

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION**

LAURA IRIZARRY, individually, and
on behalf of all persons similarly situated,

Plaintiffs,

Case No.:

vs.

**CLASS REPRESENTATION
DEMAND FOR JURY TRIAL**

CORINTHIAN COLLEGES, INC., a
foreign for-profit corporation,

Defendant.

_____ /

CLASS ACTION COMPLAINT AND DEMAND FOR JURY TRIAL

Plaintiffs, by and through the undersigned attorneys, sue Defendants Corinthian Colleges, Inc. and allege as follows:

INTRODUCTION

1. This is a proposed class action, pursuant to Rule 23 of the Federal Rules of Civil Procedure, filed by the Plaintiff, individually, and on behalf of similarly situated students in the State of Florida, against Everest University (“**Everest**”).

2. Everest is owned and operated by the Defendant, Corinthian Colleges, Inc. (“**Corinthian**” or “**Defendant**”). Corinthian is a publicly traded, for-profit corporation.

3. This lawsuit alleges that the Defendant engages in two forms of deceptive and misleading conduct. First, this lawsuit alleges that the Defendant makes misrepresentations to prospective students about the ability of degrees and credits earned at Everest to be

transferred to other post-secondary universities and community colleges, including the misrepresentation that Everest is “accredited” without disclosure that the type of “accreditation” that Everest possesses is generally not recognized by other post-secondary institutions. Second, the Defendant misrepresents the ultimate costs of tuition at Everest, and engages in deceptive practices to avoid disclosing to prospective and current students the cost of tuition.

4. Everest extensively advertises itself as a “life skills” and “career training” college. Everest offers one to three year certificate or associate’s degree programs in sixteen “career” categories including medical administration assisting, medical insurance billing and coding, pharmacy technology, surgical technology, and business. Everest also offers a bachelor’s degree program for three of the sixteen “careers.”

5. Corinthian has publicly promoted itself as appealing to “low-income and minority students” who perceive its colleges as “the door to future career training for many people who need it urgently.”¹

6. The Plaintiff, and other unnamed members of the class in the state of Florida, enrolled at Everest in order to earn credits and degrees that they believed would be recognized by other post-secondary institution as well as state licensing and certificate authorities. Everest engaged in a deceptive and misleading recruitment process in order to foster this belief.

7. In order to promote this false belief, Everest represents to prospective students that it is “accredited” and that credits earned at Everest can be transferred to other post-

¹ “Corinthian Colleges, Inc. Reminds Washington: ‘Our Graduates’ Careers Count!’” (September 20, 2010)(available at <http://newsroom.cci.edu/phoenix.zhtml?c=115380&p=irol-newsArticle&id=1472738>).

secondary schools and will be recognized by state licensing and certificate authorities. However, Everest does not disclose that the type of “accreditation” that it possesses, namely, national accreditation, is not recognized by the majority of public and non-profit post-secondary institutions, including the majority of universities, colleges, and community colleges in the state of Florida. Everest students who rely upon the representation that their Everest credits are fully transferable discover only after the credits are earned at an excessive tuition cost that their Everest credits cannot be transferred to the other schools where they planned to complete their education. Thus, Everest students never receive the value of the credits promised to them.

8. Additionally, Everest intentionally and deceptively prevents prospective students from learning the actual cost of Everest tuition, and charges varying amounts of tuition and fees among the students based not upon the number and cost of credits earned but upon the maximum amount of financial aid for which each student qualifies. Everest does not advertise or disclose its actual tuition and fees to prospective students. Instead, prospective students are given a written “estimate” of the total cost of their chosen career program. Everest then encourages prospective students to fill out paperwork that allows Everest to apply for student loans on the students’ behalf that greatly exceed the “estimate” that is given to the prospective students. Everest then applies for student loans on behalf of the students, and the funds are disbursed directly to Everest, completely circumventing the student. In fact, the Everest student typically only discovers after-the-fact that Everest has incurred student loan debt on their behalf greatly in excess of the estimated cost of tuition.

9. The United States Senate Committee on Health, Labor & Pensions (“**HELP Committee**”) conducted hearings beginning on June 4, 2010, to address the alleged patterns of misconduct and deception of for-profit colleges, such as Corinthian. An August 4, 2010 report discussed at the hearings found that, in an undercover investigation of 15 for-profit colleges, all 15 schools engaged in “fraud, deceptive practices or made misleading statements” to prospective students.² Further, the Managing Director of the GAO’s Office of Forensic Audits and Special Investigations testified that the for-profit college industry was like “the wild west” in that it “was difficult to sift through fact from fiction.”³

10. The GAO made extensive findings of misconduct, including conduct similar to that alleged in this Complaint. The misconduct found includes deceptive and misleading statements relating to accreditation, graduation rates, prospective employment and salary qualifications, actual duration and cost of the programs, and financial aid.⁴ The report further found that the admissions representatives at for-profit schools “employ[] hard-sell sales and marketing techniques” to convince students to enroll.⁵

11. The deceptive and misleading practices documented in the report occurred during face-to-face or telephonic meetings with admissions and financial aid representatives, confirming that the fraudulent conduct is perpetrated by school representatives during the recruiting process.

² Statements of Sen. Tom Harkin at *For Profit Schools: The Student Recruitment Experience before the S. Comm. on Health Education Labor & Pensions*, 11th Cong. (2010) (hereinafter “Second HELP Committee Hearing”) (video and audio accessible at: <http://help.senate.gov/hearings/hearing/?id+19454102-5056-9502-5d44-e2aa8233ba5a>); see also Testimony of Gregory Kutz before the HELP Committee, *For-Profit Colleges: Undercover Testing Finds Colleges Encouraged Fraud and Engaged in Deceptive and Questionable Marketing Practices* (Aug. 4, 2010) (hereinafter “Undercover Report”).

³ Statements of Gregory Kutz Second HELP Committee Hearing.

⁴ Undercover Report, p. 7-12.

⁵ Undercover Report, p. 12.

12. On the day prior to the HELP Committee hearing, the President and CEO of the Career Colleges Association, Harris Miller, wrote a letter to member schools addressing the report and urging that the “GAO report has to be a wakeup call to everyone in the sector that compliances in the critical areas of admission and financial aid” is “not what it needs to be.”⁶ Miller further noted that “for an investigation to show so many problems in every school contacted is not good news” and that the member schools should not “try to defend the indefensible, such as the findings of the GAO report” and urged that the schools must “wake-up.”⁷ Miller also recognized that to overcome the reported fraudulent practices, “leadership on compliance must come from the top” and “[a] culture of compliance must permeate the organization.”⁸

13. Another Senate report concluded that although for-profit colleges enroll only 10% of post-secondary education students they obtain 25% of the \$89 billion Federal Title IV loans distributed annually to post-secondary institutions.⁹ The report further found that for-profit colleges spend a disproportionate amount on television advertisements, billboards, phone solicitations, web marketing, and aggressive recruitment staff.¹⁰

14. Corinthian’s March 2010 10-K report shows that Corinthian is one of the largest for-profit, post-secondary education companies in North America, generating substantial profits from the conduct alleged in this Complaint, while creating excessive debt for its students.

⁶ Letter dated Aug. 3, 2010, from Harris Miller to CCA members.

⁷ *Id.*

⁸ *Id.*

⁹ HELP Committee, *Emerging Risk? An Overview of Growth, Spending, Student Debt and Unanswered Questions in For-Profit Higher Education* at 3-4 (June 24, 2010).

¹⁰ *Id.*

15. Recently, the Florida Attorney General opened an investigation into the practices of “for profit” colleges, including Everest. Specifically, the Florida attorney general investigated eight for profit colleges as a result of numerous consumer complaints alleging fraudulent and misleading conduct.¹¹ According to reports, Everest is one of two for profit colleges to receive the largest number of complaints.¹²

16. The Florida Attorney General’s investigation focuses on alleged misrepresentations regarding financial aid; and alleged unfair/deceptive practices regarding recruitment, enrollment, accreditation, placement, graduation rates.¹³

17. Through this lawsuit, the Plaintiffs seek to: (a) permanently enjoin the Defendant from engaging in the deceptive and misleading practices described herein; (b) obtain damages under FDUTPA for the Defendant’s deceptive, misleading and unfair practices; (c) impose a constructive trust on all monies by which the Defendant has been unjustly enriched by enrolling students by deceptive and misleading practices; and (d) all such other and further relief to which they may be entitled.

JURISDICTION AND VENUE

18. This is an action by the Plaintiff, individually and on behalf of unnamed class members, who are residents of the state of Florida, against the Defendant, a resident of the states of Delaware and California, for damages in excess of \$75,000.

¹¹ “Future of Attorney General’s investigation of Florida for-profit colleges remaining unclear” (November 15, 2010)(available at <http://jacksonville.com/news/florida/2010-11-15/story/future-attorney-generals-investigation-florida-profit-colleges-remains>).

¹² “For-profit colleges: Everest, Kaplan have highest number of complaints before Florida Attorney General” (February 10, 2011)(available at <http://southflorida.sun-sentinel.com/news/fl-for-profit-attorney-general-compla20110209,0,5237273.story?page=1>).

¹³ Office of the Attorney General of Florida website (available at http://www.myfloridalegal.com/lit_ec.nsf/investigations/3B283CFAC6AF9709852577C00072A46E).

19. The acts and omissions alleged in this Complaint occurred in whole or in part in Hillsborough County, Florida.

20. The Plaintiff, Laura Irizarry (“**Irizarry**”), is an individual residing in Hernando County, Florida, who enrolled in and attended courses at the Tampa campus of Everest University, owned by the Defendant, Corinthian Colleges, Inc.

21. The recruitment of Irizarry was conducted by representatives of the Defendant, in-person, at the Tampa campus of Everest University.

22. The Defendant, Corinthian Colleges, Inc., operates Everest University campuses in several locations in Florida, including Hillsborough County. Corinthian College derives substantial revenue from enrollment within Hillsborough County, Florida.

PARTIES

23. The Plaintiff, Laura Irizarry is a resident of Spring Hill, Hernando County, Florida. Irizarry met with an Everest representative and enrolled at Everest in July of 2007. Irizarry has paid or incurred a debt of nearly \$60,000 for Everest tuition and fees.

24. Corinthian is a Delaware corporation with headquarters in Santa Ana, California. Corinthian owns and operates several Everest University campuses in Florida, including the Everest University, Tampa Campus. Corinthian is the operating company for approximately 100 schools located nationwide as well as an internet-based operation which offers programs similar to those offered at Corinthian’s traditional campuses. Corinthian is authorized to do business and is doing business in Florida. Corinthian’s March 2010 10-K reflects that Defendant had 112,489 customers attending its for-profit colleges in the United

States. Plaintiff estimates that there are at least 4,400 students annually attending Everest universities in the state of Florida.

GENERAL ALLEGATIONS

I. THE DECEPTIVE AND MISLEADING CONDUCT

25. Corinthian has designed and implemented a deceptive and misleading pattern and practice whereby Corinthian misrepresents and conceals facts related to the actual cost and actual value of its educational programs in an effort to induce student enrollment. The Defendant perpetrates this fraud beginning with its web, print and television advertisements; continues the deception through telephone and face-to-face meetings with its aggressive admissions and financial aid representatives, culminating in the execution of an enrollment agreement and application for tens-of-thousands of dollars in student loans far in excess of the estimated cost disclosed to the student.

26. The Defendant's deceptive and misleading practices are conceived, authorized, encouraged and overseen by Defendant's executive management and disseminated to employees in a controlled, scripted, and carefully planned and monitored manner.

A. Deceptive, Misleading and Unconscionable Practices Relating to Accreditation and Credit Transferability

27. Many of the prospective students at Everest plan to seek further degrees and training at other post-secondary institutions after completing their training at Everest. Accordingly, a crucial inducement for enrollment at Everest is whether the credits they earn at Everest can be transferred to other schools.

28. Additionally, many of the prospective students at Everest plan to seek a license or certificate in a career area from the state regulatory authorities in their chosen career area. Thus, whether Everest's credits are accepted by the relevant state regulatory authorities is also an important inducement to enrollment at Everest.

29. Most public or non-profit colleges will only accept credits for transfer if they were earned at a school accredited by a "regional" accrediting entity.

30. Everest's Tampa campus is accredited by the Accrediting Council for Independent Colleges and Schools ("ACICS"). ACICS is a specialized accrediting body that evaluates schools and programs within institutions such as trade and technical colleges, "career colleges" or universities, as well as colleges seeking accreditation for affiliation with a religious body.

31. Based upon its ACICS accreditation, Everest claims and advertises that it has "national accreditation."

32. However, most public and non-profit post-secondary institutions nationwide recognize only "regional accreditation" and not "national accreditation."

33. There are six regional accreditation bodies: Middle States, New England, North Central, Northwest, Southern and Western. These regional associations cooperate and acknowledge and accept one another's accreditation.

34. Everest's Tampa Campus is not accredited by the Southern Association. In fact, the majority of Everest's campuses nationwide are not regionally accredited but are only nationally accredited by either the ACICS or the Accrediting Commission of Career Schools

and Colleges. Some of Everest's individual programs may be accredited by certain niche specific national accrediting boards.

35. Plaintiff and members of the class were unaware at the time of enrolling at Everest of the distinction between national and regional accreditation and the difference in value of the credits earned at nationally accredited schools as compared to regionally accredited schools.

36. In addition, many of the state regulatory authorities only allow course credits earned at a regionally accredited institution to count towards obtaining a state license or certificate.

37. Plaintiffs and members of the class were unaware at their time of enrolling that credits earned in a program with the ultimate goal of obtaining a license or certificate would not actual count toward the appropriate regulatory authority's requirements for obtaining the relevant license or certificate.

38. The distinction between regional and national accreditation has a direct impact on the transferability of the credits earned. Credits earned at a school that is only nationally accredited, such as Everest, are rarely recognized by regionally accredited public universities, non-profit colleges and community colleges. Thus, the credits earned at Everest are rarely transferable to other post-secondary education institutions.

39. The Defendant is aware of and relies upon prospective student's ignorance of the distinction between national and regional accreditation. Contrary to its representations, the Defendant is aware that credits earned at Everest will not be accepted for transfer in any

of the public and private regionally accredited schools in Florida and will not be accepted by state regulatory authorities for obtaining license or certificate.

40. The Defendant makes no effort to apprise prospective students of the distinction between national and regional accreditation. Instead, the Defendant employs deceptive and misleading tactics in order to prevent prospective students from learning of this distinction and preventing students from understanding its significance. The Defendant's advertisements and enrollment process deliberately lead students to believe that credits earned at Everest are fully transferable to regionally accredited institutions and will count toward state licensing and certificate requirements.

41. Everest's website fails to disclose the significance of its national accreditation to prospective students, and deceives prospective students as to the actual value of national accreditation.

42. At a Senate hearing, ACCSC Executive director Michale McComis testified that a prospective student would need to "dig" in order to discover the significance of the difference between types of accreditation for a for-profit college, because the information is not readily available for prospective students.¹⁴

43. The only potential reference to the distinction between regional and national accreditation that can be found on Everest's website is the statement that Everest "accepts appropriate credits transferred from regionally or nationally accredited institutions."

¹⁴ Statements of Michale McComis, Executive Director of ACCSC at the Second HELP Committee Hearing.

44. Contrary to the actual value of Everest's national accreditation, the Defendant's website portrays its national accreditation as an asset denoting the high quality of Everest's programs.

45. On the accreditation tab of its website, the Defendant states:

WHAT'S ACCREDITATION?

Accreditation means that Everest has met or surpassed standards for educational quality. The point is that accreditation:

- Measures and improves educational quality
- Guarantees consistency
- Promotes progress
- Provides accountability

Why should I care?

- Is recognized as a qualified institution of higher learning
- Offers instruction that meets or exceeds academic standards
- Employs a professional staff
- Has the proper facilities and equipment
- Is a stable and permanent entity

Everest trains people for real careers in fields with high rates of employment. And each campus is accredited.

46. Upon information and belief, a prior version of the Everest Website attempted to further deceive students as to the value of its national accreditation, by stating that "each Everest school is accredited by an agency recognized by the U.S. Department of Education and is recognized by the Council for Higher Education Accreditation."

47. Everest's website fails to disclose the distinction between regional, national and specialized accreditation that effect a student's ability to use the credits earned at Everest. Everest does not disclose that its credits, certificates, and degrees are not recognized by regionally accredited institutions and therefore, cannot be transferred to most public and

private non-profit post-secondary education institutions in Florida and nationwide. Everest also fails to disclose that its credits are not recognized by most state regulatory authorities for the purposes of obtaining a career specific license or certification.

48. Because accreditation type directly affects transferability of the credits earned at Everest, Everest's failure to disclose the distinction between national and regional accreditation deliberately obscures the actual value of credits earned at Everest.

49. In fact, credits earned at a nationally accredited school have far less value than credits earned at a regionally accredited institution because regionally accredited credits are freely transferable whereas credits from a nationally accredited school are rarely transferable to any regionally accredited institution. Moreover, if the credits are not regionally accredited, state regulatory authorities in Florida will not recognize them for the purposes of obtaining a career specific license or certification. In fact, inadequate accreditation prevents students in the state of Florida from taking state examinations necessary to become licensed or certified in particular fields.

50. Everest's carefully worded description of its accreditation is limited to the fact that it has received accreditation and fails to disclose the significance of the type of accreditation it received. However, the type of accreditation is far more relevant to the actual value of Everest's certificates and degrees. Accreditation type has a direct bearing on whether students can transfer the credits earned or use the credits in obtaining state licenses or certificates.

51. Further, the description of Everest's programs are deliberately engineered to appeal to persons seeking advanced degrees in the "legal, "criminal," and "accounting industries." However, the programs actually offered by Everest are merely information sessions wherein students learn generic information about the careers they ultimately *could* achieve if they earned a bachelor's degree and teaches them only broad skills applicable to positions that do not require any certification or degree. Everest deliberately fails to tell students that the credits earned in Everest's programs are worthless toward obtaining the actual degree required to find work in their particular field.

52. As an example, on its website Everest implies that its "criminal justice" program is a stepping stone to a variety of careers that actually require at least a bachelor's degree to achieve. Everest indicates that students enrolled in the program can "go on to become" a social worker. However, Everest fails to disclose that students will need to obtain a bachelor's degree in social work in order to become a social worker. More significantly, Everest fails to disclose that it does not offer a bachelor's degree in social work, and that their credits will not transfer to another school's social work bachelor's degree program. Thus, Everest suggests students can go on to become a social worker without disclosing that any credits obtained at Everest will be worthless in a student's efforts to become a social worker.

53. Likewise, Everest suggests that completing its "legal" program is a stepping stone to becoming a practicing lawyer. In a website video clip, a professor in Everest's "legal" program claims that some of his "proudest moments occur" when he sees his students

go on to “become lawyers.” However, Everest fails to disclose that its students will require a bachelor’s degree and a law degree to become a lawyer, and that its credits will not transfer and thus, will be virtually worthless toward obtaining those required degrees.

54. Another clip on Everest’s website shows students learning “about accounting” and the different “opportunities they have as a Certified Public Accountant” (“CPA”). As an example the teacher points to a whiteboard where he has written down opportunities such as “owning their own business” and “work[ing] for a company and learning it inside and out.” Everest fails to disclose to prospective students that they would be required to complete accounting courses not offered at Everest, and obtain a bachelor’s degree in order to become a CPA. Everest also fails to disclose that the credits earned in Everest’s “business” program will not actually transfer toward earning a bachelor’s degree in accounting, and are therefore worthless toward becoming a CPA.

55. When a prospective student contacts Everest, they are directed to speaking only with an aggressive and thoroughly trained admissions representative. The admissions representatives at Everest must complete a comprehensive training program that teaches them to make uniform misleading representations to prospective students to convince them to enroll at Everest. These admissions representations must meet a minimum quota of enrollments to maintain their employment and receive promotions, and receive incentives to sign up as many students as possible. Admissions representatives participate in competitions with each other to see who can enroll the most students. These admissions representatives are aware that their employment will be terminated if they do not meet their minimum quota.

56. The Director of Public Policy and Research at the National Association for College Admission Counseling, David Hawkins, has criticized the recruitment process, testifying that “[r]ewarding top recruiters with money and perks is an invitation to mislead applicants” and the “boiler-room style of recruitment has had real harmful consequences for students and taxpayers.”¹⁵

57. Through scripted sales pitches, the admissions representatives continue Everest’s policy of misinformation and deception in their in-person meetings between prospective students and admissions representatives. The admissions representatives routinely use catch phrases such as “we’re fully accredited” to further mislead the students regarding the value of Everest’s programs.

58. When directly questioned by prospective students as to the transferability of Everest’s credits, the admissions representatives do not disclose the truth. Instead, Everest representatives affirmatively deceive prospective students, claiming that Everest’s credits are fully transferable, that students will have “no problem” transferring the credits, or that transferability is only limited by whether the accepting school offers and recognized the subject matter of a course. Some representatives will even tell a prospective student that Everest credits will transfer to a particular university or college, even if that particular school does not accept Everest credits.

¹⁵ Statement of David Hawkins at Second HELP Committee Hearing.

59. Likewise, Everest representatives fail to disclose that Everest credits will not be recognized by state regulatory authorities in a student's attempt to receive a state license or certificate in a certain field.

B. Deceptive, Misleading, and Unconscionable Practices Relating to Costs and Fees

60. The Defendant has also engaged in deceptive and misleading practices by uniformly and knowingly failing to disclose the complete costs of Everest University's tuition and fees. The Defendant deliberately makes false and misleading representations about the cost of attendance in order to induce prospective students to enroll and to maximize the amount of money the Defendant may collect from federal and private lenders. The Defendant devises, implements, authorizes, or sanctions the policies and training programs that cause the admissions representatives and financial aid representatives to engage in this deceptive and misleading practice.

61. When questioned at a HELP committee hearing, "What is the likelihood that a typical student considering a for-profit school could actually get an accurate understanding of the cost of the program?" Kutz responded, "It's highly unlikely."

62. Everest's website offers absolutely no information on the cost of its programs and credits. Any discussion of costs is limited to the vague representations that financial aid is available to those who "qualify" and that Everest will "help you find an option you can afford." This is direct result of and in furtherance of Everest's policy of avoiding disclosure of actual costs to prospective students. Students are unable to access or download any further information or brochures but instead must fill out a contact form and submit it to the school

to be contacted by the admissions representative. Students who call Everest are also directed to an admissions representative.

63. Everest admissions representatives are specifically trained to knowingly misrepresent and obscure the total costs of an Everest education. Admissions representatives will avoid disclosing the cost of tuition and fees at Everest. If pressed by a prospective student to reveal a total cost or cost per credit, the admissions representatives inform students that the financial aid department will assist the students with affording the programs through loans, grants, or scholarships. If further pressed, the admissions representatives will give unsubstantiated and misleading estimates of total cost of a degree or program. The only verbal or written information a prospective student is given as to the cost of attendance is a grossly and consistently inaccurate “estimate” of the cost per year or for the entire program.

64. Prospective students are then encouraged by the admissions representative to meet with a financial aid representative in order to make attendance at Everest affordable through the use of loans and grants. Students are then provided with a false and misleading cost per credit estimate. The actual cost per credit charged is often double the estimate previously provided to the prospective student.

65. Despite the false estimates provided to students, the financial aid department encourages students to take out as much money as the government will authorize. Thus, Everest pressures students to apply for the maximum amount of students loans they can obtain, regardless of the cost previously represented to prospective students. Everest provides the prospective students with paperwork that allows Everest to apply for an obtain student loans directly on the student’s behalf, allowing the funds to completely circumvent

the student. Students are never provided with statement of accounts, bills or any records of the amount of money borrowed by Everest on the student's behalf. If students inquire about the cost, they are merely directed to keep track of the amount they pay for tuition through federal loan disbursements made not to the student, but directly to Everest.

66. In addition to the maximum loans initially applied for, Everest financial aid representatives make a regular practice of pulling students out of class, informing them that their student loans were insufficient to pay for tuition and fees and requiring them to immediately apply for additional student loans in order to continue in their classes.

67. As a result, Plaintiff and members of the class who have graduated from Everest have incurred debt that amounts to as much as four times the amount of the estimated cost of the program they were originally provided.

C. Allegations Specific to Plaintiff Laura Irizarry

68. Laura Irizarry originally contacted Everest in 2007, after seeing television commercials for the physician's assistant program. Irizarry, a single mother of two children, was seeking to become a state-certified medical assistant. Irizarry met with an Everest admissions representative in July of 2007. When meeting with the admissions representative, Irizarry conveyed that she wished to receive certification as a medical assistant from the state of Florida and was assured that Everest's medical assistant program would allow her to do so.

69. Irizarry was assured by the admission's representative that she would be able to obtain her state certificate because Everest's program was accredited.

70. Irizarry was provided with an estimate of the cost of the medical assistant program at Everest. According to the estimate provided by Everest, it would cost a total of \$15,000 to complete the entire two year medical assistant program.

71. Irizarry was also assured by the admissions representative that Everest would help her find employment when she completed Everest's medical assistant program.

72. Based upon the admissions representative's misrepresentations, Irizarry executed an enrollment agreement. Irizarry also filled out the student loan application paperwork provided to her by the financial aid department to allow Everest to obtain student loans on her behalf.

73. Other than the inaccurate estimate provided to her, Irizarry was not provided with specific or accurate information regarding the cost of the medical assistant program.

74. Periodically during the course of her enrollment, Irizarry was called to the financial aid office and informed that her federal loan disbursements did not meet the cost of her tuition and fees. Irizarry was told that she would have to obtain additional loans in order to complete her courses. Irizarry was not informed at that time as to the actual amount of funds that had been paid to Everest on her behalf.

75. Prior to matriculation, Irizarry was informed that in order to obtain her diploma she would be required to pay an additional \$4,500. Irizarry obtained a loan from her father in order to pay the additional \$4,500 to obtain her diploma.

76. After matriculation in 2010, Irizarry applied for her state medical assistant certificate. Irizarry was then informed that the state of Florida did not recognize her Everest

credits for the purpose of obtaining her certificate, as Everest was not a regionally accredited institution.

77. In order to obtain her state medical assistant certificate, Irizarry would be forced to retake the courses she had previously completed at Everest. Irizarry then contacted other, regionally accredited schools to inquire about transferring her credits to those schools in order to complete the required courses.

78. In contacting other schools, Irizarry discovered that her Everest credits would not transfer to most other schools because Everest was nationally accredited but was not regionally accredited. Thus, Irizarry found that the value of her nationally accredited credits was virtually worthless.

79. Ultimately, Irizarry located one school, Ultimate Medical Academy, that would accept some, but not all, of her Everest credits. Irizarry enrolled at Ultimate Medical Academy (“UMA”) in order to take those courses required to obtain her state medical assistant certificate.

80. Thus, Irizarry is being forced to take, and pay for, courses that she has already paid for and completed at Everest.

81. Additionally, contrary to representations made to Irizarry at the time of her enrollment, Everest made absolutely no efforts to help Irizarry obtain certification and employment after completion of Everest’s medical assistant program.

82. In total, Irizarry paid and incurred debt in the amount of \$57,000 for a two-year program that could not even qualify her for the medical assistant certificate Irizarry desired when enrolling at Everest.

CLASS REPRESENTATION ALLEGATIONS

I. Definition of the Alleged Classes

83. Plaintiff seeks to represent three classes of Florida students who were injured by any of the Everest campuses within the state of Florida.

84. Specifically, Plaintiff seeks to represent three classes of Florida Everest students injured by: (1) Everest's deceptive and misleading practices relating to Everest's accreditation, transferability of Everest course credits, and the ultimate value of Everest course credits; (2) Everest's deceptive and unconscionable tuition cost and financial aid practices, including misrepresentations as to the actual cost of attendance, and failure to disclose the actual cost of attendance; and (3) Everest's failure to make efforts to assist students in obtaining post-matriculation licenses, certificates and employment as promised during the recruitment process. For each class, Plaintiff seeks to represent all individuals (a) who paid tuition and costs to Everest *and* (b) who completed courses and/or received credit from Everest, for the period commencing four years prior to the date of the filing of this Complaint.

II. Prerequisites of Class Representation: Numerosity, Commonality, Typicality and Adequacy

85. Based upon the number of students enrolled at the Defendant's campuses nationwide and the number of states in which Defendant maintains campuses, Plaintiff represents three classes of at least 4,400 students annually and the students of each class may number as many as 16,000 over the past four years. Thus, the classes are so numerous that joinder of all affected students is impracticable.

86. The issues of fact and law common to the class members predominate over individual questions of fact and law. Specifically, the following issues of fact and law are common to all class members:

- a. Whether the Defendant engaged in deceptive, misleading and unconscionable practices through devising, implementing, authorizing and sanctioning the internal policies and training programs described herein in violation of FDUTPA;
- b. Whether the Defendant engaged in deceptive, misleading and unconscionable practices through knowing and intentional misrepresentations and omissions regarding the accreditation of Everest courses and programs;
- c. Whether the Defendant engaged in deceptive, misleading and unconscionable practices through the knowing and intentional misrepresentations and omissions regarding the transferability of Everest credits and the ability to obtain state licenses and certifications based upon those credits;
- d. Whether the Defendant engaged in deceptive, misleading and unconscionable practices through the knowing misrepresentations and omissions regarding the costs and fees associated with enrollment at Everest;
- e. Whether the Defendant engaged in deceptive, misleading and unconscionable practices through the knowing misrepresentations and

omissions regarding the efforts to be made by Everest to assist students in obtaining post-matriculation licenses, certificates and employment;

- f. Whether the Defendant engaged in deceptive and unconscionable practices in obtaining student loans and incurring debt on behalf of Everest students;
- g. Whether Defendants should be enjoined from engaging in the deceptive and unconscionable conduct described herein;
- h. Whether Plaintiff and members of the class are entitled to compensatory damages;
- i. Whether Plaintiff and members of the class are entitled to punitive damages; and
- j. Whether Plaintiff and members of the class are entitled to an award of reasonable attorneys' fees, pre-judgment interest and costs of this suit.

87. The claims and defenses of Plaintiff are typical of the claims and defenses of the three proposed classes. Specifically, through training and policy, the Defendant has implemented uniform policies and practices that have resulted in the same representations, acts and omissions having been made with respect to every prospective Everest student. Each Everest student has been injured in the same way by Everest's uniform misrepresentations and omissions. As a result of the uniform representations and omissions, the Plaintiff and each unnamed class member enrolled at Everest. Accordingly, the interest

of the representative Plaintiff is identical and co-extensive with the interests of each class member and all have a common right of recovery based upon the same facts.

88. Plaintiff will fairly and adequately represent the class.

89. Specifically, the Plaintiff's interest does not conflict with the interests of the unnamed class members and Plaintiff will adequately protect the interests of the class.

90. Additionally, Plaintiff has retained class counsel that is competent and has extensively experienced in the prosecution of class action litigation.

III. Grounds Upon Which Claims May be Maintained On Behalf of Class

91. A class action is also appropriate because prosecution of similar actions by individual plaintiffs could create inconsistent or varying adjudications with respect to individual class members that would establish incompatible standards of conduct for the Defendant. For example, if Defendant were enjoined from the alleged deceptive and misleading statements in one individual action but were allowed to commit the same deceptive and misleading actions in another individual action, incompatible standards of conduct for the defendant would be created.

92. Further, prosecution of similar actions by individual plaintiffs could result in adjudications with respect to individual class members that, as a practical matter, would be dispositive of the interests of other members not parties to the individual adjudications or would substantially impair or impede their ability to protect their interests. Specifically, an adjudication against any individual class member as to whether the Defendant's conduct was

misleading or deceptive could impair or impede the ability of other class members to prosecute similar claims against the Defendant.

93. A class action is also proper because the Defendant has acted and refused to act on grounds that apply generally to the classes, so that final injunctive relief is appropriate respecting the class as a whole. Specifically, the Plaintiff has alleged that the Defendant has engaged in the same misrepresentations and omissions with respect to all of the class members and that injunctive relief is appropriate to enjoin the Defendant's uniform conduct with respect to the class as a whole.

94. Finally, questions of law and fact common to class members predominate over questions affecting only individual class members and a class action is superior to other available methods of adjudication. Specifically, the Plaintiff has alleged that the Defendant engaged in the same practices and conduct with respect to each of the class members, and that there are numerous common questions of law and fact. The only material individual questions of law and fact that exist are the specific individual amounts of tuition and fees paid by the respective plaintiffs.

95. The individual class members have no significant interest in controlling the litigation against Everest.

96. The Plaintiff is aware of no specific class action litigation commenced by any members in the state of Florida against the Defendant.

97. It is desirable to consolidate litigation by the class members in this forum as this forum is the location where all alleged acts and omissions occurred and the majority of class members are residents of the forum.

98. It is unlikely that significant difficulties will arise in managing this class action.

99. For these reasons, it is proper that this action be maintained as a class action with respect to the three alleged classes.

COUNT I – VIOLATION OF FLORIDA STATUTES, § 501.204, FLORIDA’S

DECEPTIVE AND UNFAIR TRADE PRACTICES ACT

100. Plaintiffs incorporate by reference the allegations set forth in paragraphs 1 through 99.

101. This is an action against Defendant for damages in excess of \$75,000.00 and for injunctive relief.

102. Florida Statutes §501.204 prohibits unfair methods of competition, unconscionable acts or practices, and unfair or deceptive acts or practices in the conduct of trade or commerce.

103. The above alleged acts and omissions of the Defendant constitute unconscionable acts or practices in the conduct of trade and commerce.

104. The above alleged acts and omissions of the Defendant also constitute unfair and deceptive acts or practices.

105. Specifically, and as further alleged herein, the Defendant engaged in unconscionable, unfair and deceptive acts and practices by:

- a. Uniformly engaging in high-pressure, aggressive sales tactics intended to prevent prospective students from discovering material information regarding Everest’s tuition;

- b. Uniformly engaging in tactics intended to prevent prospective students from discovering the significance of the type of Everest's accreditation;
- c. Uniformly engaging in tactics intended to prevent prospective students from discovering material information regarding the transferability of Everest credits;
- d. Uniformly making false, misleading and deceptive statements and omissions regarding the value of a degree or credits earned at Everest University during the recruiting process to induce students to enroll at Everest University;
- e. Uniformly making false, misleading, and deceptive statements and omissions regarding the transferability of its credits during the recruiting process to induce students to enroll at Everest University;
- f. Uniformly making false, misleading, and deceptive statements and omissions regarding its accreditation and the accreditation of other schools to induce students to enroll at Everest University;
- g. Uniformly making false, misleading, and deceptive statements and omissions regarding the total cost and cost-per-credit of attendance at Everest University;
- h. Uniformly failing to explain the effect of the terms of the Enrollment Agreement specific to the "probability" of the transferability of Everest University credits

- i. Uniformly making false, misleading, and deceptive statements and omissions regarding the efforts made by Everest to assist students with obtaining licenses, certificates and employment post-matriculation;
- j. Uniformly forcing students to obtain additional student loans mid-semester under the threat of not allowing the student to continue their coursework.

106. The Plaintiff and class members were injured by the above alleged acts and practices in that they paid extravagant amounts of money and incurred substantial debts for credits and degrees from Everest that were non-transferable and otherwise virtually worthless.

WHEREFORE, Plaintiff on behalf of herself and others similarly situated prays for actual damages, an order enjoining the unfair and unconscionable practices of the Defendant described herein, actual damages, imposition of a constructive trust on all funds obtained from or on behalf of the Plaintiff and class members; reasonable attorney's fees and costs and any other and further relief that this court deems just.

COUNT II - DECLARATORY JUDGMENT AS TO ARBITRATION CLAUSE

107. Plaintiffs incorporate by reference each and every allegation set forth in paragraphs 1 through 99 as if fully stated herein.

108. Everest's Enrollment Agreement, signed by Plaintiff and class members, contains arbitration provisions that require all claims to be submitted to binding arbitration and waiver of a trial by jury.

109. The clause is contained in an agreement entered into during high-pressure sales meetings wherein there is highly unequal bargaining power between Everest and the prospective student. Students were discouraged from reading the full agreement, and encouraged to sign it quickly, without a full understanding of its terms.

110. The clause is contained in an agreement that was entered into during a high-pressure sales meeting and was induced by fraudulent, deceptive and misleading misrepresentations.

111. Prospective students are induced into signing the agreement under circumstances that are unfair, oppressive, unconscionable, devoid of negotiation and designed to take advantage of the unequal bargaining power of the parties.

112. The arbitration clause is also unconscionable and unenforceable in that it attempts to impermissibly hinder and prevent the Plaintiff and class members from consolidating and joining their claims in a consumer class action in a court of law, before a jury.

113. Because the arbitration clause is induced by deception, fraud and misrepresentations, it is unenforceable against the Plaintiff and class members.

114. Because the arbitration clause was entered into in circumstances that were oppressive and resulted from unequal bargaining positions, the arbitration clause is unconscionable and unenforceable.

115. Plaintiff and members of the class are entitled to declaratory relief that the multiple substantive and procedural defects of the arbitration clause render it wholly unconscionable and unenforceable.

WHEREFORE, Plaintiff on behalf of herself and on behalf of the members of the class prays for declaratory judgment that the arbitration clause is unconscionable and unenforceable against Plaintiff and the class members.

DEMAND FOR JURY TRIAL

Plaintiffs, individually and on behalf of all others similarly situated, demands a trial by jury on all issues so triable.

Dated: February 28th, 2011.

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