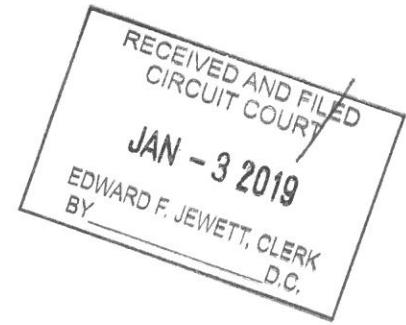


VIRGINIA:

IN THE CIRCUIT COURT FOR THE CITY OF RICHMOND
John Marshall Courts Building

COMMONWEALTH OF VIRGINIA,)
EX REL. MARK R. HERRING,)
ATTORNEY GENERAL,)
Plaintiff,)
v.)) CIVIL ACTION NO. ____
CAREER EDUCATION CORPORATION,)
a Delaware corporation,)
AMERICAN INTERCONTINENTAL UNIVERSITY, INC.,)
a Georgia corporation,)
and)
COLORADO TECHNICAL UNIVERSITY, INC.,)
a Colorado corporation,)
Defendants.)



COMPLAINT

The Plaintiff, Commonwealth of Virginia, by, through, and at the relation of the Attorney General of Virginia, Mark R. Herring (the “Plaintiff” or the “Commonwealth”), petitions this Court to declare that the activities in which the Defendants, Career Education Corporation (“CEC”), American Intercontinental University, Inc. (“AIU”), and Colorado Technical University, Inc. (“CTU”) (collectively, the “Defendants”), have engaged constitute violations of the Virginia Consumer Protection Act (“VCPA”), Virginia Code §§ 59.1-196 to 59.1-207. The Plaintiff prays that this Court grant the relief requested in this Complaint and states the following in support thereof:

JURISDICTION AND VENUE

1. The Commonwealth brings this action pursuant to its authority in Virginia Code § 59.1-203, which provides, *inter alia*, that the Attorney General may bring an action to enjoin any violation of the VCPA.

2. The Circuit Court for the City of Richmond has authority to entertain this action and to grant the relief requested pursuant to Virginia Code §§ 8.01-620, 17.1-513, 59.1-203, 59.1-205 and 59.1-206.

3. Venue in this Court is proper pursuant to Virginia Code § 8.01-262 because the Defendants regularly conduct business in the City of Richmond.

4. Prior to the commencement of this action, the Plaintiff, through a multistate group of attorneys general, gave the Defendants written notice that this cause of action was contemplated and a reasonable opportunity to appear before the Office of the Attorney General to demonstrate that no violations of the VCPA had occurred, or to execute an appropriate Assurance of Voluntary Compliance (“AVC”). The Defendants agreed to enter into an AVC that is acceptable to the Commonwealth.

PARTIES

5. The Plaintiff is the Commonwealth of Virginia, by, through, and at the relation of Mark R. Herring, Attorney General of Virginia.

6. Defendant CEC is a Delaware Corporation with corporate headquarters in Schaumburg, Illinois.

7. Defendant AIU is a Georgia corporation with corporate headquarters in Schaumburg, Illinois.

8. Defendant CTU is a Colorado corporation with corporate headquarters in Colorado Springs, Colorado.

FACTS

9. Defendant CEC is a for-profit education corporation whose schools have included Defendant AIU, Briarcliffe College, Brooks Institute, Brown College, Defendant CTU, Harrington College of Design, International Academy of Design & Technology, Le Cordon Bleu, Missouri College, and Sanford Brown.

10. At times during the course of offering enrollment in educational programs, CEC placed significant pressure on its employees to enroll students and engaged in deceptive practices by making misleading statements to prospective students, failing to disclose material facts to prospective students, and otherwise engaging in unreasonable recruitment methods as follows:

- a. CEC misled students about the total costs of enrollment at CEC institutions.
- b. CEC misled students about the transferability of credits into CEC from other institutions and out of CEC to other institutions.
- c. CEC misrepresented its program offerings and the potential to obtain employment in the field desired by prospective students, including by failing to disclose the fact that certain programs lacked the necessary programmatic accreditation, which negatively affect a student's ability to obtain a license or employment.
- d. CEC engaged in unfair and deceptive practices in calculating job placement rates, thereby giving prospective students an inaccurate impression of CEC graduates' employment outcomes. CEC's misrepresentations included:

- i. misrepresenting that CEC graduates have been “placed,” based, for example, on less than two weeks of work or having continued in an internship for a week after graduation; and
- ii. misrepresenting CEC graduates as having been “placed,” in fields in which the students were trained or in related fields, when, in fact, CEC graduates’ employment was neither in the field in which the graduate was trained nor in a field related to their field of study.

CAUSE OF ACTION

VIRGINIA CONSUMER PROTECTION ACT

11. The Commonwealth re-alleges and incorporates by reference the allegations of Paragraphs 1-10.

12. The Defendants are now, and were at all relevant times, a “supplier” of “goods” or “services,” and engaged in “consumer transactions,” as those terms are defined in § 59.1-198 of the VCPA.

13. Section 59.1-200 of the VCPA prohibits, among other things, the following conduct:

- a. “misrepresenting the source, sponsorship, approval, or certification of goods or services.” Va. Code § 59.1-200(A)(2).
- b. “misrepresenting that goods or services have certain quantities, characteristics, ingredients, uses, or benefits.” Va. Code § 59.1-200(A)(5).
- c. “using any other deception, fraud, false pretense, false promise, or misrepresentation in connection with a consumer transaction.” Va. Code § 59.1-200(A)(14).

14. By engaging in the conduct described in Paragraph 10, *supra*, the Defendants violated § 59.1-200(A)(2), (5), and (14) of the VCPA.

15. The Defendants willfully committed the aforementioned violations of the VCPA.

16. Individual consumers have suffered monetary damages as a result of the aforesaid violations by the Defendants.

17. The VCPA authorizes the Attorney General to seek, among other relief, restitution (§ 59.1-205) for any amounts that might have been acquired from persons by means of a violation of § 59.1-200, civil penalties of not more than \$2,500 per willful violation (§ 59.1-206), investigative costs and reasonable expenses not to exceed \$1,000 per violation, and attorneys' fees (§ 59.1-206).

PRAYER FOR RELIEF

WHEREFORE, the Plaintiff, Commonwealth of Virginia, prays that this Court enter the Order Approving and Adopting Assurance of Voluntary Compliance filed herewith.

COMMONWEALTH OF VIRGINIA,
EX. REL. MARK R. HERRING,
ATTORNEY GENERAL

By:



Mark S. Kubiak

Mark R. Herring
Attorney General

Cynthia E. Hudson
Chief Deputy Attorney General

Samuel T. Towell
Deputy Attorney General
Civil Litigation Division

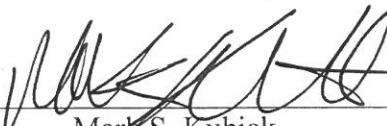
Richard S. Schweiker, Jr.
Chief and Senior Assistant Attorney General

Mark S. Kubiak (VSB No. 73119)
Assistant Attorney General

Consumer Protection Section
202 North Ninth Street
Richmond, Virginia 23219
Phone: (804) 786-7364
Fax: (804) 786-0122

CERTIFICATE OF SERVICE

I hereby certify that, on this 3rd day of January, 2019 a copy of the foregoing **Complaint** was sent by first-class mail, postage prepaid, to Jerry W. Kilgore, Esquire, Cozen O'Connor, Three James Plaza, Suite 1420, Richmond, Virginia 23219, counsel for Career Education Corporation, American Intercontinental University, Inc., and Colorado Technical University, Inc.



Mark S. Kubiak