

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, ss.

SUPERIOR COURT

COMMONWEALTH OF MASSACHUSETTS,

Plaintiff,

v.

CORINTHIAN COLLEGES, INC. and  
CORINTHIAN SCHOOLS, INC.,

Defendants.

CIVIL ACTION NO.: 14-1093-E

**PLAINTIFF COMMONWEALTH OF MASSACHUSETTS' STATEMENT  
OF UNDISPUTED MATERIAL FACTS**

Pursuant to Superior Court Rule 9A(b)(5), the Commonwealth submits the following statement of undisputed material facts in support of the Commonwealth's Motion for Summary Judgment.

**I. JURISDICTION AND VENUE**

**1. This court has jurisdiction over the subject matter of this action pursuant to G.L. c. 93A, § 4.**

*Commonwealth's Support:*

Complaint ("Compl."), Answer ("Ans."), Exhibits 1 and 2 to the Affidavit of Peter Leight, ¶10.

**2. This court has personal jurisdiction over defendants Corinthian Colleges, Inc. and Corinthian Schools, Inc. pursuant to G.L. c. 223A, § 3(a) and (b).**

*Commonwealth's Support:*

Compl., Ans. ¶11.

**3. Pursuant to G.L. c. 223, § 5 and G.L. c. 93A, § 4, venue is proper in Suffolk County.**

*Commonwealth's Support:*

Compl., Ans. ¶11.

## **II. DEFENDANTS CORINTHIAN COLLEGES, INC. AND CORINTHIAN SCHOOLS, INC.**

**4. Defendant Corinthian Colleges, Inc. and its wholly owned subsidiary Corinthian Schools, Inc. (collectively "Corinthian") are engaged in the business of operating post-secondary career schools for profit. In addition to other institutions across the country, Corinthian operated Everest Institute with two locations in Massachusetts (collectively "Everest MA"). These locations, at 1505 Commonwealth Avenue in Brighton ("Everest-Brighton") and 70 Everett Avenue in Chelsea ("Everest-Chelsea"), became part of Corinthian in 2007.**

*Commonwealth's Support:*

Compl., Ans. ¶13-14.

**5. During the relevant period, Everest-Brighton offered diploma programs in Dental Assistant, Medical Administrative Assistant, Medical Assistant, and Medical Insurance Billing and Coding. Everest-Chelsea offered the same programs, plus a diploma program in Massage Therapy.**

*Commonwealth's Support:*

Compl., Ans. ¶24.

### III. CORINTHIAN'S MISREPRESENTATIONS CONCERNING LIMITED SPACE AND THE URGENCY OF ENROLLMENT

#### *Corinthian's Misrepresentations*

6. **Between 2009 or earlier and 2014, when it stopped enrolling students, in order to market its schools and induce consumers and prospective students to enroll, Corinthian employees told consumers and prospective students that it had "limited space available."**

#### *Commonwealth's Support:*

Compl. ¶40.

Affidavit of Jessica Layton, 2008-2009 Everest-Brighton Medical Assistant student ("Layton Aff."), at ¶2: "The recruiter made it seem like it was extremely urgent to sign up right away. They stated that there was an 'open spot' and that classes fill up very quickly."

Affidavit of Melissa Sharrow, 2013-2014 Everest-Brighton Dental Assistant student ("Sharrow Aff."), at ¶2: "When I told them that I wanted to think it over and would call the next week, they said they could not guarantee I would have a spot or any of the financial aid. I wanted a better life so I enrolled that day, because I felt the pressure to do so at the time."

Affidavit of Helen Balogh, 2012-2013 Everest-Chelsea Medical Administrative Assistant student ("Balogh Aff."), at ¶2: "They sent me emails stating that there was 'limited space available' at the school and made false statements to me."

Affidavit of Jennifer Snow ("Snow Aff."), Exhibit 1, DTR Application of Kaitlin Latham, 2011-2012 Everest-Brighton Medical Assistant student: "They said space was limited, but it wasn't true. There was a new student each week."

Snow Aff., Exhibit 2, DTR Application of Tilka Torres Leguisamon, 2011-2012 Everest-Brighton Medical Assistant student: "I found out about Everest when they called me twice a day during the week and more than that on the weekend telling me to enroll and told me to enroll right away before enrollment filled."

Snow Aff., Exhibit 3, Mass Mailing sent to Prospective Students: "'LIMITED SPACE AVAILABLE'" and asked the recipient to "[p]lease call within 7 days. Even if you are not sure, call so we can reserve a 'Pending' spot for you."

**7. Between 2009 or earlier and 2014, when it stopped enrolling students, in order to market its schools and induce consumers and prospective students to enroll, Corinthian employees told consumers and prospective students that if they did not enroll immediately, they would be unable to obtain “a spot in career training” or would be unable to enroll for up to one year.**

*Commonwealth's Support:*

Compl. ¶¶40, 42.

Snow Aff., Exhibit 4, Survey Response of Rochelle McConnell, 2009 Everest-Chelsea Medical Administrative Assistant student: “I really visited Everest to gather information, but before I realized, I was already enrolled. Everything happened so fast. The representative made it seem that the programs were very competitive. I was told that because classes fill up quickly, if I didn't enroll the same day, I may have to wait up to a one year to start classes.”

Snow Aff., Exhibit 5, DTR Application of Patrice Liburd, 2011 Everest-Chelsea Medical Assistant student: “I was told if I didn't sign up right away I wouldn't be able to later.”

Snow Aff., Exhibit 6, DTR Application of Lilibeth Taswell, 2012-2013 Everest-Brighton Medical Assistant student: “After visiting the campus and meeting with admissions reps, I was still undecided, so they set up a time to meet again a couple weeks later, but I received a call encouraging me to come back and sign up the very next morning, telling me that classes were filling up for that year, so I should hurry, or I would have to wait a year. I received many calls until I signed up, urging me to sign up quickly before it was too late.”

Snow Aff., Exhibit 3, Mass Mailing sent to Prospective Students: “So call us today at [phone number] and take the first step to your new, rewarding career. But hurry. Make sure you're one of the people in [Massachusetts] who gets a spot in career training.”

*The Facts About Corinthian's Recruitment*

**8. Corinthian's admissions goal was to enroll as many students as possible in Everest MA schools.**

*Commonwealth's Support:*

Compl. ¶¶40, 96.

Snow Aff., Exhibit 7, Affidavit of Kristen Salera: “[Everest-Brighton Campus President Stephen] Bonkowski stated that shortly after joining Everest Brighton, he fired the Director of Admissions, Sadie Burnham, in an effort to address the school’s accreditation problem with retention. Ms. Burnham’s recruitment philosophy as Director of Admissions was ‘asses in classes’, to maximize the school’s enrollment, without concern for whether the enrollees were adequately prepared for the program or were in a position to be able to complete the training.”

Affidavit of Colin M. Kelly, former Everest-Brighton Student Finance Planner, at ¶5: “[M]anagement and regional leadership [pushed] to get students in regardless of their situation and whether they could benefit from the education at that time.”

Affidavit of Kristin Marie Creighton, former Everest-Brighton loan employee, at ¶3: “I noticed that the mentality of the business at Everest was to bring in as many students as possible...”

Affidavit of Jeffrey A. Malkin, Director of Student Finance at Everest-Brighton, at ¶2: “Everest’s admissions office did not place importance on the prospective students’ needs and was geared toward enrolling as many students as possible.”

Affidavit of Erin Kate Morrison, Everest-Chelsea Admissions Representative, at ¶3: “Everest was only interested in enrolling as many students as possible, and it engaged in misleading recruiting practices to do so.”

Affidavit of Nancy Napolitano, Everest-Brighton Admissions Representative, at ¶4. “It was Everest’s policy to enroll as many students as possible.”

**9. New class cohorts started at least once, and sometimes twice, per month, and students were also added to cohorts during the month.**

*Commonwealth’s Support:*

Compl. ¶42.

Snow Aff., Exhibit 8, Survey Response of Shakemia Shaw, 2008-2009 Everest-Brighton Medical Assistant student: “I felt pressured to enroll at Everest. When I went to tour the school I was told that there were only two spots left in the class and that I needed to enroll quickly. When I started the class, the class was not full. There were about 10–11 people in my class.”

Affidavit of Nancy Napolitano, Everest-Brighton admissions representative, at ¶4: “Students were enrolled on a monthly basis, and admissions representatives/counselors were given goals for the number of students to enroll each month. Many admissions representatives/counselors were afraid of losing their jobs if they did not meet their enrollment goals.”

Snow Aff., Exhibit 1, DTR Application of Kaitlin Latham, 2011-2012 Everest-Brighton Medical Assistant student: "They said space was limited, but it wasn't true. There was a new student each week."

**10. Between 2009 or earlier and 2014, when it stopped enrolling students, Corinthian's representations in its marketing to consumers and prospective students concerning the limited space in its programs and the need to enroll immediately were material and false and induced students to enroll in Corinthian's Massachusetts schools and to make tuition and fee payments to Corinthian.**

*Commonwealth's Support:*

Same as ¶¶ 6 through 9.

#### **IV. CORINTHIAN'S MISREPRESENTATIONS CONCERNING THE NATURE AND QUALITY OF THE TRAINING IT PROVIDED**

*Corinthian's Misrepresentations*

**11. Between 2009 or earlier and 2014, when it stopped enrolling students, in order to market its schools and induce consumers and prospective students to enroll, Corinthian advertised and promoted the nature, character, and quality of its Everest MA schools as providing high-quality career-ready education.**

*Commonwealth's Support:*

Compl., Ans. ¶45.

**12. Between 2009 or earlier and 2014, when it stopped enrolling students, in order to market its schools and induce consumers and prospective students to enroll, Corinthian promised consumers and prospective students that they would receive hands-on training by qualified instructors.**

*Commonwealth's Support:*

Compl., Ans. ¶46.

Snow Aff., Exhibit 9, attaching Everest website screenshots:

- “We give you practical hands-on career training. We think it’s important to practice what you’re learning. That’s why we incorporate hands-on training into all our programs. You’ll learn better and quicker by doing the work than you will just sitting in a lecture room.”
- “We have instructors with real-world experience. We don’t just hire any instructor. We recruit qualified professionals with industry-specific expertise. So you get the benefit of real-world knowledge and gain the kind of practical insights that can’t be learned from a textbook.” *Id.*

**13. Between 2009 or earlier and 2014, when it stopped enrolling students, in order to market its schools and induce consumers and prospective students to enroll, Corinthian stated to consumers and prospective students that it maintained professional-level standards for conduct and behavior for all students and that “[p]rohibited conduct includes possession of drugs, harassment or intimidation of others, and cheating, plagiarism, or other forms of academic dishonesty.”**

*Commonwealth's Support:*

Compl. ¶51.

Snow Aff., Exhibit 10, 2010-2011 Everest-MA Catalog at 14.

Snow Aff., Exhibit 6, DTR Application of Lilibeth Taswell, 2012-2013 Everest-Brighton Medical Assistant student: “I was promised a safe, drug-free environment; however, there was a well-known (by students and staff) drug problem that interfered with my education (class being interrupted) and making me feel unsafe (there were outbursts, disrespectful behavior, drug use, passing around of drugs in class). The school did not dismiss or discipline offending students.”

*The Facts About Corinthian's Educational Program*

**14. Between 2009 or earlier and 2014, when it stopped enrolling students, the training at Corinthian's Everest MA schools was largely self-taught instruction from workbooks, and Corinthian did not provide hands-on training to students.**

*Commonwealth's Support:*

Compl. ¶¶49, 50.

Snow Aff., Exhibit 11, Survey Response of Matisha Chao, 2009-2011 Everest-Chelsea Medical Assistant student: "My instructor did not teach us. This was basically a hangout place for people. For the amount of money charged, this was very sad. ... The education that was provided to us was not up to par as the enrollment staff led me to believe."

Snow Aff., Exhibit 12, Survey Response of Darlene Cunha, 2009 Everest-Chelsea Medical Administrative Assistant student: "I didn't feel that Everest helped in any way except putting me in financial debt. I basically taught myself, the teachers don't pay attention with helping you. Too many. You can't teach a large group of about 30 the correct training. I feel that the course I was taught was outdated, the only thing I did get out of the class that helped in my career was the medical terminology. Other than that I have since used nothing. I would never recommend anyone to go to that school and be in debt. It was a waste of time and money."

Snow Aff., Exhibit 13, Survey Response of Stephanie Wells, 2008-2009 Everest-Brighton Medical Assistant student: "[The program was m]uch more book and paperwork than more hands on like I was told; most things taught in clinical were irrelevant and duties not done by a medical assistant."

Snow Aff., Exhibit 14, Survey Response of Jennifer Krol, 2009-2010 Everest-Chelsea Medical Administrative Assistant student: "There were no lectures, no one really teaching us at all. Were given spelling homework which we never went over, as well as book homework. I did more typing lessons than learning the craft."

Snow Aff., Exhibit 15, Survey Response of Melissa Gonzalez, 2009-2010 Everest-Chelsea Medical Assistant student: "As soon as they got the money from the loan company everything changed and I was stuck. They changed teachers on me multiple times, constant fights between other students. I felt like I was in high school but w/ debt now. . . . The teachers didn't really teach, they hung out w/ the students instead."

Snow Aff., Exhibit 16, Survey Response of Laiza Coelho, 2009 Everest-Brighton Medical Assistant student: "[I]t all seems like it's going to be an awesome experience. Then on your first day, you get all your books and you're all excited because everything looks so new and then come to find out, I paid (loans and grants) over \$14,000.00 for books, tuition, etc. to not use many of the books. There were CD ROMs that came with each book that wasn't touched. There

were chapters that were completely skipped, and I feel many short cuts were taken. My class wasn't able to learn Meditech because the program wasn't running, and that's one of the things I was told I would learn. In computer class, there is no review of assignments or anything. You're given a syllabus and expected to know what to do. Nothing was ever explained, no verbal directions given, no answers to questions. In the classroom/lab, there were many short cuts taken as well. There was very little focus on new things such as bandaging, helping elderly pts [patients], how to use lab equipment and read levels. Chapters in the workbooks were skipped, and another thing was that there were days that barely half the class was there, and basically nothing was done. There were also days when the instructor was out and no one covered."

Snow Aff., Exhibit 17, Survey Response of Cassandra Bartlett, 2009-2010 Everest-Chelsea Medical Assistant student: "This school is a free for all. My teacher wouldn't know any answers to my questions during lecture. Half way through the course, our director had to start lecturing to us while she sat and texted. . . . This school is horrible, honestly, and should be shut down. They have trashy teachers and greedy recruiters."

Snow Aff., Exhibit 18, Survey Response of Gloria Mata, 2009 Everest-Chelsea Medical Administrative Assistant student: "The instructor was a previous student from Everest Institute. She never work[ed] in the medical field. When she graduated she got the job as an instructor. A typical day consisted of discussing a lecture assignment: we would answer among ourselves . . . the instructor just sitting there in her chair doing nothing."

Snow Aff., Exhibit 19, Survey Response of Sherrie Davis, 2009-2010 Everest-Chelsea Medical Administrative Assistant student: "I had the worse [sic] experience ever and my instructor was not educated on my field. Her name is Mrs. Marible she didn't teach my class much. But was always acting in an inappropriate man[ner]. . . . And all she spoke about was clubs, drinking and wet T-shirt contests. I regret attending Everest Institute in Chelsea, MA."

Snow Aff., Exhibit 20, Survey Response of Holly Roberts, 2009 Everest-Chelsea Medical Assistant student: "The teachers were very unprofessional, had little to no training what-so-ever."

Snow Aff., Exhibit 21, Survey Response of Christine Randolph, 2009-2010 Everest-Chelsea Medical Assistant student: "[Some] instructors were very unprofessional and unethical as hanging out with students after schools hours, during lunch breaks."

Snow Aff., Exhibit 22, Survey Response of Joanna Sobolewska, 2009 Everest-Chelsea Medical Insurance Billing and Coding student: "No teacher didn't teach anything except sitting in the class and read the book."

Snow Aff., Exhibit 23, Survey Response of Victoria Palmariello, 2009-2010 Everest-Chelsea Medical Insurance Billing and Coding student: "I feel that the classes were more self taught. I wish my teacher had been more involved. I feel like I could have learned more."

Snow Aff., Exhibit 24, Survey Response of Robert Heckathorn, 2009 Everest-Chelsea Medical Assistant student: "They did not teach anything. They handed out workbooks, told us to read the chapters in class and home and then take test at end of chapter. The so called instructors babysat us and if asked had to go to the books to get answers. I suspected at the time something must be wrong with school and its operations."

Snow Aff., Exhibit 25, DTR Application of Kelly Semedo, 2011-2012 Everest-Brighton Medical Assistant student: "[P]rior to enrolling the admissions person told me that there was individual instruction but this was not true; we learned off of textbooks."

Balogh Aff. at ¶3: "There were times I would ask one of my teachers for assistance with Excel, and she would tell me that she did not know how to help. Also, she would always be sending text messages to her boyfriend during class. When new students would come to class, the teacher would tell the students who had been there for a while to teach the new students because she had too many other things to do."

Sharrow Aff. at ¶5: "[F]or a period of time of three to four months, classes consisted of a lecturer just reading from the textbook."

Affidavit of Matisha Chao, 2009-2011 Everest-Chelsea Medical Assistant student ("Chao Aff."), at ¶4: "This was basically a hangout place for people. . . . It was like sitting in high school. The education that was provided to us was not up to par as the enrollment staff led me to believe."

Snow Aff., Exhibit 26, Survey Response of Jacqueline Cummings, 2010-2011 Medical Insurance Billing and Coding student: "[T]he education was terrible. I spent most of my time staring at the wall. We had to be in class every day for 4 hours but only had about a 20 min lecture then we looked in the book and sat around to talk (even the teachers) the rest of the time."

Snow Aff., Exhibit 27, DTR Application of Risauna Mikel, 2012-2013 Everest-Brighton Medical Administrative Assistant student: "[The school] promised it would be a hands-on program in which I would learn valuable skills. . . . Rather than being hands-on, in the classroom we sat at computers and for the most part worked by ourselves."

Snow Aff., Exhibit 28, Survey Response of Phamelah Bruno, 2012-2013 Everest-Chelsea Medical Assistant student: "[I] felt lied to . . . . [Everest] [d]id not have the hands on training..."

Snow Aff., Exhibit 29, Survey Response of Erika Delgado, 2011-2012 Everest-Brighton Medical Assistant student: "The school's equipment never worked, so you didn't or don't get that full hands on experience that they promise."

Snow Aff., Exhibit 30, Survey Response of Maira Berrios, 2009-2011 Everest-Brighton, Medical Assistant student. "I thought I was gonna have more hands on than what I had."

Affidavit of Anthony DeAntonis, 2011 Everest-Chelsea Medical Insurance Billing and Coding student ("DeAntonis Aff."), at ¶6: "My teacher was never in the class... When she was in class, she was on Facebook. She was not an experienced teacher. I would say 95% of the time we were

left to teach ourselves the course material...The students did everything on our own, we helped each other learn.”

Snow Aff., Exhibit 31, Survey Response of Michael Lyons, 2012-2013 Everest-Chelsea Medical Assistant student: “We had a computer class with a teacher who openly admitted to not having any computer training” and that “there was no direction and absolute free-for-all, the teachers did not come in the room half the time let alone teach. . . .”

**15. Between 2009 or earlier and 2014, when it stopped enrolling students, the content of Everest MA classes did not provide students with skills needed to adequately prepare them for careers in their fields of study.**

*Commonwealth’s Support:*

Affidavit of Larry Andrew Medolo, Everest-Chelsea Instructor, at ¶2. “The curriculum and way I was supposed to teach was as if I was teaching grade-school students. It was really sub-par... If the students actually got a job, they would not know what to do with the education we were supposed to provide.”

Snow Aff., Exhibit 32, Survey Response of Brittney Patient, 2009-2011 Everest-Chelsea Medical Administrative Assistant student: “[T]here are things my manager says I should have been taught during my education and I have no knowledge of. It’s a continued struggle.” Student 19, Everest-Chelsea.

Snow Aff., Exhibit 33, Survey Response of Charpay Batten-Cordova, 2008 Everest-Brighton Medical Assistant student: “[T]he things I was taught there was not needed on the job I got and I had to be retaught by my job...”

Snow Aff., Exhibit 34, Survey Response of Karine Depina, 2013-2014 Everest-Brighton Dental Assistant student: “I did not get enough training all the equipment were outdated there were too many student in the class, and . . . when I went to my externship I didn’t know what to do.”

**16. Between 2009 or earlier and 2014, when it stopped enrolling students, classes were subject to disruption by drug use, fights, swearing, and cheating.**

*Commonwealth’s Support:*

Compl. ¶51.

Snow Aff., Exhibit 35, Statement of Paula Albanese, 2008-2009 Everest-Chelsea Medical Assistant student: “I went to the school in September [2008] and was appalled to see students

yelling and fighting in the classroom. My teacher . . . was crying because the students were fighting. I also observed a fight between students in the hallway. That day [the teacher] was upset because students stole the test. A student showed me my books, and a student was told to show me how to take vitals.”

Snow Aff., Exhibit 17, Survey Response of Cassandra Bartlett, 2009-2010 Everest-Chelsea Medical Assistant student: “My [instructor] had a fist fight with her mother in the hallway! . . . I witnessed drug deals, fights, cheating, and lying throughout the halls, classrooms, and offices.” (Emphasis in original.)

Snow Aff., Exhibit 36, Survey Response of April Edmunds, 2009-2010 Everest-Chelsea Medical Assistant student: “I quit after 2 months. The teachers would fist fight with students during class time and I did not feel safe so I stopped going. . . . There was an event where two teachers were arguing. Almost got into a fight. They were swearing . . . .”

Snow Aff., Exhibit 37, Survey Response of Yaneris Reyes, 2009-2010 Everest-Chelsea Medical Assistant student: “They let anybody get in. You don’t need to be smart. Like people who use drugs and come high to classes.”

Snow Aff., Exhibit 38, Survey Response of Brittany Barbanti, 2010 Everest-Chelsea Medical Assistant student: “[M]y teacher was very disrespectful and rude. Her mom came into the building and twice they fought.”

Affidavit of Melissa Gonzalez, 2009-2010 Everest-Chelsea Medical Assistant student (“Gonzalez Aff.”), at ¶4: “The teachers didn’t really teach, they hung out with the students instead.”

Snow Aff., Exhibit 39, Statement of Christine Randolph, 2009-2010 Everest-Chelsea Medical Assistant student. “The instructors were unprofessional and unethical; they became friends with and met other students after school hours and during lunch breaks to socialize.”

Chao Aff. at ¶¶4-5: “My instructor did not teach us. This was basically a hang-out place for people . . . . The externship coordinator was a bully to all the students.”

Snow Aff., Exhibit 19, Survey Response of Sherrie Davis, 2009-2010 Everest-Chelsea Medical Assistant student: “[My teacher] was always acting in an inappropriate manner. . . . And all she spoke about was clubs, drinking, and wet t-shirt contests.”

DeAntonis Aff. at ¶6: “My teacher was never in the class. She was always outside in the parking lot smoking and socializing. When she was in the class, she was on Facebook.”

Snow Aff., Exhibit 40, Survey Response of Verfica Aquino, 2012-2013 Everest-Chelsea Medical Assistant student: “Teachers were always late or not there at all.”

Snow Aff., Exhibit 41, Survey Response of Sumbal Begum, 2011-2012 Everest-Brighton Medical Administrative Assistant student: “My instructor was always leaving early.”

Snow Aff., Exhibit 16, Survey Response of Laiza Coelho, 2009 Everest-Brighton Medical Assistant student: "There were days when the instructor was out and no one covered."

Snow Aff., Exhibit 42, Survey Response of [NAME REDACTED], 2012-2013 Everest-Chelsea Medical Assistant student: "Girls would fight in the classroom during class which resulted in a night time security guard. They were not able to teach because of the constant fist fighting."

Balogh Aff. at ¶3: "The academic environment at Everest was very bad. There were students who took drugs during the day on campus, there were fights between students on campus, and we often did not have teachers in the classrooms.... Students also cheated, but nothing was ever done about it."

Snow Aff., Exhibit 43, Survey Response of Michelle St. Cyr, 2010-2011 Everest-Brighton Medical Assistant student. "There were fights and disrespectful students."

Layton Aff. at ¶¶4-5: "The students were consistently disrespectful, argumentative, and generally disruptive in class and it seemed like the teachers had no way of controlling the students. . . . When it came time for testing, the exact answers were provided before we received the exam. We essentially just had to memorize what went into the blanks on the exam, instead of being taught and encouraged to actually study and learn."

Snow Aff., Exhibit 17, Survey Response of Cassandra Bartlett, 2009-2010 Everest-Chelsea Medical Assistant student: "I witnessed drug deals, fights, cheating, and lying throughout the halls, classrooms, and offices."

Snow Aff., Exhibit 44, Survey Response of Carla Whitney, 2008 Everest-Chelsea Medical Assistant student: "There were many drug addicts...constant fights, and students stealing needles from the lab."

Snow Aff., Exhibit 40, Survey Response of Verfica Aquino, 2012-2013 Everest-Chelsea Medical Assistant student: "I was bullied badly. Teachers knew what was going on and did nothing."

Snow Aff., Exhibit 45, Survey Response of Jill Whitney, 2008-2009 Everest-Chelsea and Everest-Brighton Medical Assistant student: "I was made fun of and no one wanted to work with me at all. [I was] being bullied by other students and told by my teacher that I was being over emotional."

Snow Aff., Exhibit 46, Survey Response of Teresa Paola, 2010-2011 Everest-Brighton Medical Assistant student: "I did not always feel safe at the school. I got threatened by one of the other students in my class and the director did not remove her from the class."

Snow Aff., Exhibit 47, Survey Response of Emily Mahan, 2011-2012 Everest-Brighton Dental Assistant student: "[Everest] did not take several harassment claims seriously. A student in my class was oddly obsessed with me and would threaten me and follow me home. I told the school and showed them text messages from him, and they told me just to ignore him. Come to find out

he was arrested previously for holding 2 women at gunpoint and attempting to force them into his car.”

Affidavit of Kimberly Nicole Kent, Everest Brighton Instructor, at ¶4-7: “In my class, there was a young lady who we suspected of being on drugs. She would always pass out in class. I brought it to the Director of Education, but nothing was done. There was another student in my class who always came to school smelling of marijuana. On one occasion, he left his backpack in my classroom. Inside his backpack, there was a glass jar with multiple bags of marijuana. I brought this to the attention of the Director of Education, who brought it to the attention of the campus President. They told me that they were not going to do anything about it. . . . I frequently saw fights at the school. There was also swearing and foul language used in the classroom. Students were disrespectful to teachers, and used inappropriate language.”

Snow Aff., Exhibit 48, Survey Responses of Rosemarie Perna, 2010-2011 Everest-Chelsea Medical Assistant student: “I had a teacher who would give us the answers to tests in advance.”

Snow Aff., Exhibit 49, Survey Response of Christina Swallow, 2011 Everest-Chelsea Medical Assistant student: “We were given ‘study guides’ with answers to the tests.”

Snow Aff., Exhibit 50, Survey Response of Melissa Sian, 2011-2012 Everest-Brighton Medical Assistant student: “I nearly got into two altercations because I would not share my test answers.”

**17. Between 2009 or earlier and 2014, when it stopped enrolling students, Corinthian’s representations in its marketing to consumers and prospective students concerning the nature, character, and quality of its education were false and material and induced students to enroll in Corinthian’s Massachusetts schools and to make tuition and fee payments to Corinthian.**

*Commonwealth’s Support:*

Compl. ¶52.

Same as ¶¶11-16 above.

**V. CORINTHIAN'S MISREPRESENTATIONS CONCERNING JOB PLACEMENT**

**18. Between 2009 or earlier and 2014, when it stopped enrolling students, Corinthian marketed itself and held itself out to Massachusetts consumers as a career school that prepared students for employment in their fields of study.**

*Commonwealth's Support:*

Compl., Ans. ¶65.

**19. Between 2009 or earlier and 2014, when it stopped enrolling students, a key part of Corinthian's recruiting efforts to enroll students in its Everest MA campuses involved written and oral statements concerning Everest MA's career-training preparation for jobs in the students' fields of study.**

*Commonwealth's Support:*

Compl., Ans ¶61: "The school admits that 'career-preparation training is part of the services it offers and advertises.'"

Snow Aff., Exhibit 51, Recorded enrollment call dated January 16, 2013, 10:53 AM, Everest-Brighton:

Are you familiar with the differences between a job and a career? . . . [W]ith a career you get all kinds of benefits. You know, the medical ones which include health, dental, vision, and you also get paid sick time, paid vacation time, and you get retirement benefits depending on your employer. You get subsidized bus passes or other kinds of club membership benefits, all that sort of thing. And also you are more satisfied with your work. So essentially that is what we do here at the Everest Institute. We work with people. We provide training in three different fields in order to help them launch a career, not just have jobs. We are very good at what we do as an institution; we have a very good job placement rate. Based on what I just told you, would you be interested in launching a career that would provide you with all the benefits I mentioned?

Snow Aff., Exhibit 10, Everest-MA 2010-2011 Catalog, at 1: "[Corinthian] provides job-oriented education and training in high-growth, high-technology areas of business and industry. The curricular focus is on allied health, business, and other programs that have been developed based

on local employer needs.... CCI provides people entering or reentering today's competitive market with practical, skill-specific education vital to their success.... The institution is dedicated to the provision of a personalized teaching and learning environment designed to support the personal and professional career development of qualified undergraduate students."

Snow Aff., Exhibit 9, attaching website screenshots:

- "You're here for career training and to get on with your life. It's a decision that deserves respect."
- "Many of our career programs can be completed in nine months, which means you could be working in your new career in less than a year."
- "We're here to learn about you and answer your questions. Our purpose is to help you with your training and career goals, and get you on the fast-track to a real career."

Snow Aff., Exhibit 52:

- Corinthian marketing materials stated that prospective students could "[e]arn more with career training than ...with just a high school education" and "[j]oin the more than 200,000 Everest graduates who have successfully started their careers and transformed their lives." An advertisement mailed to consumers stated: "IMPORTANT NEWS FOR TOUGH TIMES: You're Approved For A NO-OBLIGATION 15-MINUTE ONE-ON-ONE ASSESSMENT With A Career Training Specialist. CALL [phone number] So We Can Match Your Interests With A Career Training Program That Gets Your Life Headed In The Direction You Want!" (Emphasis in original.)

Affidavit of Erin Kate Morrison, Everest-Chelsea Admissions Representative, at ¶5, "I heard other admissions representatives telling prospective students that they will find jobs easily after completing their programs. Admissions representatives told prospective students that medical assistants are in high-demand and that they would have no problem finding jobs. They also told the prospective students that the career services department will help them after graduation and they will definitely find jobs."

Affidavit of Kimberly Nicole Kent, Everest-Brighton Instructor, at ¶8, "A lot of students said they were promised they would get a job when they graduated. The admissions representatives told prospective students that 80% to 95% would get employment in their fields of study."

Affidavit of Jeffrey A. Malkin, Everest-Brighton Director of Student Finance, at ¶4, "After I left Everest in June of 2011, a former coworker at the financial aid department told me that Everest fudged job placement rates to meet accreditation requirements. He told me that Everest organized a job fair, and utilized a temp agency to hire its unemployed graduates to work at the fair for two days. Everest reportedly paid the temp agency for its role. The former coworker told me that the students who worked at the job fair were counted as employed for the purposes of job

placement rate calculation, and Everest was able to meet the accreditation requirements because of this.”

Affidavit of Larry Andrew Medolo, former Everest-Chelsea Massage Therapy Instructor, at ¶4, “People in corporate told prospective student they guaranteed jobs. From my perspective, they saw job placement not as job placement in the students’ fields of study, but as a student getting any job.”

Affidavit of Jackeline Beltran, 2013-2014 Everest-Chelsea Medical Assistant student (“Beltran Aff.”), at ¶2-3: “Representatives from Everest came to my high school and spoke to my class.... I wanted to be a nurse, and the representatives told me that the Medical Assistant program would be a good stepping stone. The representatives told us that they help students find jobs....”

DeAntonis Aff. at ¶2: “At the time of enrollment, Everest made several promises that made me want to sign up including, that ‘they will always help me find a job after graduation.’”

Affidavit of Karine DePina, 2013 Everest-Brighton Dental Assistant student (“DePina Aff.”), at ¶3: “Finally, I visited the Brighton campus for an interview with the admissions people. They promised that I would get a job after graduating and that I would be able to start paying off my loans. I enrolled that day because of their promise that I would be trained and would start working right after I graduate.”

Snow Aff., Exhibit 53, DTR Application of Shalena Fye, 2011-2012 Everest-Brighton Medical Assistant student: “The commercials told me the school would help me get a job, which is not true. Job placement information was provided on the wall on campus. It included specific placement rates. Placement rates were also provided orally and in written materials.”

**20. Between 2009 or earlier and 2014, when it stopped enrolling students, Corinthian recognized that its historical graduate job placement outcomes were critical to its ability to recruit students.**

*Commonwealth’s Support:*

Compl. ¶63.

Snow Aff., Exhibit 54, Corinthian’s annual statements to SEC: “[g]raduate placement outcomes are critical to our colleges’ reputations and their ability to successfully recruit new students.”

**21. Between 2009 or earlier and 2014, when it stopped enrolling students, Corinthian reported Everest MA historical placement rates to consumers and prospective students in**

**oral recruitment statements made by Everest MA employees and, beginning in 2011, on its website.**

*Commonwealth's Support:*

Same as ¶¶22-27 below.

*Corinthian's Placement Rate Misrepresentations*

**22. Between 2009 or earlier and 2014, when it stopped enrolling students, in order to market its schools and induce consumers and prospective students to enroll, Corinthian recruiters orally told prospective students that its Everest MA programs had in-field job placement rates ranging from 70 to 100 percent.**

*Commonwealth's Support:*

Compl. ¶70.

Snow Aff., Exhibit 55 (on disc), Recorded enrollment phone call dated January 31, 2013, 11:09 AM, Everest-Brighton.

“As an institution we’ve been very successful at what we do. We have a roughly 70% placement rate, which means 7 out of 10 of our graduates, roughly, obtain employment within the field that they trained for. When you went to Wheelock [College], do you know what their job placement rate was?”

Snow Aff., Exhibit 56 (on disc), Recorded enrollment call dated January 7, 2013, 5:07 PM, Everest-Brighton.

“As an institution, let me tell you, we have a very good job placement rate.. Institutionally 7 out of 10 of our graduates get employment in the field they are trained for... You know it can’t be 100 percent...because not everybody comes to class and do[es] what they’re supposed to. Not everybody gets the skills, not everybody is as passionate in the job. . . . The way we structure it we’re all about employment. . . . We know you’re not coming here just for kicks, just to learn medical administrative assisting for kicks. You’re coming here to get a job, right? . . . We train people for careers that are in demand by local employers.”

Affidavit of Kimberly Nicole Kent, Everest-Brighton Instructor, at ¶8: “A lot of students said they were promised they would get a job when they graduated. The admissions representatives told prospective students that 80% to 95% would get employment in their fields of study.”

Affidavit of D’Anne Coffie, 2011-2012 Everest-Brighton Medical Assistant student (“Coffie Aff.”), at ¶3: “The Everest representative told me that the program had a 100

percent job placement rate and that anybody placed in an externship is then offered a job at that site.”

Affidavit of Emmanuel Jimenez (“Jimenez Aff.”), at ¶4: “I was told that as an Everest alum, the school would not stop looking for me, until I landed a job. In addition, they told me that if I joined the Ambassador Program, 80% to 90% of the students in this program obtained jobs.” Snow Aff., Exhibit XX, attaching placement rates published to Everest website.

Snow Aff., Exhibit 57, DTR Application of La-Trice Edwards, 2012 Everest-Brighton Medical Assistant student: “I was told by Everest employees at orientation that there was a 90% job placement rate and that was guaranteed a job after completing an externship.”

Snow Aff., Exhibit 58, DTR Application of Ashaunnie Turner, 2011-2012 Everest-Brighton Medical Assistant student: “Everest employee stated that they had 100% job placement rate. This information led me to sign up for the program.”

Snow Aff., Exhibit 59, DTR Application of Aimee Mayers, 2010-2011 Everest-Brighton Medical Administrative Assistant student: “Everest employees...told me that 90% of graduates were placed in jobs, and usually made at least \$15-16 dollars per hour after graduating. This was untrue.”

Snow Aff., Exhibit 60, DTR Application of Kassandra Mendoza, 2012-2013 Everest-Brighton Medical Assistant student: “An Everest recruiter told me that 90% of graduates get jobs. He also told me that students typically get jobs through their externships. I never got a job in my field.”

Snow Aff., Exhibit 35, Statement of Paula Albanese, 2008-2009 Everest-Chelsea Medical Assistant student: “I told [enrollment representative Anndria] King I did not want to sign the loan unless I was guaranteed a job, because I know that I would not be able to pay it back. King told me the school placed 99% of the students and they could guarantee a job after I finished my externship. King told me I would be making between \$18.00 to \$20.00 an hour after completing the program. No worries about the loan. She told me career services would place me in a job, and that she makes sure everyone she enrolls gets placed.”

Snow Aff., Exhibit 61, Survey Response of Asia Monteiro, 2008-2009 Everest-Brighton Medical Assistant student: “I was told that 85% of the students that graduated would be hired after completing the course.”

Snow Aff., Exhibit 62, DTR Application of Crystal Torres, 2009-2011 Everest-Chelsea Massage Therapy student: “Before I enrolled they told me that about 90-95% of Everest students were employed.

Snow Aff., Exhibit 63, DTR Application of Jazzmyne Mikel, 2012-2013 Everest-Brighton Medical Assistant student, “Everest representatives, employees, and recruiters told me that Everest had at least 80% job placement rate, and this was not true.”

Snow Aff., Exhibit 25, DTR Application of Kelly Semedo, 2011-2012 Everest-Brighton Medical Assistant student: "The admissions person told me prior to enrolling that 100% of students get jobs and promised a job."

Snow Aff., Exhibit 64, DTR Application of Jacqueline Turner, 2011-2012 Everest-Brighton Medical Assistant student: "I was promised a job when I graduated, and I did not find a job in my field of study. I was told by an admissions representative that there was a 100% job placement rate."

Snow Aff., Exhibit 6, DTR Application of Lilibeth Taswell, 2012-2013 Everest-Brighton Medical Assistant student: "Before I enrolled at Everest, I was told by an Everest admissions representative, William Mckenzie, that over 90% of graduates got a job in the field, that I would almost certainly get a job, and that I would be making at least \$18-20/hour. Even after enrolling, I was told by Everest that my good grades would ensure a wage \$18-20/hour. I was also provided with a course catalog/program disclosure statement stating in writing that the placement rate was 72%. These written materials were provided only after I had signed up."

Snow Aff., Exhibit 65, DTR Application of Mikhaila Watson, 2011-2012 Everest-Brighton Medical Assistant student: "Before I enrolled, an Everest representative, Brian Lapchappelle, told me that 80% of students who graduated got medical assistant jobs."

Snow Aff., Exhibit 66, attaching spreadsheet of placement rates published to Everest website.

**23. Between 2009 or earlier and 2014, when it stopped enrolling students, in order to market its schools and induce consumers and prospective students to enroll, Corinthian recruiters orally told consumers and prospective students that if they enrolled in Everest MA schools, they were "guaranteed" to obtain jobs after graduating from Everest MA.**

*Commonwealth's Support:*

Compl. ¶71.

Affidavit of Larry Andrew Medolo, Everest-Chelsea Instructor, at ¶4: "People in corporate told prospective students they guaranteed jobs."

Affidavit of Vanessa Crespo, 2013-2014 Everest-Chelsea Medical Assistant student ("Crespo Aff."), at ¶3, "The representative who gave me a tour of the campus told me that I was guaranteed a job after graduating. While I was a student at Everest, I was again promised a job after graduating."

Affidavit of Katelyn Glynn, 2010-2011 Everest-Brighton Medical Assistant student ("Glynn Aff."), at ¶3: "The Everest enrollment representative named David guaranteed that I would get a job and promised job placement assistance until I found a job."

Affidavit of Reagan Llembe, 2012-2013 Everest-Brighton Medical Assistant student (Llembe Aff.), at ¶4: “I went to the Everest campus to see what they offered. . . . They said, you are guaranteed employment after finishing the program.”

Affidavit of Courtney Petrie, 2012-2014 Everest-Chelsea Medical Assistant student (“Petrie Aff.”), at ¶3: “I met with representatives in the career services department who assured me that I would get a job after graduating. The representatives made it sound like a guarantee, explaining that so many employers—hospitals, doctor offices, and homes—are all hiring medical assistants. The representatives also told us that Massachusetts is one of the highest-paying states, paying \$15-\$20 per hour. They told me that I would make enough money to be able to pay back my student loans.”

Snow Aff., Exhibit 1, DTR Application of Kaitlin Latham, 2011-2012 Everest-Brighton Medical Assistant student: “We were told we were guaranteed a job.”

Affidavit of Sumbal Begum, 2011-2012 Everest-Brighton Medical Administrative Assistant student (“Begum Aff”), at ¶2: “After leaving my information on Everest’s website, I continually received calls from Everest’s enrollment representatives. During these calls, Everest representatives repeatedly stated that the school provides students with a great education and its graduates are guaranteed to find employment in their field of study.”

Gonzalez Aff. at ¶2: “When I went down there they were just telling me what I wanted to hear. They said things like, they could take care of everything, we would get certified and they help us along the process. They tell us that we are guaranteed a job and that the school has a high rate of hires.”

Sharrow Aff. at ¶3: “They told me that there are so many dental offices to place me in, and that I would be guaranteed a job at a dental office.”

Snow Aff., Exhibit 67, DTR Application of Margarete Toussaint, 2011-2012 Everest-Brighton Medical Assistant student: “Everest promised me that once I finished the externship I would obtain a job in the field. They promised that career services would help me find a job but career services did not help me. I believed that I would have a job after graduating from the school, but I still have not found a job.”

Affidavit of Eileen Beattie, 2008 Everest-Brighton Medical Assistant student, at ¶6, 8: “Everest employees also said they have job openings and connections with many employers. They promised me a job after my externship and guaranteed me an externship within two weeks of finishing the program....I was never placed in an externship.”

Snow Aff., Exhibit 68, Survey Response of Kathryn Boulay, 2010-2011 Everest-Chelsea Medical Administrative Assistant student: “I was promised job placement, which was a lie.”

Snow Aff., Exhibit 27, DTR Application of Risauna Mikel, 2012-2013 Everest-Brighton Medical Administrative Assistant student: “They promised me that I would definitely have a job

and would be earning \$15-19 per hour once I finished the program. They promised I would have assistance from a career specialist until I obtained a job in the field....I never obtained a job in the field and I did not receive any assistance from a career specialist....I relied on the promises that Everest made and believed I would have a good education and receive a well paying job in the field.”

Snow Aff., Exhibit 69, Survey Response of Nickiea Allen, 2010-2011 Everest-Brighton Medical Assistant student: “[T]hey made it sound pleasant and that I was guaranteed employment after I graduated.”

Snow Aff., Exhibit 70, Survey Response of Adriana Mesa Balbin, 2010 Everest-Chelsea Medical Assistant student: “I graduated in 2010, I was promised a job with high pay and instead I wasted a whole year of my life.”

**24. Between 2009 or earlier and 2014, when it stopped enrolling students, in order to market its schools and induce consumers and prospective students to enroll, Corinthian recruiters engaged in a practice of “guaranteeing” or “promising” consumers that they would receive jobs in their fields of study and/or of informing students that between 70 and 100% of Everest MA students received jobs in their fields of study.**

*Commonwealth’s Support:*

Same as ¶¶22, 23.

**25. Massachusetts students listed in Exhibit 71 to the Affidavit of Jennifer Snow enrolled in Everest MA schools during the period when Corinthian recruiters engaged in a practice of “guaranteeing” or “promising” consumers that they would receive jobs in their fields of study and/or of informing students that between 70 and 100% of Everest MA students received jobs in their fields of study.**

*Commonwealth’s Support:*

Snow Aff., Exhibit 71, attaching spreadsheet of student directory data.

26. The historical placement rates Corinthian published on its website beginning in 2011 were as follows:

| <b>Campus</b> | <b>Program</b>                              | <b>Date Published to Website</b> | <b>Published Placement Rate</b> |
|---------------|---|----------------------------------|---------------------------------|
| Brighton      | Medical Assistant – 8 months                | July 2013                        | 63%                             |
| Brighton      | Medical Assistant – 8 months                | July 2012                        | 63%                             |
| Brighton      | Medical Assistant – 9 months                | July 2012                        | 67%                             |
| Brighton      | Medical Assistant – 8 months                | July 2011                        | 71%                             |
| Brighton      | Medical Assistant – 9 months                | July 2011                        | 72%                             |
| Brighton      | Medical Administrative Assistant – 8 months | July 2012                        | 77%                             |
| Brighton      | Medical Administrative Assistant – 9 months | July 2012                        | 75%                             |
| Brighton      | Medical Administrative Assistant            | July 2011                        | 74%                             |
| Brighton      | Dental Assistant – 8 months                 | July 2012                        | 72%                             |
| Brighton      | Dental Assistant – 9 months                 | July 2012                        | 57%                             |
| Brighton      | Dental Assistant                            | July 2011                        | 77%                             |
| Chelsea       | Medical Assistant                           | July 2014                        | 83%                             |
| Chelsea       | Medical Assistant                           | July 2013                        | 61%                             |
| Chelsea       | Medical Assistant                           | July 2012                        | 61%                             |
| Chelsea       | Medical Assistant                           | July 2011                        | 76%                             |
| Chelsea       | Medical Administrative Assistant            | July 2014                        | 73%                             |
| Chelsea       | Medical Administrative Assistant            | July 2013                        | 64%                             |
| Chelsea       | Medical Administrative Assistant            | July 2012                        | 64%                             |
| Chelsea       | Medical                                     | July 2011                        | 81%                             |

|         |                                      |           |     |
|---------|--------------------------------------|-----------|-----|
|         | Administrative Assistant             |           |     |
| Chelsea | Dental Assistant                     | July 2014 | 86% |
| Chelsea | Dental Assistant                     | July 2013 | 79% |
| Chelsea | Dental Assistant                     | July 2012 | 79% |
| Chelsea | Massage Therapy                      | July 2014 | 88% |
| Chelsea | Massage Therapy                      | July 2013 | 65% |
| Chelsea | Massage Therapy                      | July 2012 | 65% |
| Chelsea | Massage Therapy                      | July 2011 | 93% |
| Chelsea | Medical Insurance Billing and Coding | July 2014 | 90% |
| Chelsea | Medical Insurance Billing and Coding | July 2013 | 56% |
| Chelsea | Medical Insurance Billing and Coding | July 2012 | 56% |
| Chelsea | Medical Insurance Billing and Coding | July 2011 | 71% |

*Commonwealth's Support:*

Compl., Ans. ¶72;

Snow Aff., Exhibit 66, attaching spreadsheet of published placement rates.

*The Facts Concerning Corinthian's Placement Rates*

**27. The historical Everest MA placement rates provided to consumers by Everest MA recruiters, and the placement rates contained on Everest MA's website and reported by Corinthian to its accreditors were false; the actual placement rates were as follows:**

| <b>Campus</b> | <b>Program</b>               | <b>Date Published to Website</b> | <b>Published Placement Rate</b> | <b>Actual Placement Rate</b> |
|---------------|------------------------------|----------------------------------|---------------------------------|------------------------------|
| Brighton      | Medical Assistant – 8 months | July 2013                        | 63%                             | 38%                          |
| Brighton      | Medical Assistant – 8 months | July 2012                        | 63%                             | 30%                          |
| Brighton      | Medical Assistant – 9 months | July 2012                        | 67%                             | 25%                          |
| Brighton      | Medical Assistant – 8 months | July 2011                        | 71%                             | 27%                          |

|          |   |           |     |     |
|----------|---|-----------|-----|-----|
|          | months                                      |           |     |     |
| Brighton | Medical Assistant – 9 months                | July 2011 | 72% | 23% |
| Brighton | Medical Administrative Assistant – 8 months | July 2012 | 77% | 44% |
| Brighton | Medical Administrative Assistant – 9 months | July 2012 | 75% | 25% |
| Brighton | Medical Administrative Assistant            | July 2011 | 74% | 20% |
| Brighton | Dental Assistant – 8 months                 | July 2012 | 72% | 45% |
| Brighton | Dental Assistant – 9 months                 | July 2012 | 57% | 50% |
| Brighton | Dental Assistant                            | July 2011 | 77% | 46% |
| Chelsea  | Medical Assistant                           | July 2014 | 83% | 51% |
| Chelsea  | Medical Assistant                           | July 2013 | 61% | 7%  |
| Chelsea  | Medical Assistant                           | July 2012 | 61% | 23% |
| Chelsea  | Medical Assistant                           | July 2011 | 76% | 17% |
| Chelsea  | Medical Administrative Assistant            | July 2014 | 73% | 51% |
| Chelsea  | Medical Administrative Assistant            | July 2013 | 64% | 9%  |
| Chelsea  | Medical Administrative Assistant            | July 2012 | 64% | 19% |
| Chelsea  | Medical Administrative Assistant            | July 2011 | 81% | 40% |
| Chelsea  | Dental Assistant                            | July 2014 | 86% | 66% |
| Chelsea  | Dental Assistant                            | July 2013 | 79% | 13% |
| Chelsea  | Dental Assistant                            | July 2012 | 79% | 40% |
| Chelsea  | Massage Therapy                             | July 2014 | 88% | 28% |
| Chelsea  | Massage Therapy                             | July 2013 | 65% | 14% |
| Chelsea  | Massage Therapy                             | July 2012 | 65% | 0%  |
| Chelsea  | Massage Therapy                             | July 2011 | 93% | 17% |
| Chelsea  | Medical Insurance Billing and Coding        | July 2014 | 90% | 0%  |
| Chelsea  | Medical Insurance Billing and Coding        | July 2013 | 56% | 11% |
| Chelsea  | Medical Insurance                           | July 2012 | 56% | 4%  |

|         |   |           |     |     |
|---------|---|-----------|-----|-----|
|         | Billing and Coding                      |           |     |     |
| Chelsea | Medical Insurance<br>Billing and Coding | July 2011 | 71% | 25% |

*Commonwealth's Support:*

Compl. ¶73.

Affidavit of Burt Feinberg ("Feinberg Aff."), Exhibit 1.

**28. Based on the historical Everest MA placements, Corinthian knew or should have known that its "guarantees" or "promises" of jobs were false.**

*Commonwealth's Support:*

Same as ¶¶26, 27.

**29. Twenty-six percent of the placements Corinthian reported to MA consumers and prospective students on its website falsely represented the existence of a job when the employer stated that the student was not employed or when Corinthian had no record that the student was employed.**

*Commonwealth's Support:*

Snow Aff., Exhibits 72 and 73 (on disc).

Feinberg Aff., Exhibit 2

**30. Eighteen percent of the placements Corinthian reported to MA consumers and prospective students on its website falsely counted as placements jobs that were not in the students' fields of study, jobs Corinthian's CEO publicly stated were not being counted as placements and/or that Corinthian's internal placement guidelines stated were not placements.**

*Commonwealth's Support:*

Snow Aff., Exhibits 72 and 73 (on disc).

Feinberg Aff., Exhibit 2

Snow Aff. Exhibit 74, Corinthian placement guidelines.

Snow Aff., Exhibit 75, Statement of Jack Massimino, Corinthian CEO:

“And so if you’re a medical assistant, for example, with us and you get a job at a doctor’s or the hospital, those count. If you get a job as an aide in a nursing home, that does not count even though you’re making \$10 to \$12 an hour. So we’re very tight on our definitions around what is and what isn’t included in our placements. We’ve been averaging over the course of this very difficult time up to around 68%, 69%, and we’re about there again this year.”

**31. Eleven percent of the placements Corinthian reported to MA consumers and prospective students on its website falsely counted as placements externships and short-term, unsustainable jobs, including one or two day health fair jobs, in some cases at fairs set up and paid for by Corinthian.**

*Commonwealth's Support:*

Compl. ¶75.

Affidavit of Denise Garrow-Pruitt, Everest-Brighton Director of Education. “The health fair would last for two days, with training on day one and the actual fair on day two. We arranged for a local staffing agency to hire former out-of-work students for the project.”

Snow Aff., Exhibits 72 and 73 (on disc).

Feinberg Aff., Exhibit 2.

**32. Massachusetts students listed in Exhibit 71 to the Affidavit of Jennifer Snow enrolled in Everest MA schools during the period when Corinthian’s website misrepresented the historical placement outcomes of Everest MA students.**

*Commonwealth's Support:*

Snow Aff., Exhibit 71.

**33. Between 2009 or earlier and 2014, when it stopped enrolling students, Corinthian's representations in its marketing to consumers and prospective students concerning Everest MA's historical placement rates were false and material and induced students to enroll in Everest MA programs and to make tuition and fee payments to Corinthian.**

*Commonwealth's Support:*

Compl. ¶82.

From ¶¶18-32 above.

*Corinthian's Placement Assistance Misrepresentations*

**34. Between 2009 or earlier and 2014, when it stopped enrolling students, in order to market its schools and induce consumers and prospective students to enroll, Corinthian promised to provide students with assistance in finding jobs in their fields of study.**

*Commonwealth's Support:*

Compl., Ans. ¶86.

Snow Aff., Exhibit 9 (from website): "We help our graduates find jobs after graduation. At Everest, training you for a career doesn't stop at graduation. Each campus has a Career Placement Office staffed with dedicated Career Placement Representatives who can assist you with everything from interviewing skills to improving your resume."

Snow Aff., Exhibit 76: A pamphlet mailed to prospective Everest MA students lists four reasons to call the school for more information, including: "Job finding assistance upon graduation. Our placement experts help you find a job in your new career through a vast network of employer relationships." (Complaint Ex. 5.)

Snow Aff., Exhibit 10, 2010-2011 Everest MA catalog, at 1: "The institution is committed to: ...[t]he provision of career development support services to students and alumni....The institution is dedicated to assisting graduates in securing career-related employment."

Affidavit of Erin Kate Morrison, Everest-Chelsea Admissions Representative, at ¶5.

“Admissions representatives told prospective students that medical assistants are in high demand and that they would have no problem finding jobs. They also told the prospective students that the career services department will help them after graduation and they will definitely find jobs.”

Snow Aff., Exhibit 77: A pamphlet given to students stated: “Your Career. Our Commitment....

Everest Institute has helped thousands of students train for a new career—and build a better life. We are dedicated to helping you succeed. This means that in addition to providing you with career education and training, we’re also committed to helping you find a job that’s right for you. Our Career Services team offers many services to help you find a job that launches you in your new career....

“Everest Career Services has a network of employers to help students find jobs.

...

“Everest Institute has developed solid relationships with employers, both in our local communities and nationwide. These employers know that they can count on our graduates to be knowledgeable and professional. Speak with a Career Services Representative today and we’ll help you start building your new career.”

*Id.*

Chao Aff. at ¶6: “¶They told me they would help me find a permanent medical assistant job. That was the whole reason for me signing up. They said, ‘You’re going to get a job; we’re going to place you.’”

Snow Aff., Exhibit 78, Survey Response of Alexandra Borrero, 2012-2013 Everest-Brighton Dental Assistant student: “The main reason I enrolled was the job placement/help they were offering after graduation.”

Snow Aff., Exhibit 79, DTR Application of Anthony DeAntonis, 2011 Everest-Chelsea Medical Insurance Billing and Coding student: “Everest representatives, recruiters, or employees promised me that Everest will always help me find a job after graduation. This was untrue. Everest did nothing to assist me in obtaining a job placement...When I visited the Everest campus to seek assistance from the career services after graduation, the Dean told me to leave because I was no longer a student.”

Snow Aff., Exhibit 80, Survey Response of Ashley Aupont, 2010-2011 Everest-Chelsea Medical Assistant student: “I was told that I would get help with job placement after graduation and that most of their students get jobs afterwards, but turned out not to be true.”

**35. Between 2009 or earlier and 2014, when it stopped enrolling students, in order to market its schools and induce consumers and prospective students to enroll, Corinthian**

**told consumers and prospective students that it had developed relationships with employers, and that most students find their jobs with the help of Corinthian's Career Services Department.**

*Commonwealth's Support:*

Compl., Ans. ¶87.

Snow Aff., Exhibit 3: a mailing sent to prospective students states that "most [students find their first new job with the help of our Career Services Department." Complaint Exhibit 1.

Snow Aff., Exhibit 77: "Everest Institute has developed solid relationships with employers, both in our local communities and nationwide. These employers know that they can count on our graduates to be knowledgeable and professional." (Complaint Exhibit 6.)

Snow Aff., Exhibit 81, Survey Response of Amanda Filadoro, 2009-2010 Everest-Chelsea Medical Assistant student: "I was told that I would get a good pay[ing] job and that they would help me find a job in my field until someone hired me."

Snow Aff., Exhibit 27, DTR Application of Risauna Mikel, 2012-2013 Everest-Brighton Medical Administrative Assistant student: "They promised I would have assistance from a career specialist until I obtained a job in the field....I never obtained a job in the field and I did not receive any assistance from a career specialist."

**36. Between 2009 or earlier and 2014, when it stopped enrolling students, in order to market its schools and induce consumers and prospective students to enroll, Corinthian told consumers and prospective students that the externships they received at Corinthian would lead to job offers.**

*Commonwealth's Support:*

Compl., Ans. ¶89.

Snow Aff., Exhibit 82, Recorded enrollment call dated January 7, 2013, 9:53 AM Everest-Brighton: In a phone call to a prospective student, a recruiter at Everest-Brighton stated: "[y]ou go on an externship on your final month. . . . It's unpaid because it still like class hours. Once you finish that up you actually get offered a job, so it's kind of like a month-long interview basically with this company. We do help you out a lot. . . . We are here for you. Everything under the sun with Career Services." (Emphasis added).

*The Facts About Corinthian's Placement Assistance*

**37. Between 2009 or earlier and 2014, when it stopped enrolling students, Corinthian provided little or no help to students looking for jobs.**

*Commonwealth's Support:*

Compl. ¶88.

Affidavit of Victor Amadeus Sulkowski, former Everest-Chelsea Admissions Staff Member, at ¶7: “[T]he people in career services did not answer students’ calls or provide services to former students.... The career services employees were not given resources to actually place people.”

Snow Aff., Exhibit 83, Survey Response of Sasha Easter, 2008-20089 Everest-Brighton Medical Assistant student: “Upon attending the school it was told to me that at the completion of the Medical Assistant program, that I was guaranteed a job. When I completed the program I didn’t get a job, nor did I get any help with my job search. The career service personnel said they would send me job leads and help send my resume out to any job opening for a medical assistant. I haven’t received any job leads and they never called me to update me on where they sent my resume. It has been two years since I’ve attend[ed] Everest and I have not ever had a job as a medical assistant.”

Snow Aff., Exhibit 84, Survey Response of Melissa Atkinson, 2009-2010 Everest-Chelsea Medical Assistant student: “My problem was and is with the job placement department. Every time I called I would leave a message never to have it returned. When I did speak to someone I was always being told I had a different worker. Never once did they call and offer me leads that were reasonable considering I told them I take public transportation and all leads they gave me were too far away. The first place they placed me for my externship sent me back because she had sent more people than the facility had told her they were willing to take. After my graduation I did briefly work as a CNA at a hospital but as stated earlier I was already a CNA trying to get away from shift work at the hospitals when I enrolled in Everest so I could have got that job without my Everest education. I honestly feel the time and money spent on Everest were wasted.”

Snow Aff., Exhibit 85, Survey Response of Olga Vasquez, 2009-2010 Everest-Chelsea Medical Insurance Billing and Coding student: “What upsets me the most was that I never got placed into a job after graduation. When before I enrolled myself into the program that was one of my first questions I had to the recruiter. Because of course I wasn’t trying to place myself in a program, that at the end I wasn’t going to help me with job placement. . . . After I graduated, an Everest representative in the Career Services department, Natasha, was assigned to help me find a job. She was rarely available to meet, her door was always shut, her phone was off, and she never took walk-in appointments. The only help I received from Natasha were links to jobs from websites like Craigslist and monster.com, which is something I could have done myself.”

Snow Aff., Exhibit 86, Survey Response of Eileen Beattie, 2008-2009 Everest-Brighton Medical Assistant student: “It [is] a big scam. I was an ambassador to Everest with really good grades,

went to school every day and was promised to get the best internship and was never placed. . . . [T]hey never helped me after that but they said if I wanted to enroll in something else I could but had to take out more loans.” Student 1, Everest-Brighton.

Snow Aff., Exhibit 70, Survey Response of Adriana Mesa Balbin, 2010 Everest-Chelsea Medical Assistant student. “I tried numerous times contacting Everest Institute about job placement and interviews but wasn’t successful. Everest had a waiting list of 2-3 weeks for students who needed help with job placement, interviews or building your resume and if you were lucky enough to touch bas[e] with them they either had ‘ran out’ of job placements or were too busy to see you.”

DeAntonis Aff. at ¶¶2-3: “At the time of enrollment, Everest made several promises that made me want to sign up including, that ‘they will always help me find a job after graduation.’ . . . Upon my graduation in 2012, Everest did very little to assist me in obtaining a full time position. I was given a list of staffing agencies and sent to job fairs that had nothing to do with my field.”

Snow Aff., Exhibit 25, DTR Application of Kelly Semedo, 2011-2012 Everest-Brighton Medical Assistant student. “When I was approaching graduation and I didn’t have a job, the career representative only gave me public job listings from places like Monster.com. I never got a job in field. I now work as assistant manager at Radio Shack.”

Snow Aff., Exhibit 78, Survey Response of Alexandra Borrero, 2012-2013 Everest-Brighton Dental Assistant student. “I was looking for a permanent full time job for over a year after I graduated. I called Everest several times and even went into the school and no one would help me or get back to me . . . .”

Snow Aff., Exhibit 87, Survey Response of Belinda (McGill) Lewis, 2008 Everest-Chelsea Medical Insurance Billing and Coding student. “After graduation I went back for help with my resume and interview skills, I can honestly say I got zero help with both. I was always told to come back at a later time and twice the woman wasn’t at work. So I stopped going back. I eventually found a temp job out of Boston. When that work ended I contacted Everest to see if they knew of any other temp/permanent jobs but never received a call back. I have not had a job related to Medical Billing since then.”

Chao Aff. at ¶6: “They told me they would help me find a permanent medical assistant job. That was the whole reason for me signing up. They said, ‘You’re going to get a job; we’re going to place you.’ I didn’t get any of the services I was promised. Instead, they just told me to go on Craigslist.”

**38. Even the few students who obtained jobs typically found them on their own, without any assistance from Corinthian.**

*Commonwealth’s Support:*

Compl. ¶88:

Snow Aff., Exhibit 15, Survey Response of Melissa Gonzalez, 2009-2010 Everest-Chelsea Medical Assistant student: "I did find a small job after a few months of being out of school. I found it myself and Everest took credit when they did nothing for me. I didn't learn anything."

Snow Aff., Exhibit 88, Survey Response of Priscilla Medina, 2008 Everest-Brighton Medical Assistant student: "When I went for the tour they told me that they would help with job placement also towards the end and when I graduated they reassured me the same and they didn't. When I called to see if they could help me they said that all they could do is send my school resume out. I found the job on my own."

Snow Aff., Exhibit 89, DTR Application of Keyisha Horton, 2012 Everest-Brighton Medical Assistant student. "We were told that we were guaranteed job placement assistance as long as we finished the program. But that did not happen. I got [a] job as a part-time medical assistant on my own from looking at websites."

Snow Aff., Exhibit 90, Survey Response of Janine Vachon, 2010-2011 Everest-Brighton Dental Assistant student. "I had limited if any help from Everest finding employment. . . . Everest definitely under delivers on their promise of finding employment for their students. Their efforts ended with a bulletin board of job listings wherein the vast amount of students far exceeds the amount of job listings they provided. They did not give the individual help that they advertised nor did they help students prepare for the interviewing process. I accepted a part time (2 days) position in which I am currently still employed. I obtained the position without any help from Everest."

Snow Aff., Exhibit 88, Survey Response of Priscilla Medina, 2008 Everest-Brighton Medical Assistant student. "When I called to see if they could help they said all they could do to help is send my school resume out. I found the job on my own."

**39. Between 2009 or earlier and 2014, when it stopped enrolling students, Corinthian's representations in its marketing to consumers and prospective students concerning placement services were false and material and induced students to enroll in Everest MA programs and to make tuition and fee payments to Corinthian.**

Commonwealth's Support: Compl. ¶91.

From ¶¶34-38 above.

## VI. CORINTHIAN'S MISREPRESENTATIONS CONCERNING JOB EARNINGS

### *Corinthian's Misrepresentations*

**40. In order to market its school and induce consumers and prospective students to enroll, between 2009 or earlier and 2014, when it stopped enrolling students, Corinthian employees frequently referred to the earnings students would receive from entry-level jobs in their fields of study.**

#### *Commonwealth's Support:*

Compl. ¶83.

Snow Aff., Exhibit 91, Survey Response of Nina Dias-Sebastian, 2009-2010 Everest-Chelsea Medical Insurance Billing and Coding student. "I was told [during the enrollment process] what great money you could make in Medical Billing and Coding."

Snow Aff., Exhibit 92, Survey Response of Walter Esteras, 2011-2012 Everest-Chelsea Massage Therapy student. "I was told I chose a good field and could 'make lots of money.'"

Snow Aff., Exhibit 93, Survey Response of Joanna Ware, 2012-2013 Everest-Brighton Medical Assistant student. "[I was told that] it would get me well on my way to making more money to care for my children."

Snow Aff. Exhibit 94, Survey Response of Andreen Miller, 2009 Everest-Brighton Medical Administrative Assistant student. "I was told that I could gain career skills to make more money in a short amount of time."

Snow Aff., Exhibit 95, DTR Application of Carol Rodriguez, 2011-2012 Everest-Brighton Medical Assistant student: "They told me personally that their training would give me a good paying career."

Snow Aff., Exhibit 96, DTR Application of Shalaan Williams, 2012 Everest-Brighton Medical Assistant student: "They had circle graphs that indicated that you could pay loans and live comfortably—this was not true. They promised you would receive a high salary."

**41. Between 2009 or earlier and 2014, when it stopped enrolling students, in order to market its schools and induce consumers and prospective students to enroll, Corinthian**

**recruiters told consumers and prospective students that they would earn an hourly wage between \$16 and \$25 per hour in entry-level jobs in their fields of study.**

*Commonwealth's Support:*

Compl. ¶83.

Affidavit of Sierra Koral, Everest-Brighton Admission Representative, at ¶3: "I gave campus tours to prospective students. During the tour, we had the prospective students stop at Career Services. The Career Services representatives usually told prospective students about graduates with good jobs, such as a manager in a medical office earning \$23 per hour. The Career Services representatives did not mention graduates making only minimum wage, or graduates who did not find a job at all."

Affidavit of Michelle Goodus, Everest-Chelsea Director of Career Services, at ¶2. "I oversaw the program to find jobs and externships for students. When I was at Everest, I heard admissions representatives beefing up the salaries of jobs in their pitch to students, providing figures that were not correct."

Balogh Aff. at ¶2: "[W]hen they were giving me a tour of the campus, they told me that when I graduate, I would make \$20 to \$25 per hour and that they would help me find a job. They also said that by ten years after graduation I would be making \$104,000 per year. The amount of money they told me that I would make after graduation is what attracted me to the school and caused me to enroll. It was a lie."

Snow Aff., Exhibit 39, Statement of Christine Randolph, 2009-2010 Everest-Chelsea Medical Assistant student. "[An Everest MA recruiter] also said the salaries of graduates of the Medical Assistant program start at \$17.00 or \$18.00 per hour. I was even given a graph that further defined [her] statements of expected salaries of Medical Assistant graduates. I was fine with earning a little less than my office job because [she] stressed the hourly pay was a starting point that would increase over time. . . . I graduated in July 2010 and found a medical assistant job with no help from Career Services. I was hired because of the job I had in the medical field prior to enrolling in the Everest Medical Assistant program. . . . My starting salary was \$15.00 per hour, \$2.00 per hour lower than the salary [the recruiter] described and \$6.00 per hour lower than my previous job's salary. . . . [I] currently earn just \$15.50 per hour, still less than what I earned before enrolling at Everest."

Snow Aff., Exhibit 97, Survey Response of Rachael Weber Ziolo, 2009-2010 Everest-Brighton Medical Assistant student. "I was told that I was going to be making around \$17 – \$18 per hour. I only make \$14 [per hour]. . . . It took me forever to get in contact with my [Everest MA] case agent. She never picked up her phone. I had to leave countless messages for her and in the end I wound up placing myself. She just gave me the paperwork to do it."

Snow Aff., Exhibit 32, Survey Response of Brittney Patient, 2009-2010 Everest-Chelsea Medical Administrative Assistant student. "I was told by Everest [that the] pay rate was \$21.00 – \$22.00 [per hour]. I am now only making \$14.50 [per hour] after 2 years!!!"

Snow Aff., Exhibit 98, Survey Response of Maria Sanchez, 2009 Everest-Chelsea Medical Assistant student. "[I am] not happy at all. Never got a job. They help[ed] me find one at a pharmacy getting pay [of] 8.50 an hour. When I was supposed to get pay [of] \$16 an hour with a Medical Assistant job. Till this day I'm still paying [off] my loan. [The Everest MA program] was useless."

Snow Aff., Exhibit 99, DTR Application of Lauren Costa, 2011-2012 Everest-Brighton Medical Assistant student. "Everest representatives told me that I would receive \$18-25 per hour starting upon graduation. This is untrue. After my internship, I was hired per diem temporarily, making \$14 per hour."

Snow Aff., Exhibit 100, DTR Application of Nerlande Dieudonne, 2011-2012 Everest-Brighton Medical Assistant student. "Everest representatives...told me that I would be making \$18-\$20 per hour upon graduation. This was not true—when I tried to apply for jobs, I was told the average wage is \$12-\$14."

Snow Aff., Exhibit 57, DTR Application of La-Trice Edwards, 2012 Everest-Brighton Medical Assistant student. "I was told that I would get paid around \$18-19 per hour, but out in the field the jobs offered only \$12-13 per hour because I was not certified and did not have 2-3 years of experience that most positions required."

Snow Aff., Exhibit 35, Statement of Paula Albanese, 2008-2009 Everest-Chelsea Medical Assistant student "[The Everest employee] told me I would be making between \$18.00 to \$20.00 an hour after completing the program. No worries about the loan."

Snow Aff., Exhibit 101, Complaint to AGO from Genre Smith, 2008-2009 Everest-Brighton Medical Administrative Assistant student. "I was told I was going to get a job after school and I would be making \$18.00 [an hour] or more."

Sharrow Aff. at ¶3: "I feel like they promised that they would find me a great paying job, at \$22/hour for example, in my field of study."

Snow Aff., Exhibit 27, DTR Application of Risauna Mikel, 2012-2013 Everest-Brighton Medical Administrative Assistant student: "They promised me that I would definitely have a job and would be earning \$15-19 per hour once I finished the program."

Snow Aff., Exhibit 102, DTR Application of Celeste Morin, 2012-2013 Everest-Brighton Medical Assistant student: "I was told that I would make \$18 to \$20 per hour right after I graduated. This was not true—the pay rate for medical assistants is a lot less than this, if students were lucky enough to get any job. Many students, including myself, did not get a job in our field when we graduated."

*The Facts About Job Earnings*

**42. The average hourly wage for an entry-level medical assistant job was \$14.07 in 2014. For entry-level dental assistant jobs, it was \$15.03.**

*Commonwealth's Support:*

Compl. ¶84.

Snow Aff., Exhibit 103, 2014 data collected by the state's Executive Office of Labor and Workforce Development, [http://lmi2.detma.org/lmi/lmi\\_oes\\_a.asp](http://lmi2.detma.org/lmi/lmi_oes_a.asp) (searching "Massachusetts" and "medical assistant").

Snow Aff., Exhibit 104, 2014 data collected by the state's Executive Office of Labor and Workforce Development, [http://lmi2.detma.org/lmi/lmi\\_oes\\_a.asp](http://lmi2.detma.org/lmi/lmi_oes_a.asp) (searching "Massachusetts" and "dental assistant").

**43. The average salary reported for Everest MA graduates who were able to obtain jobs was significantly lower than \$16 per hour. Verification sheets covering certain students from the Everest-Brighton 2012 cohort show a median hourly wage of \$13.50 for graduates of the Medical Assisting Program who obtained jobs and \$13.00 for graduates of the Dental Assisting Program who obtained jobs.**

*Commonwealth's Support:*

Snow Aff., Exhibit 105, attaching Corinthian employment verification sheets with salary information.

**44. Between 2009 or earlier and 2014, when it stopped enrolling students, Corinthian's representations in its marketing to consumers and prospective students concerning earnings were false and material and induced students to enroll in Everest MA programs and to make tuition and fee payments to Corinthian.**

*Commonwealth's Support:*

Compl. ¶85.

From ¶¶40-43 above.

## VII. CORINTHIAN'S MISREPRESENTATIONS CONCERNING EXTERNSHIPS

**45. Between 2009 or earlier and 2014, when it stopped enrolling students, in order to market its schools and induce consumers and prospective students to enroll, Corinthian has represented to prospective students and the public that an externship is an invaluable component of an Everest MA education.**

*Commonwealth's Support:*

Compl., Ans. ¶56.

**46. Between 2009 or earlier and 2014, when it stopped enrolling students, in order to market its schools and induce consumers and prospective students to enroll, Corinthian told consumers and prospective students that each student would receive an externship that would enable the student to practice skills in the student's field of study.**

*Commonwealth's Support:*

Compl., Ans. ¶56.

Snow Aff., Exhibit 10, 2010-2011 Everest MA catalog at 35: “[t]he [Medical Assistant program] externship provides the student an opportunity to apply principles and practices learned in the program and utilize entry-level medical assisting skills in working with patients.”

Snow Aff., Exhibit 10, 2010-2011 Everest MA catalog at 38: “Serving in an externship at an approved facility gives externs an opportunity to work with the principles and practices learned in the classroom.”

**47. Between 2009 or earlier and 2014, when it stopped enrolling students, certain Everest MA programs, including the Medical Assistant, Dental Assistant, Medical Administrative Assistant, and Medical Insurance Billing and Coding programs, require**

**students to complete an externship prior to graduation. According to Corinthian's policy, a student who is unable to complete the externship will not be able to finish the program and graduate.**

*Commonwealth's Support:*

Compl., Ans. ¶57.

*The Facts About Externships*

**48. Between 2009 or earlier and 2014, when it stopped enrolling students, many externships provided by Corinthian provided little or no training in the students' fields of study.**

*Commonwealth's Support:*

Compl. ¶58.

Snow Aff., Exhibit 35, Statement of Paula Albanese, 2008-2009 Everest-Chelsea Medical Assistant student: "I told [externship coordinator Natasha Andrews] I was disappointed in my externship because I did not get much experience as a medical assistant. She got really upset and shouted 'you're lucky you got what you got.'"

Snow Aff., Exhibit 61, Survey Response of Asia Monteiro, 2008-2009 Everest-Brighton Medical Assistant student: "My externship was at Urban Eye, an ophthalmologist's office on Massachusetts Ave. I didn't use any of the skills I learned in my classes. I understand that being a medical assistant involves some administrative or secretarial work, but it should also involve medical work, such as taking vital signs. Out of our nine mods [classes], eight taught medical training and only one taught administrative training. At my externship, my responsibilities were 100 percent administrative. I filed, answered phones, and made coffee runs. I complained to Maria in Career Services, but I was worried they would not be able to find a new placement quickly and I needed to graduate, so I finished my externship at Urban Eye. I completed the Everest program on time at the end of March 2009, but I did not have a real opportunity to practice medical assistant skills or use my training."

Snow Aff., Exhibit 106, Survey Response of Hanane Chamkhi, 2009-2010 Everest-Chelsea Medical Assistant student: "I finished the program. I was hoping I can find a job but they send me to a physical therapy for [externship]. That was a big mistake in my resume. Because any place I go to apply, they said you did your [externship] in a not better place. They find me a home health aide job. That's crazy, I can do a HHA or CNA training for free and less time. I tried staffing agency [and] they said the same thing. My externship was in a not good place. After looking here and there I went to JVS for CNA training and I started work. I do just a part

time. The huge problem [is] the loans I have to pay them back. . . . [B]asically I waste my time in Everest and my money for something [that] does not help me. When I think about it I got stress.”

Chao Aff. at ¶5: “We had to finish externships before graduating. I had an externship near the end of my program, but I left because I wasn’t doing anything related to my classes. The externship coordinator was a bully to all the students. She placed me at an externship where they made me enter one patient’s information on a computer for eight hours a day. I did not use the skills from my classes.”

Affidavit of Sasha Easter, 2009-2010 Everest-Brighton Medical Assistant student (“Easter Aff.”), at ¶4-5: “Everest placed me at Mount Auburn Hospital for my required externship. When I showed up to this hospital on the first day of my externship, no one was there to meet me and they had no record of my placement. After calling Everest’s externship coordinator repeatedly for days, I finally got in contact with the coordinator who said she forgot to cancel my assignment, and that she would reassign me the next day. Again I could not get in contact with anyone at Everest for days. . . . If you do not begin your assigned externship ‘within the system’ within two weeks of the start date, Everest assumes you are not showing up and drops you from the program. Because of this policy, Career Services then called me to inform they were dropping me, and after explaining my situation, I was placed the next day in what was supposed to be a ‘temporary’ externship, at Brighton Physical Therapy. It was not a medical setting. Even after many phone calls to the office, they never changed my placement site. I never was able to apply the skills I was supposed to be learning as a medical assistant at this externship.”

Snow Aff., Exhibit 107, DTR Application of Bythia Jacques, 2011-2012 Everest-Brighton Medical Assistant student: “I was . . . promised an externship in a medical office, and I was placed in a chiropractic office, which has not helped me secure employment in a hospital or doctor’s office. I have been told this experience is not counted by medical offices that I have applied to work for.”

**49. In many cases between 2009 or earlier and 2014, when it stopped enrolling students, Corinthian did not provide students with externships. When Corinthian failed to provide externships, some students found their own externships, and others were unable to find externships and were dropped from their programs.**

*Commonwealth’s Support:*

Compl. ¶59.

Snow Aff., Exhibit 39, Statement of Christine Randolph, 2009-2010 Everest-Chelsea Medical Assistant student. “After the class requirements of the program were completed, Everest placed me at an adult daycare facility for my externship along with many other students. On my first

day I was sent home early and told I was no longer needed because Everest had sent too many students. Career Services asked that I try and set up an externship myself.”

Sharrow Aff. at ¶4: “Everest’s admissions people promised me that I would be placed in an externship, which was a requirement for the program. They offered me an externship once. However, after one day at the externship site I was told that they could only have me work one day a week because there was not enough work to support me full time. The next day I was dropped from the externship and the Brighton campus closed on the same week. Everest told me to contact the Chelsea campus for an externship placement, but they had none available. I kept calling the Chelsea campus and leaving them messages for a month, but no one got back to me. Therefore, I was unable to finish the program and get a certificate.”

Snow Aff., Exhibit 108, Survey Response of Cayleigh Mahoney, 2009-2010 Everest-Chelsea Medical Assistant student. “I found my externship on my own because the school was not helpful and I wanted to have something to start right away, not have to wait until they placed me somewhere that wouldn’t work out for me. I had heard not so great things about placements for previous students, the location was either very far from where they lived or it was just a spot for externships with no hope to be hired.”

Snow Aff., Exhibit 109, Survey Response of Yulisa Pepin, 2009 Everest-Chelsea Medical Assistant student. “Even though I was at the top of my class I had an emergency situation my last month after classes had ended which cost me an internship at Tufts. Then when I got the flu my coordinator kicked me out of Everest and did not let me continue with my internship. . . . When I returned to Everest to see if I could finish my program they told me that the only way they would accept me is if I found my own internship because they would no longer assist me. I was basically informed that I still had to pay the loans even though they would not allow me to continue receiving an education.”

**50. Corinthian’s representations to consumers and prospective Massachusetts students between 2009 or earlier and 2014, when it stopped enrolling students, concerning externships in marketing materials, on Corinthian’s websites, and in statements to consumers and prospective students, were material and false and induced consumers to enroll in Everest MA schools and to make tuition and fee payments to Corinthian.**

Commonwealth’s Support:

Compl. ¶60.

From ¶¶45-49 above.

## VIII. CORINTHIAN'S MISREPRESENTATIONS CONCERNING CREDIT TRANSFER

51. **Between 2009 or earlier and 2014, when it stopped enrolling students, in order to market its schools and induce consumers and prospective students to enroll, Everest MA recruiters told consumers and prospective students that Everest MA credits transfer to any accredited school. In fact, Everest MA credits transfer to few or no schools.**

*Commonwealth's Support:*  
Compl. ¶¶53, 54.

Affidavit of Robert Heckathorn, 2009 Everest-Chelsea Medical Assistant student ("Heckathorn Aff."), at ¶6: "I tried to transfer credits to another school, but the other school told me they wouldn't accept any of my 26 credits. When I went to the Everest to ask about transferring, they told me if I signed up for two more years and paid more money, then my credits would transfer. I was never able to transfer out of Everest."

Snow Aff., Exhibit 110, Survey Response of Neil Simpson, Jr., 2012-2013 Everest-Chelsea Dental Assistant student. "I was told by the financial advisor that they were an 'accredited school' and that I would be able to transfer my credits to other accredited schools. That was false."

Snow Aff., Exhibit 111, Survey Response of Jamizel Vallejo, 2013 Everest-Chelsea Medical Assistant student. "I just wish I knew they did not transfer credits. I would of never joined."

Snow Aff., Exhibit 112, Survey Response of Shakeena Miller, 2010-2011 Everest-Brighton Medical Assistant student. "I was told I would be able to transfer my credits and there would be job placement."

Snow Aff., Exhibit 113, Survey Response of Tiffany Taijeron, 2013-2014 Everest-Chelsea Medical Assistant student: "I was also pulled into their school under the understanding that my credits would transfer to other colleges to continue my education and dream to become a labor and delivery nurse. Again I was let down and furious when I went to look into nursing programs and found that not only are my credits non-transferable but the accreditation that they are so worried about keeping is barely accepted anywhere!"

Snow Aff., Exhibit 114, Survey Response of Maria Portillo, 2009 Everest-Chelsea Medical Administrative Assistant student: "My goal was getting a fast education due to my pregnancy. Then continue my stud[ie]s in college, with the credit [from] Everest. But come to find out Everest Program won't count in school which they had told me they did and I'm very upset with Everest for false info."

Snow Aff., Exhibit 115, Survey Response of Lacarina Mallory, 2010 Everest-Brighton Medical Assistant student: "I was told how great the program was and I would be able to

transfer my credits to [a] 2 or 4 year program, [but later the nursing] program did not accept my credits from Everest, or as credit towards prerequisites courses.”

Snow Aff., Exhibit 6, DTR Application of Lilibeth Taswell, 2012-2013 Everest-Brighton Medical Assistant student: “I was also told that I would be able to continue my education after Everest in a nursing program or 4-year college and that I would start such a program with two years under my belt based on attending Everest; however I learned from other students who graduated ahead of me that none of our credits transfer and if I decide to go back to school (and am able to afford to go back), I will be starting with no credits earned. At the time of enrolling, I was working in bartending/waitressing, and I was contemplating working towards a degree. Everest represented itself as a way for me to get my feet wet in higher education, and a stepping stone towards a bachelor’s degree. Had I known my credits would not transfer, I would not have enrolled at Everest.”

Snow Aff., Exhibit 95, DTR Application of Carol Rodriguez, 2011-2012 Everest-Brighton Medical Assistant student: “They told me that my classes would be transferable by other colleges or universities, but when I went to another school, the Everest credits were not transferable.”

Snow Aff., Exhibit 116, Letter from Linda Dupell, Registrar, Fitchburg State University: “Fitchburg State University does not accept credits in transfer from Everest Institute and we have not accepted transfer credits in the past. This institution does not carry the regional accreditation that we require.”

Snow Aff., Exhibit 117, Letter from Revathi O’Neal, Assistant University Registrar, Framingham State University: “Framingham State University does not accept transfer credit from The Everest Institute as it is not regionally accredited.”

Snow Aff., Exhibit 118, Letter from Lynn Hunter, D.Ed., Vice President of Academic Affairs, Massachusetts Bay Community College: “Because Everest College is not regionally accredited, we are unable to accept credits earned at Everest toward academic certificate or degree programs at MassBay.”

Snow Aff., Exhibit 119, Letter from Registrar Staff, Roxbury Community College: “Unfortunately, we do not accept credits from the Everest Institute. However, you are more than welcomed to enroll at Roxbury Community College. If you have credits from another college we can attempt to transfer them. If not, you must take a placement test.”

Snow Aff., Exhibit 120, Letter from John Keenan, General Counsel and Vice President for Administration, Salem State University: “The institutional accreditation held by the Everest Institute is from the Accrediting Commission of Career Schools and Colleges, which is an accreditation held mainly by vocational schools, many of which do not offer comparable coursework. In light of this, coupled with the transfer practices of our colleague public institutions in regard to this school, it is highly unlikely that Salem State

would transfer in credit from Everest without significant and strong supporting documentation and faculty review.”

Snow Aff., Exhibit 121, Letter from Tracy L. Wallace, M.Ed, Senior Coordinator for New Student Transfer, University of Massachusetts, Dartmouth: “Courses taken at institutions not holding regional accreditation will be evaluated independently and on a course-by-course basis. As of this date there is no record of UMass Dartmouth granting transfer credits from Everest Institute. Our databases do not reflect any equivalencies established for any Everest Institute coursework.”

## IX. RESTITUTION

**52. Between 2009 or earlier and 2014, when it stopped enrolling students, Corinthian’s representations in its marketing to consumers and prospective students were false and material, and induced students to enroll in Corinthian’s Massachusetts schools and to make tuition and fee monies to Corinthian.**

*Commonwealth’s Support:*

See ¶¶4-51

**53. Based on Corinthian’s misrepresentations, students who graduated from Corinthian schools in Massachusetts made payments to Corinthian for tuition, fees, books, and supplies totaling \$67,333,091.**

*Commonwealth’s Support:*

Feinberg Aff., Exhibit 4.

**54. Corinthian graduates are entitled to refund or restitution of the amounts paid to Corinthian based on Corinthian’s misrepresentations in the aggregate amount of \$67,333,091.**

*Commonwealth’s Support:*

Same as ¶¶52, 53.

**X. CORINTHIAN'S RECRUITMENT AND ENROLLMENT OF STUDENTS UNABLE TO BENEFIT FROM ITS PROGRAMS**

**55. In seeking to maximize the volume of enrollees, between 2009 or earlier and 2014, when it stopped enrolling students, Corinthian recruited and enrolled students who were unable benefit from the educational program and/or to secure employment in their fields of study.**

*Commonwealth's Support:*

Compl. ¶95.

Snow Aff., Exhibit 7, Salera Aff., “[Everest-Brighton President Stephen] Bonkowski stated... Burnman’s recruitment philosophy as Director [of Admissions] was ‘asses in classes’, to maximize the school’s enrollment, without concern for whether the enrollees were adequately prepared for the program or were in a position to be able to complete the training.”

Affidavit of Nancy Napolitano, Everest-Brighton Admissions Representative, at ¶5: “I observed that it was Everest’s policy to enroll anyone, without considering their ability to benefit from its programs. For example, I met with an older woman who visited the campus repeatedly and was very interested in enrolling. I was told that she was under psychiatric counseling, and she seemed unstable. I believed she could not benefit from attending Everest. I tried to discourage her from enrolling, and suggested that her psychiatric counselor give me a call to discuss her interest in Everest. A vice president from the corporate office was listening in on our conversation, and he later reprimanded me for discouraging the woman from enrolling. I resigned from my position at Everest shortly after this even because I felt morally conflicted. I heard from another employee in the admissions department that the woman enrolled at Everest shortly after my resignation.”

Affidavit of Colin M. Kelly, Everest-Brighton Student Finance Planner, at ¶5: “As time progressed, there was much more of a push from management and regional leadership to get students in regardless of their situation and whether they could benefit from the education at that time.”

Affidavit of Larry Andrew Medolo, Everest-Chelsea Instructor, at ¶3: “The school admitted students who would not have a chance of succeeding in the real world. It was just something to get them in to get the [tuition] money.”

Affidavit of Kristin Marie Creighton, Everest-Brighton Loan Employee, at ¶3. “I noticed that the mentality of the business at Everest was to bring in as many students as possible, regardless of their ability to do the work as medical assistant, medical administrative assistant, or dental assistant.”

**56. Between 2009 or earlier and 2014, when it stopped enrolling students, Corinthian recruited and enrolled in Everest MA medical and massage therapy programs students who, as a result of their criminal records, were unable to obtain jobs in their fields of study.**

*Commonwealth's Support:*

Compl. ¶97.

Affidavit of Everest-Brighton Director of Education Denise Garrow-Pruitt: “The school was admitting students who had criminal records within Massachusetts’ Criminal Offender Record Information (CORI) system. This was a particular concern because I know from my experience in the medical field that hospitals and other medical employers will not hire someone who cannot pass a CORI check. I did not think it was appropriate for Everest Brighton to admit students with CORI records because their records would make it impossible for these students to benefit from the Everest Brighton program.”

Heckathorn Aff. at ¶¶3, 7: “I really wanted to work in a hospital, which I told [Everest-Chelsea]. I asked them at that first meeting if my criminal background, which includes three operating under the influence charges and an assault and battery charge, would affect enrollment or my chances of getting a job. They promised me the charges were not a problem, and as long as I wasn’t a sex offender or abusive to the elderly, ‘it would be okay.’ . . . They told me I would have no problems at all getting a job at a hospital, even with my background. I have never been able to get a job in that field because of my background.”

Snow Aff., Exhibit 42, Survey Response of [NAME REDACTED], 2012-2013 Everest-Chelsea Medical Assistant student: “I told them I was a convicted felon [sic] when I signed up. They said no problem. . . . I had a 3.65 GPA. Classes ended. . . . They could not find me an externship because I was a convicted felon [sic].”

Snow Aff., Exhibit 37, Survey Response of Yaneris Reyes, 2009-2010 Everest-Chelsea Medical Assistant student: “Anyone can get enroll[ed] in three days without checking your background. Many students go high to class. People who [have] been in prison and still doing many bad things on the streets had gone to Everest.”

**57. Between 2009 or earlier and 2014, when it stopped enrolling students, Corinthian recruited and enrolled students who do not speak or understand English, and cannot read or understand enrollment or course materials. Corinthian does not offer language courses at its Everest MA schools.**

*Commonwealth's Support:*

Compl., Ans. ¶100.

Affidavit of Sierra Koral, Everest-Brighton Admissions Representative and Director of GED Programs, at ¶4: "Some students were enrolled even though they did not understand English well. There were instances when the front office greeted students in Spanish, an admissions representative conducted interviews in Spanish, and a financial advisor spoke to students and their parents in Spanish, but the classes were not taught in Spanish. Everything in the program was in English." (Emphasis added.)

Affidavit of Victor Amadeus Sulkowski, former Everest-Chelsea Admissions Staff Member, at ¶6: "The students were given a basic literacy or competency test. I recall many times student coming in who did not speak English at all and maybe had relatives come in who would translate for them. Somehow, they would pass the literacy test."

Affidavit of Jeffrey A. Malkin, Everest-Brighton Director of Student Finance, at ¶2: "Students were enrolled even if they had language barriers that made it extremely difficult to benefit from the programs. Finance Planners in my department prepared financial aid packages for students who spoke very little English and did not understand the contents of the documents they were signing. The students were enrolled anyway."

Affidavit of Kimberly Nicole Kent, Everest-Brighton Instructor, at ¶2. "After a while, during my last two to three years as an instructor at Everest, a lot of the students who came in could barely understand English. The school said we had to work around it, but it was hard to teach people who did not understand English."

Snow Aff., Exhibit 122, Complaint to AGO from Nigsti Kahsay, 2010-2011 Everest-Brighton Medical Assistant student (through translator): "Although I didn't understand the content of most of the forms, I was asked to sign. As I was eager to attend the class, finish the course and get job, I signed. . . . At the orientation for admission and thereafter, I was told I will get the needed help to finish the program. I was also told the school will assist me with job placement after graduation. It was with this understanding that I got a loan payable to the school. But the school after receiving all the money from the Department of Education and other sources, it seems, mission accomplished for them. They were not interested to give me the assistance I needed, they didn't have the professional ethics to do their job."

Snow Aff., Exhibit 2, DTR Application of Tilka Torres Leguisamon, 2011-2012 Everest-Brighton Medical Assistant student. "I am making this statement through a translator because I am still learning English. I found out about Everest when they called me twice a day during the week and more than that on the weekend telling me to enroll and told me to enroll right away before enrollment filled. I told them I was learning English and asked if that would be a problem and they said it would not be a problem. They said they would give me an oral and written test of my English skills. They told me that I needed a 70 and gave me a 70. They told me I did 'perfect,' but I know that I did not because I could not write in many of the answers in English. I said I thought I should apply in a year after I learned more English, but they told me that I did not need to do that. All of my classes were taught in English and there were no ELS."

Snow Aff., Exhibit 95, DTR Application of Carol Rodriguez, 2011-2012 Everest-Brighton Medical Assistant student: "Many of my fellow students did not speak English."

**58. Beginning in 2009 or earlier and continuing through 2011 or 2012, Corinthian improperly enrolled students without high school diplomas (or GEDs) who were unable to benefit from the Corinthian programs by obtaining jobs in their fields of study.**

*Commonwealth's Support:*

Compl. ¶103.

Affidavit of Kristin Marie Creighton, Everest-Brighton Loan Employee, at ¶5. "Some students did not have proof of graduation from high school. I stated that those students should not be allowed to start, as proof of graduation was supposed to be in students' files before they started. The director of admissions stated that those students would be allowed to start. He stated that the school would probably get the diplomas later and, if not, the students could start and Everest could 'reverse them out' later."

Snow Aff., Exhibit 123, Survey Response of Ivy Ramos, 2010-2011 Everest-Chelsea Medical Assistant student: "I called [Everest] to ask a question about the fact that I din't have my GED and how can they help me with that. They called me everyday and told me that they can help me with my GED that they have classes for that...[T]he moment I went in there it was all lies, they din't help me with my GED or to get a carrear. I work in a grocery store now"<sup>2</sup>[sic]

Jimenez Aff. at ¶¶3, 7: "When I met with admissions, I was promised several different things. I did not have a high school diploma, but I was promised that I could earn my GED from Everest.... The GED program was cancelled two months after I enrolled. At first, no one informed me. I showed up for 2 classes, but my teacher never arrived. Eventually, I was told that the program was terminated, without any warning. I believe this was very unfair because I had gone to Everest expecting to receive my GED. Once the program ended, I did not have the time or money to commute to another location to earn my GED."

Affidavit of Denise Garrow-Pruitt, Everest-Brighton Director of Education: “For students in Everest’s Medical Assistant Program, having a GED or high school diploma is critical because hospitals and other medical employers in Massachusetts will not hire a person without either a GED or high school diploma.”

Affidavit of Sierra Koral, Everest-Brighton Admissions Representative and Director of GED Programs, at ¶6: “[T]he student drop-out rate was very high, particularly among students who enrolled without a high school diploma or GED.”

**59. Under federal law, students who did not have a high school diploma or GED were required to pass an “Ability to Benefit” test in order to enroll in Corinthian’s schools. In some cases, Corinthian falsified documents or cheated by providing answers to test questions intended to determine whether students were able to benefit from Corinthian’s programs, thus violating federal rules concerning the enrollment of students without high school diplomas.**

*Commonwealth’s Support:*

Compl. ¶105.

Snow Aff., Exhibit 10, Everest MA’s 2010–2011 school catalog at 3:

Students who do not have a high school diploma or its recognized equivalent may still be admitted into certain diploma programs at the school, as long as they are past the age of compulsory school attendance in Massachusetts. However, before the school can accept a prospective student who is seeking federal financial aid and who does not have a high school diploma or its recognized equivalent, federal law requires the school to determine whether the student has the ability to benefit (ATB) from training at the institution. Federal law requires that the school made the ability to benefit determination on the basis of the applicant’s score on an ATB exam. The school will admit under the Ability to Benefit policy applicants who provide an official score report that meets of [sic] exceeds the passing scores as specified in the federal register on the CPAT, COMPASS, or Wonderlic.

Affidavit of Sierra Koral, Everest-Brighton Admissions Representative and Director of GED Programs, at ¶5: “Students who did not have a high school diploma or GED had to pass an Ability to Benefit test to be admitted to Everest Institute. Often, if a student failed the test, the

student was rescheduled to take the test again on a day when a particular proctor who would give the students the answers was scheduled to work.”

Snow Aff., Exhibit 124, Student Survey Response of Diana Perez, 2012-2013 Everest-Chelsea Medical Assistant student. “When I started at Everest in Chelsea I did not have a GED [and] took the test but failed, they put on my resume that I graduated from Rox[bury] Comm. College and told me If they don’t ask don’t tell.

Snow Aff., Exhibit 96, DTR Application of Shalaan Williams, 2012 Everest-Brighton Medical Assistant student. “They were aware I did not have a diploma or GED, but told me I could attend and get a job. I took a placement test to attend the school, and the answers were already circled for you.

Heckathorn Aff. at ¶2: “When I enrolled, I was 45 years old and had never turned on a computer until going to Everest. I don’t have a high school diploma or GED. At the first meeting I failed the entrance test, but took a second one right away, and the admissions representative offered me the answers on the second test until I passed.”

Snow Aff., Exhibit 101, Complaint to AGO from Genre Smith, 2008-2009 Everest-Brighton Medical Administrative Assistant student: “[W]hen I went to take the test to get in [] the teacher was walking around giving everyone the answers.

**60. Everest MA’s recruitment and/or enrollment of students who could not benefit from their education or obtain employment in their fields of study, is an unfair or deceptive act of practice.**

*Commonwealth’s Support:*

Compl. ¶107.

From ¶¶52-56 above.

**XI. CORINTHIAN CREATED, GUARANTEED, FUNDED AND PLACED STUDENTS IN UNFAIR PRIVATE STUDENT LOANS**

61. In or about 2008 Corinthian created a private student loan program in concert with Genesis Lending Services, Inc. (“Genesis”), under which Corinthian paid Genesis to market, manage, service, and collect loans to students, including students at Everest MA schools, made by a bank affiliated with and/or working together with Genesis. Corinthian had an obligation to acquire the Genesis program student loans, except in certain limited circumstances where Genesis did not comply with the terms of the agreement with Corinthian. Under the Genesis arrangement, Corinthian guaranteed, facilitated, and ultimately funded student loans at Everest MA schools.

*Commonwealth’s Support:*

Compl., Ans. ¶108.

62. The Genesis program was created primarily to lend money to subprime borrowers with low credit scores who attended Everest MA schools. Genesis borrowers at Everest MA schools were typically unable to obtain private loans from financial institutions in order to attend Everest MA schools.

*Commonwealth’s Support:*

Compl., Ans. ¶109.

63. On June 29, 2011, Corinthian entered into a loan origination agreement with ASFG, LLC (which changed its name in July 2013 to Campus Student Funding, LLC) (“ASFG”) to create a new private loan program for students. As with the Genesis program, under the ASFG loan program Corinthian pays ASFG to make loans to students at Everest MA schools. In addition, pursuant to a backup loan purchase agreement entered into in

**connection with the loan origination agreement, Corinthian guaranteed to purchase any Everest MA student loan from ASFG on which no payment has been made for over 90 days.**

*Commonwealth's Support:*

Compl., Ans. ¶110.

**64. The Genesis and ASFG programs were created in order to enable Corinthian to charge students more in tuition than the amount provided by Title IV funding from the United States Department of Education. The federal government's 90-10 rule prohibits schools from acquiring more than 90% of their funding from federal Title IV sources.**

*Commonwealth's Support:*

Compl., Ans. ¶108. "Following changes to the student lending market, the School needed to create this program because of the federal '90/10' rule which requires students to pay for at least 10% of their tuition costs using non-federal money."

**65. Beginning in 2009 or earlier, Corinthian induced students to enroll in Everest MA schools and to take out private Genesis and ASFG loans through a series of misrepresentations about the Corinthian educational programs, likely employment outcomes and earnings for Corinthian students, Corinthian's assistance in obtaining jobs and externships, and in some cases students' ability to benefit from Corinthian programs. These misrepresentations were false and material.**

*Commonwealth's Support:*

From ¶¶6-57 above.

**66. The majority of these students were placed in the so-called Access Payment Plan. In 2008–2009, Access loans for subprime borrowers (FICO scores less than 640) had interest**

rates of 16 to 18% and origination fees of 6%. Beginning in 2012, Corinthian placed a substantial number of Everest MA students into so-called Plan C loans. Plan C loans have interest rates for subprime borrowers of about 15%, and origination fees of 3 to 6%.

*Commonwealth's Support:*

Compl. ¶¶112-114.

Snow Aff., Exhibit 125.

67. Corinthian did not attempt to determine whether students obtaining high-interest private loans were able to pay back the loans in accordance with their terms. Corinthian provided high-interest private loans, to any student eligible for federal Title IV loans, notwithstanding the fact that the federal loans were made on substantially lower interest rate terms and had substantial consumer protections that the high-interest loans did not have.

*Commonwealth's Support:*

Compl., Ans. ¶108; Genesis lends to any student when “the federal government has approved the student for government loans and/or grants.”

68. Corinthian regularly reviewed statistical default and delinquency characteristics of loans in the private high-interest Genesis and ASFG programs.

*Commonwealth's Support:*

Compl., Ans. ¶117

69. According to Genesis data, the students listed in Exhibits 125(a) – (d) to the Affidavit of Jennifer Snow were induced to take out private Genesis loans in order to attend Everest MA schools.

*Commonwealth's Support:*

Snow Aff. Exhibit 125(a)-(d).

**70. About 70% of students induced to take out private Genesis loans default on these loans within two years of the origination of the loans.**

*Commonwealth's Support:*

Snow Aff., Exhibit 125.

Feinberg Aff., Exhibit 3.

**71. Corinthian continued to have Genesis provide new high-interest private loans to students with the same characteristics as the defaulting students, despite the school's knowledge of the catastrophic default rates and the inability of the new borrowers to pay the loans as they came due. Corinthian guaranteed, facilitated, and funded loans it knew were doomed to failure.**

*Commonwealth's Support:*

From ¶¶61-70 above.

**72. Corinthian's creation, guarantee, and funding of loan programs to provide private high-interest subprime loans to Everest MA students between 2009 or earlier and 2014, when it stopped enrolling students, and Corinthian's placement of Everest MA students in private high-interest loans that were unable to be repaid in accordance with their terms is an unfair or deceptive act or practice.**

*Commonwealth's Support:*

Compl. ¶118.

From ¶¶61-72 above.

DATED: December 23, 2015

Respectfully submitted,

COMMONWEALTH OF MASSACHUSETTS

MAURA HEALEY  
ATTORNEY GENERAL



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Glenn Kaplan, BBO #567308  
Peter Leight, BBO #631580  
Assistant Attorneys General  
One Ashburton Place, 18<sup>th</sup> Floor  
Boston, MA 02108  
Tel.: (617) 727-2200  
Fax: (617) 722-0184  
[peter.leight@state.ma.us](mailto:peter.leight@state.ma.us)