



Attorney General Kamala D. Harris Files Suit in Alleged For-Profit College Predatory Scheme

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SAN FRANCISCO -- Attorney General Kamala D. Harris today filed a lawsuit against Corinthian Colleges, Inc. (CCI) and its subsidiaries that operate Everest, Heald and WyoTech colleges for false and predatory advertising, intentional misrepresentations to students, securities fraud and unlawful use of military seals in advertisements.

The complaint alleges that CCI intentionally targeted low-income, vulnerable Californians through deceptive and false advertisements and aggressive marketing campaigns that misrepresented job placement rates and school programs. CCI deployed these advertisements through persistent internet, telemarketing and television ad campaigns. The complaint further alleges that Corinthian executives knowingly misrepresented job placement rates to investors and accrediting agencies, which harmed students, investors and taxpayers.

"The predatory scheme devised by executives at Corinthian Colleges, Inc. is unconscionable. Designed to rake in profits and mislead investors, they targeted some of our state's most particularly vulnerable people—including low income, single mothers and veterans returning from combat," Attorney General Harris said. "My office will continue our investigation into the for-profit college industry and will hold accountable those responsible for these illegal, exploitative practices."

According to Harris' complaint, CCI's predatory marketing efforts specifically target vulnerable, low-income job seekers and single parents who have annual incomes near the federal poverty line. In internal company documents obtained by the Department of Justice, CCI describes its target demographic as "isolated," "impatient," individuals with "low self-esteem," who have "few people in their lives who care about them" and who are "stuck" and "unable to see and plan well for future."

According to the complaint, CCI advertised job placement rates as high as 100% for specific programs when, in some cases, there is no evidence that a single student obtained a job during the specified time frame. The complaint further alleges that CCI runs millions of online and mobile ads offering ultrasound, x-ray, radiology, and dialysis technician programs at their California campuses—when, in fact, CCI does not offer those programs. CCI's call center agents are disciplined if they tell callers that CCI does not offer these programs. Additionally, according to the complaint, CCI includes official Army, Navy, Air Force, Marine Corps, and Coast Guard seals in mailings and on web sites without authorization and in violation of California law.

The complaint alleges that CCI committed securities fraud by reporting a nationwide job placement rate of 68.1% in presentations to investors, when senior executives knew this percentage was false. The complaint describes internal audits emailed to CCI executives that show job placement data error rates between 53% and 70%. The complaint references an email from a CCI executive which explains that in 2011, two Everest College campuses (Hayward and San Francisco) paid a temporary employment agency "to place students to meet the accreditation deadline and minimum placement %." The complaint also states that CCI double-counted job placements and failed to maintain required records of reported job placements.

According to a recent CCI securities filing, the average tuition for a CCI associate's degree is \$40,000 and the average tuition for an online CCI associate's degree is \$34,000. The average tuition for CCI's non-degree healthcare programs is \$17,000.

CCI is based in Santa Ana and currently operates 24 Everest, Heald and WyoTech campuses in California, 111 total campuses in North America and three online programs. Out of the 81,000 students who attend CCI colleges, approximately 27,000 (33%) are in California.

CCI is a publicly traded corporation with assets of over \$1 billion. Federal funds account for almost all of CCI's annual revenue.

In July 2013, Attorney General Harris filed a separate lawsuit in Sacramento Superior Court to enforce an investigative subpoena against Bridgepoint Education Inc., operator of Ashford University, as part of an investigation of that company's practices.

Current or former CCI students who wish to file a complaint can contact the Attorney General's Office at: <http://oag.ca.gov/contact/consumer-complaint-against-business-or-company>

Resources for current or former CCI students are available at: oag.ca.gov

A copy of the complaint is attached to the electronic version of this release at: <http://oag.ca.gov/news>

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Attachment	Size
Complaint, filed stamped.pdf	8.83 MB

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