.S. for issuance of a preliminary injunction under the UCCC.**

148. Defendants' installment payment plans, known as EduPlan, are considered credit transactions under the UCCC. §§5-1-301(11), (12), C.R.S. (2014). Accordingly, CollegeAmerica, must register, and in fact has registered, with the Administrator of the UCCC and pay a fee in order to extend EduPlan to Colorado students. §§ 5-6-201-203, C.R.S. (2014).

149. CollegeAmerica's practices related to EduPlan are subject to C.R.S. §5-6-112, which prohibits sellers of credit in the state of Colorado from engaging in unconscionable conduct in inducing consumers into credit transactions. *See* § 5-6-

112(1), C.R.S. (2014). The court may grant relief only if it finds that CollegeAmerica has engaged in or is likely to engage in a course of fraudulent or unconscionable conduct; that CollegeAmerica's conduct has caused or is likely to cause injury to students; and that CollegeAmerica has been able to cause or will be able to cause the injury primarily because the transactions involved are credit transactions. §5-6-112(2), C.R.S. (2014).

150. This Court must consider the following factors, among others, to determine whether CollegeAmerica's conduct to induce consumers to borrow through an EduPlan agreement is unconscionable:

- a) Whether Defendants should have reasonably believed at the time consumer credit transactions were made that, according to the credit terms or schedule of payments, there was no reasonable probability of payment in full of the obligation by the student.
- b) Whether Defendants reasonably should have known, at the time of the transaction, of the inability of the student to receive substantial benefits from the transaction.
- c) The fact that Defendants have knowingly taken advantage of the inability of a student reasonably to protect his or her interests by reason of physical or mental infirmities, ignorance, illiteracy, or inability to understand the language of the agreement, or similar factors. *See* §§ 5-6-112(2)(a), (b), (e), C.R.S. (2014).

151. The State's motion establishes that "there is reasonable cause to believe that [Defendants are] engaging in or [are] likely to engage in conduct sought to be restrained." *See* § 5-6-113, C.R.S. Therefore, the court may grant any "preliminary injunction it deems appropriate" to enjoin Defendants from engaging in fraudulent or unconscionable conduct in inducing consumers to enter into consumer credit transactions. *See id.* As set forth above, Defendants should have reasonably known at the time they extended EduPlan loans to students that, based on their own student receivables write-off data, it was, and continues to be, unlikely that students will repay their EduPlan loans in full. Defendants also knew at the time they extended EduPlan that students were not finding employment, after graduating with a degree, sufficient to repay their EduPlan loans. Defendants also purposely rushed students through the financial aid process and ignored students' infirmities, ignorance, illiteracy or inability to understand the language.

**III. The State’s motion satisfies the factors announced in *Rathke v. MacFarlane* for the entry of a preliminary injunction under the CCPA.**

152. A preliminary injunction is designed to preserve the status quo or protect a party's rights pending the final determination of a matter. *City of Golden v. Simpson*, 83 P.3d 87, 96 (Colo. 2004). Granting preliminary injunctive relief is within the sound discretion of the trial court, and its ruling will not be disturbed on appeal unless it is manifestly unreasonable, arbitrary or unfair. *Board of County Commissioners v. Fixed Base Operators*, 939 P.2d 464, 467 (Colo. App. 1997).

153. The Court may grant a preliminary injunction when:

- a) there is a reasonable probability of success on the merits;
- b) there is a danger of real, immediate and irreparable injury which may be prevented by injunctive relief;
- c) there is no plain, speedy, and adequate remedy at law;
- d) the granting of the preliminary injunction will not disserve the public interest;
- e) the balance of the equities favors entering an injunction; and
- f) the injunction will preserve the status quo pending a trial on the merits.

*Rathke v. MacFarlane*, 648 P.2d 648, 653–654 (Colo. 1982); *see also Gitlitz v. Bellock*, 171 P.3d 1274, 1278 (Colo. App. 2007).

154. There is a reasonable probability that Plaintiff will prove its claims. Defendants’ advertisements, admissions presentation, former and current employee testimony, and student testimony show that Defendants knowingly misrepresented that CollegeAmerica degrees lead to advertised careers and wages, both from the standpoint of quantitative and qualitative representation. *Rhino Linings USA, Inc. v. Rocky Mountain Rhino Lining, Inc.*, 62 P.3d 142, 147 (Colo. 2003) (holding that a false or misleading statement must be made with knowledge of its untruth, or recklessly and willfully made without regard to its consequences, and with an intent to mislead and deceive the plaintiff); *see also FTC v. Network Servs. Depot, Inc.*, 617 F.3d 1127, 1138 (9th Cir. 2010) (finding that knowledge can be established by showing (1) actual knowledge, (2) reckless indifference to the truth or falsity of a

representation, or (3) awareness of a high probability of fraud along with an intentional avoidance of the truth.).

155. There is a real danger of immediate and irreparable injury to consumers if the Court does not enjoin Defendants from their deceptive advertising and unconscionable lending practices. As an initial matter, the Attorney General is not required to plead or prove immediate or irreparable injury when a statute concerning the public interest is implicated. *Kourlis v. Dist. Court*, 930 P.2d 1329, 1335 (Colo. 1997) (“Special statutory procedures may supersede or control the more general application of a rule of civil procedure.”); see also *Baseline Farms Two, LLP v. Hennings*, 26 P.3d 1209, 1212 (Colo. App. 2001); *Lloyd A. Fry Roofing Co. v. State Dep’t of Health Air Pollution Variance Board*, 553 P.2d 800 (Colo. 1976).

156. In any event, the danger of immediate and irreparable injury is clear in this case. Absent an injunction, consumers will continue to enroll in CollegeAmerica under false promises of better jobs and higher pay. The injury is irreparable. Consumers who rely on Defendants’ misrepresentations will incur tens of thousands of dollars in federal loan debt. CollegeAmerica’s own data on graduate wages and employment and loan repayment rates show that a substantial portion of graduates will be unable to repay such loans.

157. Further, the harm goes far beyond monetary harm. Absent an injunction, consumers will spend months, or even years, in one of Defendants’ degree programs based on false pretenses. They will also, in all likelihood, use some or all of their allotment of federal education loans – making it very difficult to obtain education in the future. This irreparable harm is exacerbated by the fact that CollegeAmerica credits do not transfer to most other institutions.

158. A preliminary injunction should be ordered here even if Defendants claim they revised representations made in advertisements circulated or presented to students. See *United States v. W.T. Grant Co.*, 345 U.S. 629, 633, 73 S.Ct. 894, 97 L.Ed. 1303 (1953); see also *Old Homestead Bread Co., v Marx Baking Co.*, 108 Colo. 375, 117 P.2d 1007 (1941) (“If the practice ‘has been abandoned in good faith for all time, an injunction can do the defendant no harm, and it is a protection to which we deem the plaintiff entitled.’”). Because the purpose of injunctive relief in this case is to prevent future violations of the CCPA, injunctive relief is appropriate when there is a “cognizable danger of recurrent violation, something more than a mere possibility.” *Id.*

159. For all of the same reasons, there is no adequate remedy at law. A law enforcement action under the CCPA is equitable in nature. *State ex rel. Salazar v. Gen. Steel*, 129 P.3d 1047, 1050 (Colo. App. 2005). Absent injunctive relief,

Defendants will continue to solicit new students through promises that CollegeAmerica cannot keep.

160. The balance of the equities overwhelmingly favors the entry of an injunction. An injunction will serve the public interest by protecting consumers from falling victim to Defendants' deceptive marketing.

161. In contrast, Defendants will suffer no undue hardship by the entry of a preliminary injunction because Defendants have no right to continue to engage in unlawful and deceptive trade practices. Requiring Defendants to tell the truth in their advertisements will not hinder their ability to operate CollegeAmerica and educate students.

162. CollegeAmerica can continue to offer and enroll students into its programs so long as it does not market the degrees in conjunction with data they know to not reflect actual salaries of graduates, or market their loans as making college more affordable.

163. Defendants are capable of determining whether their representations about jobs and wages are substantiated because Defendants collect and maintain CollegeAmerica graduate outcomes. Defendants are also capable of determining whether extending an EduPlan loan is conscionable as they maintain data on the likelihood students will be able to repay the loan and they track students' progress through school, which informs the schools whether the student will successfully graduate and benefit from EduPlan.

164. Finally, the injunction should preserve the status quo by forcing Defendants to comply with the law. If Defendants' deceptive behavior is allowed to continue, it will only cause further consumer loss of time, money, and federal student loan availability.

**WHEREFORE, Plaintiff requests that this Court enter a Preliminary Injunction that:**

I. Enjoins Defendants, their officers, directors, agents, servants, employees, independent contractors; and any other persons in active concert or participation with Defendants who receive actual notice of the Court's order from:

- a. Making any representation, impliedly or explicitly, concerning wages/salaries or potential wages/salaries of COLLEGEAMERICA GRADUATES, unless COLLEGEAMERICA's actual graduate outcomes substantiate such claims. Substantiation, for purposes of

this paragraph, means that there is a reasonable probability, based on the data available to COLLEGEAMERICA, that such outcome will be obtained by any given student.

- b. Making any representation, impliedly or explicitly, concerning wages/salaries or potential wages/salaries of graduates of a specific COLLEGEAMERICA certificate or degree program unless COLLEGEAMERICA's actual graduate outcomes for that certificate or degree program substantiate such claims. Substantiation, for purposes of this paragraph, means that there is a reasonable probability, based on the data available to COLLEGEAMERICA, that such outcome will be obtained by any given student.
- c. Representing that a particular COLLEGEAMERICA certificate or degree program leads to certification or professional licensure unless successful completion of or graduation from such program qualifies a student to either immediately apply for licensure or certification, or without further coursework or other training permits a student to sit for an examination for such licensure or certification.
- d. Representing, impliedly or explicitly, that any COLLEGEAMERICA certificate or degree program leads to employment in specific careers, job titles, or fields unless COLLEGEAMERICA's actual graduate outcomes for that certificate or degree program substantiate such claims. Substantiation, for purposes of this paragraph, means that there is a reasonable probability, based on the data available to COLLEGEAMERICA, that such outcome will be obtained by any given student.
- e. Representing, impliedly or explicitly, that any one of its certificates or degrees is necessary or preferred for employment in any field, unless COLLEGEAMERICA has determined and can establish that such is the case. For example, this paragraph enjoins COLLEGEAMERICA from advertising a certificate or degree as necessary or preferred for a position for which a high school education or on-the-job training is sufficient, unless COLLEGEAMERICA can establish that employers prefer graduates with the certificate or degree offered by COLLEGEAMERICA.
- f. Representing, impliedly or explicitly, that any one of its certificates or degrees is preferred or necessary for eligibility to become certified or licensed in any field, unless COLLEGEAMERICA has determined and

can establish that such is the case. For example, this paragraph enjoins COLLEGEAMERICA from advertising a certificate or degree as preferred or necessary for eligibility to become certified or licensed where a high school education or on-the-job training is sufficient, unless COLLEGEAMERICA can establish that the certification or licensing body prefers or requires graduates with the certificate or degree offered by COLLEGEAMERICA.

- g. Representing, impliedly or explicitly, with qualitative statements such as that a certificate or degree from COLLEGEAMERICA will result in students making “more money” or that the certificate or degree will lead to “employment and higher paying careers” or that the certificate or degree “prepares [students] for today’s jobs,” or making similar implied or explicit representations, unless COLLEGEAMERICA can substantiate such claims. Substantiation, for purposes of this paragraph, means that there is a reasonable probability, based on the data available to COLLEGEAMERICA, that such outcome will be obtained by any given student.
- h. Advertising prospective salary or wage data based on sources other than actual COLLEGEAMERICA graduates.
- i. Offering a certificate or degree program designed to lead to occupations that require certification or professional licensure where COLLEGEAMERICA knows or should know that the program fails to meet prerequisites for a student to qualify immediately upon graduation to take an exam for the relevant certification or professional licensure.
- j. Representing, explicitly or impliedly, that training toward specific certification or professional licensure is available at a particular campus that COLLEGEAMERICA knows or should know the campus does not offer.
- k. Advertising a certificate or degree program at a particular campus that COLLEGEAMERICA knows or should know the campus does not offer or that COLLEGEAMERICA has not obtained the authority to offer.
- l. Encouraging or advising students to enroll into an existing COLLEGEAMERICA certificate or degree program in connection with a representation by COLLEGEAMERICA that a specific certificate or degree program is forthcoming, unless COLLEGEAMERICA has done

the following with respect to the forthcoming program: (1) attained all necessary or preferred accreditation; (2) hired all necessary faculty; and (3) obtained all necessary state and federal approvals.

- m. Representing, impliedly or explicitly, that credits earned at COLLEGEAMERICA may or will transfer to any other educational institution, unless COLLEGEAMERICA has actual knowledge that such is the case.
- n. Representing, impliedly or explicitly, that any institutional loan, including but not limited to EduPlan, makes attending college “affordable.”
- o. Advertising that projected or potential wages will cover student loan repayments after graduation, unless COLLEGEAMERICA can substantiate such claims with the following: COLLEGEAMERICA data collected and/or reported in each of the three preceding calendar years concerning (1) graduate wages/salaries; (2) graduation rates; (3) tuition promissory note/institutional loan (e.g. EduPlan) write-off’s; (4) cohort default rates; and (5) forbearances, deferments and income-based repayments.
- p. Engaging in fraudulent or unconscionable conduct in inducing consumers to enter into consumer credit transactions, including but not limited to COLLEGEAMERICA’s promissory note/institutional loan (e.g. EduPlan). Specifically, COLLEGEAMERICA is enjoined from:
  - 1. employing an underwriting process that ignores or overstates the ability of student-borrowers to repay or otherwise afford its promissory note/intuitional loan (e.g. EduPlan);
  - 2. making and enforcing its promissory note/institutional loan (e.g. EduPlan) that, at the time of the transaction, COLLEGEAMERICA should reasonably believe student-borrowers have no reasonable probability to pay in full according to the schedule of payments;
  - 3. making and enforcing its promissory note/institutional loan (e.g. EduPlan) that, at the time of the transactions,

COLLEGEAMERICA reasonably should know will not provide student-borrowers with substantial benefit;

4. knowingly taking advantage of student-borrowers' inability to protect their interests by inducing them to enter into promissory note/institutional loan (e.g. EduPlan) when COLLEGEAMERICA should reasonably know that the student-borrower is at a disadvantage by reason of physical or mental infirmities, ignorance, illiteracy, or inability to understand the language of the transaction.
- q. Making any statement to a Prospective Student that contradicts or minimizes written disclosures in COLLEGEAMERICA's enrollment agreements and catalogs and other documents made available to students.
- r. Making any statement that COLLEGEAMERICA knows or should know is inaccurate, false or misleading in connection with recruitment or enrollment of students.

II. Any further Order as this Court deems necessary and appropriate to further the purposes of the Colorado Consumer Protection Act.

Dated this 30<sup>th</sup> day of December 2014.

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**CERTIFICATE OF SERVICE**

I hereby certify that on this 30<sup>th</sup> day of December, 2014 a true and correct copy of the foregoing PLAINTIFFS' MOTION FOR PRELIMINARY INJUNCTION was filed and served via ICCES upon the following:

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