

<p>DISTRICT COURT, DENVER CITY AND COUNTY, COLORADO 1437 Bannock Street Denver, Colorado 80202</p>	<p style="text-align: center;">▲ COURT USE ONLY ▲</p>
<p>STATE OF COLORADO, ex rel. JOHN W. SUTHERS, ATTORNEY GENERAL,</p> <p>Plaintiff,</p> <p>v.</p> <p>EDUCATION MANAGEMENT CORPORATION, a publically-traded company, ARGOSY EDUCATION GROUP, INC., a wholly-owned subsidiary thereof, and doing business as ARGOSY UNIVERSITY,</p> <p>Defendants.</p>	
<p>Attorneys for Plaintiff: JOHN W. SUTHERS Attorney General JAY B. SIMONSON, 24077* First Assistant Attorney General OLIVIA C. DEBLASIO, 35867* Senior Assistant Attorney General SARAH P. JACKSON, 45212* Assistant Attorney General 1300 Broadway, 7th Floor Denver, CO 80203</p> <p>(720)508-6209 (720)508-6040 Fax *Counsel of Record</p>	<p>Case No.:</p>
<p>COMPLAINT</p>	

Plaintiff, the State of Colorado, upon relation of John W. Suthers, Attorney General for the State of Colorado, by and through undersigned counsel, states and alleges as follows:

INTRODUCTION

1. This is an action brought by the State of Colorado pursuant to the Colorado Consumer Protection Act, §§ 6-1-101 through 115, C.R.S. (2013) (“CCPA”), to enjoin and restrain Defendants from engaging in certain unlawful practices, for statutorily-mandated civil penalties, disgorgement, consumer restitution, and other relief as provided in the CCPA.

PARTIES

2. John W. Suthers is the duly-elected Attorney General of the State of Colorado and is authorized under § 6-1-103, C.R.S. (2013) to enforce the provisions of the CCPA.

3. Education Management Corporation (“EDMC”) is a publically-traded company, listing on the NASDAQ as EDMC,¹ based in Pittsburgh, Pennsylvania. EDMC provides private post-secondary education through its system of schools and online platforms: The Art Institute, Argosy University, Brown Mackie College, and South University. EDMC schools are located in more than 100 locations. As of 2012, approximately 132,000 students attend EDMC’s schools. EDMC provides training and regulatory and compliance support to its system of schools.

4. EDMC’s corporate structure is comprised of multi-layered subsidiaries: EDMC’s Pittsburgh-based subsidiary Education Management Holdings, LLC owns Education Management LLC, a Delaware corporation, which owns Argosy University of California, LLC, which owns Chicago-based Argosy Education Group, Inc. Argosy Education Group, Inc. operates Argosy University (“Argosy”). “EDMC” and “Argosy” are collectively the “Defendants.”

5. EDMC grew its system of schools by acquiring well-established existing schools and rebranding them. In 1964, EDMC began acquiring art and fashion schools across the country and renaming them The Art Institute. In 2003, EDMC acquired South University of Savannah, Georgia, and began offering an online program. Also in 2003, EDMC purchased American Education Centers and its 18 affiliated schools and renamed them Brown Mackie College.

6. In 2001 EDMC acquired and merged the American Schools of Professional Psychology, the University of Sarasota, and the Medical Institute of Minnesota to create Argosy University. The American Schools of Professional Psychology was founded in the early 1970s by a group of psychologists, educators, and other professionals who called for a clinical psychology degree that emphasized teaching

¹ EDMC made its first public offering in 1994 and became a publically-held company. For a short period of time in 2006, EDMC was privately held after it was acquired by a consortium of private equity investment funds led by Providence Equity Partners, Goldman Sachs Capital Partners and Leeds Equity Partners. It became a publically-held company once again in 2009.

and practical training over the research-oriented approach of the traditional PhD degree. For more than 30 years, the University of Sarasota had offered degree programs in business and education to working adults through a delivery format that mixed distance learning with brief, intensive on-campus study periods. The Medical Institute of Minnesota was established in 1961 to prepare skilled allied healthcare personnel for careers in the medical technology fields.

7. EDMC opened its first and only Argosy University campus in Denver in 2006. Argosy-Denver, like EDMC's other Argosy campuses, offers undergraduate, master's and doctoral degrees in behavioral sciences, education, and business. The Argosy-Denver campus is located at 7600 E. Eastman Avenue, Denver, Colorado.

8. EDMC also operates a campus of The Art Institute in Denver. In 2006, Argosy-Denver was housed in The Art Institute building located at 1200 Lincoln St., Denver, Colorado. Argosy-Denver moved to its current location in 2010.

9. In 2007 and 2008, the Defendants began advertising two doctoral degrees that are relevant to this law enforcement action: the doctorate of education in counseling psychology ("EdD-CP") and the doctorate of clinical psychology ("PsyD"). Argosy marketed the Denver campus's EdD-CP and PsyD as degrees that would make graduates eligible to sit for Colorado's psychology licensure exam.

JURISDICTION AND VENUE

10. This Court, under §§ 6-1-103, 110(1), C.R.S. (2013), has jurisdiction to enter appropriate orders before and after an ultimate determination of liability.

11. The violations alleged herein were committed, in part, in the City and County of Denver, Colorado. Venue is proper in the county of Denver, Colorado, under §§ 6-1-103, C.R.S., and Colo. R. Civ. P. 98 (2013).

RELEVANT TIMES

12. The conduct that gives rise to the claims for relief contained in this Complaint began in 2007 and continues to the present.

13. The Plaintiff timely brings this action within three years of the date on which false, misleading, and deceptive acts or practices occurred, or the date on which the last in a series of such acts or practices occurred, or within three years after the discovery of the false, misleading or deceptive trade practices. See, § 6-1-115, C.R.S. (2013).

PUBLIC INTEREST

14. Through the unlawful practices of its business, Defendants have deceived, misled, and financially injured consumers in Colorado. The Colorado Attorney General therefore believes these legal proceedings are in the public interest and are necessary to safeguard citizens from Defendants' unlawful business activities.

GENERAL ALLEGATIONS

15. Beginning in 2007, Argosy-Denver offered two doctoral degree programs that the Defendants represented would lead to licensure as a psychologist in Colorado: the EdD-CP, a doctor of education in counseling psychology, and the PsyD, a doctor of clinical psychology.

16. The Defendants deceptively marketed Argosy-Denver's EdD-CP program as a degree that would lead to licensure as a psychologist in Colorado when such an outcome was highly unlikely. The Defendants lack substantiation for this claim. In reality, the Defendants induced students to enroll into the EdD-CP program, knowing that licensure was material to the students' decisions, and recklessly and willfully failed to ensure that the EdD-CP program would lead to licensure as a psychologist in Colorado.

17. Colorado's statute governing licensure as a psychologist, like those in many other states, is tied to the American Psychological Association's ("APA") standards. In Colorado, licensure is granted to those who either graduated from an APA accredited program or one that is its equivalent.

18. Argosy-Denver's EdD-CP program is not APA accredited, a material, limiting factor to obtaining internships, post-doctoral placement, licensure as a psychologist in most states, including Colorado, and employment in large governmental agencies such as the Department of Veterans Affairs. The Defendants led students to believe, explicitly and implicitly, that the EdD-CP program was APA accredited or that the school was in the process of applying to the APA for accreditation. Neither representation was true.

19. While the Defendants admit that they intended to apply for APA accreditation for Argosy-Denver's PsyD program, they never formally did so. Defendants further admit that they never intended to apply for APA accreditation for the EdD-CP program because the APA does not accredit programs that meet only on the weekends, which was the case for Argosy-Denver's EdD-CP. In reality, Defendants obtained APA accreditation for neither the EdD-CP nor the PsyD programs at Argosy-Denver.

20. The Defendants told students that the EdD-CP program at Argosy-Denver met the licensure eligibility requirements set out by the Colorado State Board of Psychologist Examiners (the “Board”). This was untrue. The Defendants failed to tailor the EdD-CP program to meet basic regulatory requirements prior to launching the program and enrolling students. Argosy-Denver’s EdD-CP program would ultimately fail to fulfill a promise made to its students – eligibility to become licensed as psychologists in Colorado.

21. The Defendants marketed Argosy-Denver’s EdD-CP as a program requiring attendance in the evenings and over weekends, which would allow students with jobs and families to remain living and working full-time in Colorado. The Defendants told students that Argosy-Denver would provide an in-house practicum and a consortium of local internship sites to meet their needs. To date, the Defendants have developed neither program, forcing some students to withdraw from the EdD-CP program.

22. Argosy-Denver EdD-CP students began complaining in 2008 about the lack of APA accreditation, deficiencies in the curriculum, the absence of an in-house practicum, and the school’s failure to establish a local consortium of internship sites that would satisfy the Board’s licensure requirements.

23. In June of 2010, three years after launching the EdD-CP program in Denver and enrolling nearly 50 students, the Defendants announced to the EdD-CP students that the Board “recently changed” the rules for licensure which rendered the EdD-CP program deficient. The Board’s rules, however, had *not* changed since January 2006 – more than one year before the Defendants offered the EdD-CP program in Denver.

24. In the months following Defendants’ 2010 announcement, nearly 40 percent of the students who had enrolled in the EdD-CP program withdrew from the school. Many of these students had paid as much as \$55,000 per year for tuition and living costs. Those who stayed were told they could transfer into a “new” licensure-track EdD-CP program even though all of the students had been told from the outset that the original EdD-CP program would lead to licensure.

25. Following threats of a lawsuit by students formerly enrolled in the EdD-CP program, the Defendants in 2011 began to tell enrolled EdD-CP students that they only “may be eligible” for licensure as psychologists. The Defendants also began requiring students to sign a disclosure acknowledging that licensure is not guaranteed. The Defendants cannot substantiate the representation that students “may be eligible” since the program is unaccredited and no students have applied for licensure in Colorado during the six years the program has been in existence.

The Defendants' representation that graduates will be eligible for licensure as a psychologist in Colorado was material to students' decision to enroll in Argosy-Denver's EdD-CP program.

26. Students who enrolled in Argosy-Denver's EdD-CP program did so because they wanted to become licensed psychologists in Colorado. Some of the students already had master's degrees in mental health fields and were licensed professional counselors ("LPC"). They enrolled in Argosy-Denver's EdD-CP program in order to become eligible to seek licensure as psychologists.

27. Only a Colorado-licensed psychologist can engage in the "practice of psychology" in Colorado. See, C.R.S. §12-43-303. A Colorado-licensed psychologist, as opposed to therapists and counselors, must have a doctorate degree as opposed to a master's degree. A licensed psychologist can lawfully observe, evaluate, interpret or modify human behavior by the application of psychological principles, methods or procedures for the purpose of, among other things, preventing undesired behavior and evaluating and assessing maladaptive or undesired behavior. See, *Id.* A licensed psychologist earns, on average, more than licensed therapists and counselors.

28. The American Psychological Association's Commission on Accreditation is the only organization authorized by the U.S. Department of Education to accredit doctoral-level professional psychology programs. Many states' statutes and regulations governing licensure as a psychologist, including Colorado's, use APA standards as the benchmark for competency.

29. APA accreditation is a voluntary, nongovernmental process of self-study and external review intended to evaluate, enhance, and publicly recognize quality programs. The APA accredits doctoral programs in clinical, counseling, and school psychology; doctoral internship programs in professional psychology; and postdoctoral residency programs in traditional and specialty areas of psychology.

30. While the APA recognizes "counseling psychology" as a specialty in professional psychology, it does not accredit any EdD-CP degrees. A counseling psychology doctorate can be attained as an EdD or as a PhD. Some PhD-CP programs are accredited by the APA, but no EdD-CP programs are accredited by the APA. An EdD-CP is based in counseling; a PhD-CP is rooted in clinical research, similar to a PsyD.

31. In 2007, four schools in Colorado offered APA accredited counseling and clinical psychology (PhD and PsyD) doctoral programs that the schools represented led to licensure as psychologists in Colorado. All of the PhD and PsyD programs required prospective students to have, among other things, a bachelors or master's

in psychology and to obtain a minimum score on the GRE for admission to the programs. All of the PhD and PsyD programs required full-time attendance.

32. No Denver area school, other than Argosy, offered an EdD-CP program, let alone a program that offered evening and weekend classes, that held itself out as leading to licensure as a psychologist in Colorado. The EdD-CP was not APA accredited, a fact that Argosy omitted in its catalog and web site and “glossed over” in admissions interviews (as one Argosy admissions representative explained).

33. For admission to the EdD-CP program, Argosy-Denver did not require a master’s in psychology or any mental health field with practicum (hands-on experience). At Argosy, any master’s degree would suffice. Argosy marketed its program as one specifically not requiring mental health practicum experience in order to attract students who would not qualify for other local psychology doctoral programs. Argosy’s internal market research showed that in 2007 there was a demand for a program with less-strenuous admissions requirements, specifically one that did not require a mental health-related master’s degree with practicum experience or GRE scores.

34. Some of the students who enrolled in the Argosy EdD-CP program were already working full time in Colorado as therapists, some licensed as professional counselors, marriage and family therapists, or social workers. Many students had put on hold pursuing a doctorate that would lead to licensure because of the existing programs’ full-time attendance requirements. When they saw Argosy’s advertisements for a doctoral program offering evening and weekend classes and that would lead to licensure, they thought that they could finally pursue their goals.

35. Although students who enrolled in Argosy-Denver’s EdD-CP program understood the program was new, they relied on Argosy’s representations that the program would lead to licensure as it did in the other states where Argosy offered it.

The Defendants hastily launched Argosy-Denver’s EdD-CP program and deceptively advertised it would lead to licensure as a psychologist.

36. In 2007, the Defendants offered EdD-CP degree programs at eleven of its campuses. Per usual operating procedure, the Defendants’ Denver campus president conducted market research to determine if an EdD-CP program would be profitable at Argosy-Denver. Once she determined that it would be, she directed the then-chair of the counseling department at Argosy-Denver to select from the existing EdD-CP programs and begin the process of “transplanting” the program to Denver.

37. The Defendants’ EdD-CP programs varied from state to state. In 2007, the Defendants advertised that graduates of their EdD-CP program in Seattle,

Washington are eligible to become licensed while advertising in California the program would ensure students were eligible to “pursue licensure” (recognizing the additional hours of practice required in California). In Illinois, Washington, D.C., Florida and Hawaii, the Defendants disclosed their programs did not lead to licensure with statements that the program did “not prepare graduates for licensure, that the program “is not designed to produce licensed psychologist,” or explained the state’s unique licensure requirements which would limit the ability of the EdD-CP degree to ensure licensure. Argosy’s web site, www.argosy.edu, contained these varying representations as well.

38. The Denver market was attractive to the Defendants. The school’s market research showed that Denver lacked a doctoral psychology program for adult students who worked full time, particularly one with lax admissions requirements. Argosy intended the EdD-CP program to exploit these student needs.

39. The Chair of Argosy-Denver’s Counseling department consulted with the Defendants’ corporate office to determine which EdD-CP program best fit the Denver campus and selected the EdD-CP program at Argosy-Seattle, which ostensibly led to licensure in Washington. On January 24, 2007, the Chair completed a two-page form called “Request for Implementation of Approved Programs (i.e. “transplants”)” in which she briefly described the competitive school environment in Colorado, the academic resources available to support the initial program implementation, and enrollment projections.

40. On the transplant form for the EdD-CP program, the Chair stated that the Denver campus “is already working closely with several hospitals, mental health agencies and facilities, schools, and private practitioners in identifying internship and practicum sites.” In reality, the school had identified *no* internship or practicum sites for EdD-CP students. Argosy would not attempt to do so for another three and a half years, leaving students to scramble to find their own sites.

41. The transplant form contained no discussion by the Defendants’ staff about Colorado law regarding licensure of psychologists. The Campus President and the Chair did not check the Board’s licensure requirements. In fact, the Defendants conducted no documented due diligence to determine if the Seattle program would lead to licensure in Colorado. When the Defendants approved the transplant of the Seattle EdD-CP program to Denver, the curriculum was not modified at all.

42. Within a few months, the Defendants began marketing the Argosy-Denver EdD-CP as a program that would lead to licensure as a psychologist in Colorado and enrolling students who wished to pursue licensure.

43. Students relied on the Defendants’ advertisements, both those on the Defendants’ web site as well as those made by Argosy-Denver admissions

counselors, that the EdD-CP degree would help them reach their goal of licensure. From 2007 through 2011 the Defendants stated the following on the www.argosy.edu web site and in their catalog regarding the EdD-CP program at Argosy-Denver:

Eligibility for Licensure

Graduates of the EdD in Counseling Psychology program are eligible to become licensed psychologists in Colorado. Students should determine the requirements for professional licensure in the state they wish to practice. More information is available from the Colorado Department of Regulatory Agencies at <http://www.dora.state.co.us>. (emphasis added.)

44. The Defendants’ Dean of Psychology and Behavioral Sciences– a licensed clinical psychologist and the Dean of Argosy’s College of Psychology and Behavioral Sciences – failed to notice that Colorado law and Washington law materially differed with respect to the types of internships acceptable for licensure eligibility in the respective states. Argosy’s failure to identify the differences between Washington and Colorado law in 2007 adversely impacted Denver’s EdD-CP curriculum, rendering it insufficient.

45. The Defendants deceptively enrolled students into an EdD-CP program that it advertised as leading to licensure when in reality it was highly unlikely, and even impossible in the opinion of some Argosy-Denver faculty.

The Defendants failed to tailor Argosy-Denver’s EdD-CP program to the Colorado Board’s rules.

46. Each state licenses individuals who wish to practice as private, independent psychologists and utilize the title “psychologist.” In Colorado, pursuant to the Mental Health Practices Act (C.R.S. §§12-43-101, *et seq.*), the Board regulates Licensed Psychologists in Colorado. The Board’s activities include review of licensure applications, complaints, and enforcement of disciplinary actions against those found to have violated the Mental Health Practice Act or Board rule. See, C.R.S. §§12-43-101, 207, 221.

47. The Board is empowered to determine whether applicants for licensure possess the qualifications required by the Mental Health Practices Act. C.R.S. §12-43-212(1). To receive a psychologist license, the Board requires applicants who pass a written exam, complete one year of postdoctoral experience practicing psychology, and furnish evidence that they hold “a doctorate degree with a major in psychology, or the equivalent to such major as determined by the board, from an approved school.” See, C.R.S. §12-43-304(1)(c).

48. The Board promulgated rules detailing the licensure process. See, 3 COLO. CODE. REGS. §721-1, *et seq.* Specifically, the Board created Rule 14 Licensure by Examination (C.R.S. §12-43-304) (formerly Rule 17 Licensure by Examination), which lists the requirements for individuals seeking licensure as a psychologist. Under Rule 14, if a person seeking licensure graduates from a doctoral program accredited by the APA, the candidate is eligible for licensure. If an applicant seeking licensure did not graduate from an APA accredited doctoral program, the applicant must submit evidence that the program's requirements are "equivalent" to the APA standards for accreditation.

49. Colorado's rules are not unusual. Many states' statutes governing licensure use APA standards as the benchmark for competency. Graduates of non-accredited programs cannot qualify unless they can show their program was equivalent to APA standards. The APA's standards, called the *Guidelines and Principles*, are available on the APA website.

50. But no one at the Argosy-Denver campus consulted Colorado's Mental Health Practice Act, the Board's rules, or the APA guidelines regarding curriculum, practicum, and internship requirements when they recommended that Argosy-Denver adopt the Seattle EdD-CP program.

51. In a 2008 annual report about the EdD-CP program submitted to the Defendants' corporate office, the program's Chair wrote: "we have added a degree program that we believe will be very popular. We need to review licensure and insure (sic) eligibility." She also wrote: "this is a brand new curriculum – we just need to insure (sic) that it fully meets licensure requirements in Colorado." No one at Argosy-Denver or the Defendants' corporate office "reviewed licensure to ensure eligibility." Indeed, the Chair did not check Colorado licensure requirements until the spring of 2010. Had the Defendants scrutinized Colorado requirements and compared them to Denver's new EdD-CP program, the Defendants would have noticed deficiencies in the program's admissions requirements, curriculum, and internship requirement.

52. Although both Washington and Colorado law allow for graduates of non-APA accredited schools to apply for licensure under an equivalency standard, the Colorado rules have required the following since 2006:

2) Internship. To be acceptable, internships in clinical psychology must have at least a full-time experience, either for one calendar year or for two years of half-time experience and must encompass at least 1,500 experience hours. To be acceptable, school and counseling psychology internships must have a full-time experience for either the academic or the calendar year or a half-time experience for each of two years and

must encompass at least 1,500 experience hours. To be acceptable, internships must be accredited by the American Psychological Association (APA) or be substantially equivalent when compared with the guidelines and principles for accreditation of internships published by the APA. See, 3 COLO. CODE REGS. §721-1, Rule 14 (2012). (Emphasis added.)

53. Washington's rules do not require licensure candidates to complete an APA-accredited internship or the substantial equivalent. WASH. ADMIN. CODE § 246-924-040 (2007). This has been true since 2006.

54. Even though a graduate of the Defendants' EdD-CP program in Seattle may be eligible for licensure in Washington, a graduate of the EdP-CP program in Denver is very likely not going to be eligible for licensure in Colorado. The program's curriculum was not structured to prepare students to compete for APA-accredited or substantially equivalent internships and the program did not require students to complete such internships. Staff at Argosy-Denver told incoming students that *any* internship, regardless of its accreditation, would suffice for licensure in Colorado.

55. Argosy-Denver's EdD-CP curriculum failed to prepare students to compete for the requisite APA/substantially equivalent internship for three reasons: 1) the program lacked sufficient psychological assessment courses, 2) the program admitted students who lacked practicum experience, and 3) the program required only a quarter of the practicum hours necessary for students to compete for APA/substantially equivalent internships.

56. Assessment is the foundation of psychology; the definition of a licensed psychologist primarily refers to the ability to assess a client's behavior. *See supra* ¶ 26. The APA's *Guidelines and Principles* articulate multiple areas in the assessment category in which a student must show competence. But at Argosy-Denver, only one assessment course was offered prior to changes made in 2010. Students were told by professors that Argosy's assessment courses, both before and after the curriculum changes, were insufficient to train students how to assess clients. Prior to the changes, one professor described the course as a very broad overview that did not adequately prepare students to assess. Further, even after changes were made to the curriculum, Argosy-Denver's assessment courses do not encompass all of the subject areas included in the APA's *Guidelines*.

57. Argosy's admissions requirements allowed students without *any* master's degree level practicum experience to enroll into the EdD-CP program. To make matters worse, the EdD-CP program required students to complete only 400 doctoral practicum hours to graduate. Though the Board's rules require 400 hours, this is hundreds of hours less than required by other clinical and counseling

psychology doctoral programs in Colorado, and hundreds of hours less than what will qualify a student for a licensure-appropriate internship.

58. Psychology doctoral candidates typically apply for internships through a matching database operated by the Association of Psychology Postdoctoral and Internship Centers (“APPIC”). The majority of the internships included in the database are APA accredited or determined to be substantially similar by APPIC’s approval process. In APPIC’s survey of those who participated in the 2010 internship match, the *median* number of doctoral practicum hours was 997. This figure accounts only for doctoral hours; most candidates have substantially more to tack on from their master’s level practicum. Students from the University of Denver PsyD program, a competing program, have an estimated average of 1700 practicum hours.²

59. The Defendants’ failure to require more practicum hours in the EdD-CP curriculum placed students competing for internships at a severe disadvantage. Argosy-Denver EdD-CP students had to compete for the coveted and essential APA and substantially equivalent internships with as few as 400 hours. This shortage of hours alone made them unlikely, as one Argosy professor readily admits, to meet the Board’s requirements for licensure in Colorado.

60. The Board’s rules require doctoral programs qualifying under the equivalency standard to be chaired by a person who possesses the “same education, experience, and training as that necessary to qualify for licensure under the Act,” *i.e.* a licensed psychologist. See, 3 COLO. CODE. REGS. §721-1, Rule 14(b)(2)(c). The Chair of the EdD-CP program from inception to 2010 was not a licensed psychologist.

61. The Chair communicated repeatedly to the Defendants, both orally and in writing, that she felt under-qualified to lead the program. The Defendants did not appoint a licensed psychologist to chair the EdD-CP program until December 2010.

The Defendants’ admissions department deceptively enrolled EdD-CP students.

62. Former Argosy-Denver admissions representatives state that their performance was measured by their enrollment numbers. According to the former admissions representatives, the Defendants pressured them to enroll students into new programs that the campus was trying to expand, such as the EdD-CP program. The culture was sales-oriented and the “hard sell” was encouraged. Some representatives admit that the pressure led them to misrepresent programmatic accreditation and outcomes.

² In 2009 the Association of State and Provincial Psychology Boards (“ASPPB”) issued guidelines regarding practicum experience that attempted to comport APA requirements with state licensure requirements. In these guidelines, the ASPPB suggests 1500 hours of practicum.

63. One of the top admissions representatives at Argosy-Denver in terms of enrollment numbers was responsible for enrolling many of the EdD-CP and PsyD students. In 2008, students began complaining that this particular admissions representative, among others, told them that the EdD-CP program was going to be APA accredited, that other campuses were accredited so it was only a matter of time, and that it was going to be “just like Chicago’s.”

64. In 2009, the same admissions representative misrepresented in an email to a prospective student the accreditation of a masters-level counseling program at Argosy-Denver and at another local university. After the Defendants discovered the email, they admonished the admissions representative but did not demote or fire her. Instead, Argosy has awarded her raises every year since 2009.

65. Admissions representatives told prospective students that the EdD-CP program would lead to licensure. Students report that admissions representatives emphasized that the EdD-CP program met the Colorado standards for licensure. Admissions representatives also claimed that the program was “approved” by the Board. However, the Board does not provide licensure pre-approval to programs; it reviews licensure candidates from unaccredited programs on a case-by-case basis.

66. While telling students that the EdD-CP program was designed to lead to licensure, the Defendants disclosed in the catalog and web site that it was up to the student to “determine the requirements for professional licensure in the state they wish to practice.” The Defendants took no responsibility for assisting students in this regard.

67. Students complain that the Defendants led them to believe the EdD-CP program was APA accredited or that it would be accredited by the time they graduated. Neither statement was true. For many students, APA accreditation was material to their decisions to enroll. APA accreditation affected licensure, post-doctoral placement, and future employment. Some government agencies such as the Department of Veterans Affairs hire only licensed psychologists who graduated from APA-accredited programs. According to an EdD-CP student, it was only during orientation that she learned the program was not APA accredited. Argosy-Denver staff told the new students that the school had applied for APA accreditation and that the school was in the process of getting approved for licensure.

68. The Defendants instructed admissions representatives to discuss whether a program was APA accredited only if a student asked. Otherwise, admissions representatives did not disclose that certain programs, such as the EdD-CP, lacked APA accreditation. The Defendants further instructed admissions representatives to state that the school was “in the APA application process” if a student asked about APA accreditation. Some students report being told by admissions

representatives that the EdD-CP program would get APA accredited and that they would be “grandfathered in”; however, the APA does not “grandfather in” students once a program is accredited. Admissions representatives admit that they did not know what the school was really doing with respect to accreditation.

69. One EdD-CP student states she was initially interested in the Defendants’ PsyD program and was not even aware Argosy offered an EdD-CP program at Argosy-Denver. During the admissions interview, the Argosy admissions representative said the EdD-CP was a better way to go because it was “cheaper” and “accredited” and “would lead to licensure.” The student says she was told that Argosy had a consortium of internship sites and there was “nothing [she] needed to worry about until the end of [her] program.” The student later learned that the information given to her during admissions was untrue. The fact that the EdD-CP program was not APA accredited was upsetting because the student wanted to work for a government agency. When it came time to find an internship, the student had to search on her own for any place with a licensed psychologist on staff, a requirement of the APA. Although she eventually found one, it was neither APA accredited nor APPIC approved.

70. Yet another student, a mother with two small children, enrolled in EdD-CP after determining that a PsyD program was too intense for her because of the full-time requirements. When making this decision, she also determined that the University of Northern Colorado’s doctoral psychology program was too competitive. She believed she could get the same credentials, *i.e.* licensure, as she could at UNC but with the flexibility promised by the Defendants. When the student inquired about licensure, she was told that Argosy-Denver was in the process of getting the accreditation it needed for licensure. She was also told during admissions that she could complete her internship in Colorado, which was important for her and her family. After a year and a half this student realized the program was not seeking APA accreditation, and she would probably need to live outside of the state to complete an internship because of the intense competition for APA-accredited and substantially similar internships. At that point she had to drop out of the EdD-CP program.

71. Another EdD-CP student who enrolled in order to become a licensed psychologist in Colorado stated that although she was aware the Argosy-Denver program was not APA accredited, she was told by the school that accreditation did not impact her ability to become licensed in Colorado. She says the school minimized the importance of APA and downplayed its significance with respect to licensure. The student found after a few years in the program, however, that the possibility of getting accepted into an APA internship was unlikely as the EdD-CP program is not APA accredited, which puts students at a disadvantage when looking for internships. The student stated that she is disappointed that she spent nearly \$100,000 at Argosy and she is unable to become a licensed psychologist.

72. Yet another Edd-CP student reports that she enrolled in the Edd-CP program because of its flexible schedule and representations that it would lead to licensure as a psychologist in Colorado. The student stated that when she applied to the program she made it clear that her goal was to be licensed and to secure an internship locally, as she is required to remain in Colorado per custody arrangements. She was also led to believe by the Defendants that Argosy-Denver intended to obtain APA accreditation. It was not until the student was at the final stage of applying for internships that she learned the school had not lined up any local opportunities for the students and that she would have to leave the state. The student transferred into a completely different doctoral program at Argosy-Denver, one that did not lead to licensure, but would at least enable her to complete a doctoral degree in counseling. The student had to take an additional five courses to complete the other program, an expense she bore. She now owes upwards of \$150,000 in student loans.

The Defendants deceived students stating that the Board changed its rules after they had enrolled.

73. Once the Defendants realized the Edd-CP program could not deliver on its promise of leading to licensure in Colorado, they deflected blame by attributing the situation to a recent rule change by the Board. The Board's rules as they appeared in 2010, however, were in existence at least one year prior to the first students enrolling in the Edd-CP program.

74. In November 2009 an adjunct professor in the Argosy-Denver counseling psychology department reviewed the Edd-CP curriculum after students in the program's first cohort raised questions about the practicum requirements. After her review of the Board's rules for licensure, she determined the curriculum was deficient in terms of assessment courses and practicum hours. She then informed the Chair of the curriculum deficiency.

75. In early 2010 another Argosy professor approached the Chair about the Edd-CP program, bringing to her attention that students must obtain an APA-accredited or substantially similar internship in order to be eligible for licensure in Colorado.

76. In April 2010, the Chair emailed Argosy's Dean of the College of Psychology and Behavioral Sciences, stating that "[l]icensing has changed in our state and all CP students must have an APA/APPIC (like) internship to get licensed." This was significant, the Chair explained, because the current curriculum must be revised "to make our students more likely to get an APPIC internship."

77. the Dean responded to her email by stating that "[t]he big question is whether we promised these students that they would be eligible for licensing as a

psychologist when they entered the program. The language in the catalog seems to say so. What do the students expect? We need to decide whether Denver's program is going to be licensure or not." The Chair conceded that Argosy had promised licensure to students.

78. The Defendants scrambled to revise the curriculum and told students in writing in the summer of 2010 and at a mandatory program meeting that fall that the EdD-CP program in which they enrolled was not "licensure track" and attributed this change to "recent" changes in the Board's rules for licensure as a psychologist in Colorado. The Defendants gave students the option to continue in the non-licensure program or enroll in the new "licensure track" EdD-CP program. *All* of the EdD-CP students in 2010 switched to the revised "licensure-track" program since licensure as a psychologist was the desired outcome for these students and was what Argosy had promised. Eventually nearly half of these students dropped the program altogether.

79. The Defendants told the EdD-CP students that they must take three additional assessment classes and apply for APA-accredited and substantially similar internship through APPIC in order to complete the new licensure track EdD-CP degree. By that point, some students had paid thousands of dollars for classes they learned were not needed. Additionally, the curriculum additions put considerable strain on those who thought they had completed all of the coursework already and were working on their dissertations while taking the additional assessment classes.

80. For some of the EdD-CP students who had enrolled early in the program in 2007 and 2008, the news of the revised curriculum and new "licensure track" program was one more event in a long timeline of confusion and misleading statements from the Defendants. Some students who had been with the program since its inception or shortly thereafter confronted Argosy-Denver staff repeatedly from 2008 through 2010 about whether the school was seeking APA accreditation, whether the curriculum was adequate based on feedback they were getting from licensed psychologists at their full-time jobs, and the status of the promised in-house practicums and consortium of local internship sites.

81. Students claim that they were told at various times during their admissions interviews and at various times after they enrolled that the doctoral program was going to be APA accredited and that the required practicum and internship sites would be handled in-house, meaning students would not need to search for their own practicum or leave Colorado to find internships.

82. Several EdD-CP students wrote a letter to protest the school's failure to apply for APA accreditation after they were told repeatedly that the school would seek it. In the fall of 2008, in response to EdD-CP students' written questions about

Argosy's application for APA accreditation for the EdD-CP program, the Chair called a meeting. Much to students' dismay, they were told that the EdD-CP students that Argosy would not be seeking APA accreditation for the EdD-CP program and that they never intended to do so in the first place. Students report that the Chair stated at the meeting that the school would, however, offer in-house practicums and local internship sites.

83. In November 2009, the first cohort of students was preparing to start practicum. But they soon learned that Argosy would not offer any in-house practicums and that it was up to each student to find a practicum. One student talked with practicing psychologists outside of Argosy and learned that she would need considerably more than 400 hours of practicum to be competitive in obtaining an internship. She conveyed this information to Argosy-Denver.

84. In July 2010, Argosy notified the EdD-CP students about a "recent" change in Board rules that rendered the existing EdD-CP curriculum non-licensure track, and that there would be a new licensure-track EdD-CP program for students to transfer into. Students researched the Board's rules – as Argosy advised them to do in the catalog – and found that the rules had not changed since 2006. Although upset, all of the then-enrolled students decided to transfer into the so-called licensure track EdD-CP program.

85. A few months later in October 2010, students continued to experience great difficulties in finding local internships. One student wrote to Argosy-Denver faculty that she could not find any local internships and wondered why Argosy-Denver had not established a consortium of internship sites as it had promised. Further, students were starting to learn that the program's lack of accreditation would prevent them from even being considered for some internship placements. One student expressed in an email continual frustration that she had expressed concerns about this very issue when she enrolled and she was assured by Argosy faculty that internship sites would be established by the time she was ready to apply to sites.

86. Students grew increasingly frustrated, facing additional financial hardships and the new prospect that they would have to leave Colorado to complete their internships.

87. In October 2010, the Defendants notified two of the most vocal EdD-CP students that they had been referred to the Student Professional Development Committee because they were creating "discomfort" at Argosy-Denver. Although Argosy-Denver staff claimed the referral was not punitive, committee members accused the two students of terrorizing and intellectually intimidating staff. The Committee, which included the Chair, instructed the two students to write an apology to their professors and classmates, seek therapy, and to not speak about the

Committee proceedings or else Argosy would terminate them from the EdD-CP program.

88. In November 2010, the two students withdrew from Argosy-Denver. They refused to follow the Committee's instructions because they felt they had done nothing wrong. They, along with another EdD-CP student who also withdrew because of the multiple misrepresentations about the program, enrolled in a psychology doctorate program at a not-for-profit school based in California. Few of their Argosy credits transferred, however they could continue to work and obtain a PhD in psychology. Two of the students had to completely start over and are now facing hundreds of thousands of dollars of accumulating student loan debt.

89. Since 2007, the Defendants have enrolled 66 students into the EdD-CP at Argosy-Denver. About three quarters of these students enrolled before the Defendants changed the EdD-CP curriculum so that it "may" result in licensure in Colorado. Since 2010, 28 EdD-CP students at Argosy-Denver have withdrawn and 25 have transferred to other programs, leaving less than 20 students in the EdD-CP. One student graduated from the EdD-CP program after finding an internship through the APPIC matching process, though she had to relocate to Texas. Other students are currently in internships that are not APA accredited, not approved by APPIC, and probably not substantially similar. Argosy continues to offer and market its EdD-CP degree as a licensure-track program at Argosy-Denver.

The Defendants' system-wide focus to quickly launch programs and increase enrollment numbers undermines academic programs and harms students.

90. In an April 2010 email the Dean of Argosy's College of Psychology and Behavioral Sciences warned the EdD-CP Chair that he did not "want to have another SLC problem." It is no wonder that the Dean referenced to Argosy's Salt Lake City ("SLC") campus, which no more than six months earlier had discovered that its EdD-CP program would ultimately fail to lead to licensure as a psychologist in Utah. The Defendants had marketed Salt Lake City's EdD-CP program as one that *would* lead to licensure. By the time it was announced that the program would not lead to licensure, 38 students had enrolled.

91. The Defendants launched the Salt Lake City EdD-CP program in June 2008 and hired a Chair of the EdD-CP program in June 2009. The Salt Lake City Chair of the EdD-CP program, however, quickly identified that the EdD-CP program would not meet Utah's requirements for licensure because the program was neither APA accredited nor designated by the National Register of Health Service Providers

in Psychology.³ Like in Colorado, in Utah, a doctoral program must be APA accredited or the equivalent of such a program. Utah Code Ann. § R156-61-302a(1) and (2) (Lexis Nexis 2009). Additionally, the “equivalent” program must be designated by the National Register as a program meeting the “designation” criterion of the Association of State and Provincial Psychology Boards or the National Register Joint Designation Committee. Utah Code Ann. § R156-61-302a(2)(e) (LexisNexis 2009). The only way for a graduate of the EdD-CP program to become licensed in Utah was through meeting equivalency of APA or National Register standards.

92. The Salt Lake City Chair worked with the Dean to finally determine whether the program would be able to meet the standards of either APA or National Register. The Defendants’ in-house experts on APA accreditation, nicknamed the “A Team,” concluded that the program would not meet the standards. Similar to the launch of the Argosy-Denver EdD-CP program, at no time *prior* to the launch of the Argosy-Salt Lake City EdD-CP program did any member of the A-Team evaluate whether the curriculum met the APA or National Register standards (the A-Team included an expert in National Register standards).

93. In January 2010, in response to the “SLC problem,” the Defendants offered to return tuition funds to students who had enrolled into the Salt Lake City EdD-CP program if they did not want to continue in what essentially had become a non-licensure track of the EdD-CP program.

94. In Colorado, the Defendants launched Argosy-Denver’s PsyD program at about the same time the campus began offering the EdD-CP program. Students were told that Argosy would apply for APA accreditation and that the new PsyD program would become accredited just like Argosy’s other PsyD programs at its other campuses. The 2007-2008 Argosy Course Catalog states that nine of Argosy’s campuses offer APA accredited PsyD programs. Additionally, the Catalog states that “other campuses will pursue APA accreditation at the earliest appropriate time.”

95. Internal documents and testimony show that local Argosy-Denver staff was working to make sure the PsyD program met APA standards. Though the APA never received any application or correspondence from Argosy with respect to its PsyD program in Denver, a program cannot apply until it has students matriculated in all levels, meaning it needs a graduate of the program.

³ The National Register is another programmatic accreditation body for programs in psychology. Programs can be “designated” by the National Register and the Association of State and Provincial Psychology Boards (“ASPPB”) when the curriculum meets the requirements set at the 1977 National Conference on Education and Credentialing in Psychology. While National Register designation is not as rigorous as that of the APA, the requirements for accreditation are similar, and a graduate of a program that meets “designation” criterion will meet the educational requirements for licensure.

96. In May 2011, only four years after launching the PsyD program, the Defendants abruptly announced that Argosy-Denver would teach-out the PsyD program and cease enrolling any more students. At the time, Argosy-Denver's PsyD program had no graduates. The Defendants did not allow sufficient time for the program to fully matriculate any students in order to apply for APA accreditation – a promise the Defendants had made to Argosy-Denver students.

97. The Defendants claim the reason for the teach-out was low enrollment numbers. The PsyD program in Denver had enrolled 29 students between 2007 and 2011 and had lost only two, a far better attrition rate than that of the EdD-CP. The enrollment and attrition figures were sufficient to meet APA standards as well as the numbers that the then-chair of the Denver PsyD program believed were adequate from a faculty staffing standpoint.

98. In 2010, some EdD-CP students at Argosy Denver transferred to the Argosy-Denver PsyD program because they were told that Argosy was in fact seeking APA accreditation for the program which it offered them a better shot at licensure than the EdD-CP program at that point. Within a year, however, these students found themselves in virtually the same situation when Argosy announced it would not seek APA accreditation for the PsyD program.

99. The Defendants' behavior shows a system-wide pattern of recklessly launching doctoral degree programs without substantiating or supporting the ability to lead to the advertised outcomes.

FIRST CLAIM FOR RELIEF

(Knowingly makes false representations as to approval and certification of goods and services)

100. Plaintiff incorporates herein by reference all of the allegations contained in Paragraphs 1 through 99 of this Complaint.

101. Through the above-described conduct in the course of their business, occupation or vocation, Defendants knowingly made false representations as to the programmatic accreditation and state government approval for licensure in psychology with respect to certain of Argosy Denver's psychology doctoral programs, in violation of § 6-1-105(1)(b), C.R.S. (2013).

102. By means of the above-described unlawful deceptive trade practices, Defendants deceived, misled, and unlawfully acquired money from consumers.

SECOND CLAIM FOR RELIEF

(Knowingly makes false representations as to affiliation, connection, or association with or certification by another)

103. Plaintiff incorporates herein by reference all of the allegations contained in Paragraphs 1 through 102 of this Complaint.

104. Through the above-described conduct in the course of their business, occupation or vocation, Defendants knowingly made false representations as to certain of Argosy-Denver's psychology doctoral programs' affiliation, connection or association with or certification by a programmatic accrediting body and state government in violation of § 6-1-105(1) (c), C.R.S. (2013).

105. By means of the above-described unlawful deceptive trade practices, Defendants have deceived, misled, and unlawfully acquired money from consumers.

THIRD CLAIM FOR RELIEF

(Representing that goods or services are of a particular standard, quality, or grade, if he knows or should know that they are of another)

106. Plaintiff incorporates herein by reference all of the allegations contained in Paragraphs 1 through 105 of this Complaint.

107. Through the above-described conduct in the course of their business, occupation or vocation, Defendants represented that the EdD-CP program at Argosy Denver was or would be programmatically accredited by the time students graduate; that local internships would be established and available to students; and that the EdD-CP program was aligned with the Colorado State Board of Psychologist Examiners' rules for licensure when Defendants knew or should have known that accreditation, internships and compliance with state rules for licensure were not in place, in violation of §6-1-105(1)(g), C.R.S. (2013).

108. By means of the above-described unlawful deceptive trade practices, Defendants deceived, misled, and unlawfully acquired money from consumers.

FOURTH CLAIM FOR RELIEF

(Failing to disclose material information known at the time with intent to induce the consumer to enter into a transaction)

109. Plaintiff incorporates herein by reference all of the allegations contained in Paragraphs 1 through 108 of this Complaint.

110. Through the above-described conduct in the course of their business, occupation or vocation, Defendants have made false representations regarding the services they have advertised and sold, in violation of § 6-1-105(1)(u), C.R.S. (2013). Specifically, Defendants have failed to disclose material information which they knew at the time including, but not limited to, that the EdD-CP program is unaccredited and the consequences of enrolling in an unaccredited degree program; the dearth of local, qualified internships; that no Argosy EdD-CP graduates have become licensed psychologists in Colorado; and that there is no substantiation that students may or will be “eligible for licensure as a psychologist in Colorado.”

111. By means of the above-described unlawful deceptive trade practices, Defendants deceived, misled, and unlawfully acquired money from consumers.

RELIEF REQUESTED

WHEREFORE, Plaintiffs pray for judgment against Defendants and the following relief:

A. An order declaring Defendants’ above-described conduct to be in violation of the Colorado Consumer Protection Act, § 6-1-105 (b), (c), (g), (u), C.R.S. (2013).

B. An order permanently enjoining Defendant, its owners, officers, directors, successors, assigns, agents, employees, and anyone in active concert or participation with Defendant with notice of such injunctive orders, from engaging in any deceptive trade practices as defined in and proscribed by the CCPA and as set forth in this Complaint.

C. Appropriate orders necessary to prevent Defendant’s continued or future deceptive trade practices.

D. A judgment in an amount to be determined at trial for restitution, disgorgement, or other equitable relief pursuant to § 6-1-110(1), C.R.S. (2013).

E. An order requiring Defendant to forfeit and pay to the General Fund of the State of Colorado, civil penalties in an amount not to exceed \$2000 per violation pursuant to § 6-1-112(1), C.R.S. (2013), or \$10,000 per violation pursuant to § 6-1-112(3), C.R.S. (2013).

F. An order requiring Defendant to pay the costs and expenses of this action incurred by the Attorney General, including, but not limited to, Plaintiff’s attorney fees, pursuant to § 6-1-113(4) and § 5-6-114(3), C.R.S. (2013).

G. Any such further orders as the Court may deem just and proper to effectuate the purposes of the CCPA.

Dated this _____ day of December, 2013.

JOHN W. SUTHERS
Attorney General

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