

NOTIFY

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COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, ss.

SUPERIOR COURT
CIVIL ACTION NO.

_____)
COMMONWEALTH OF MASSACHUSETTS,)
)
Plaintiff,)
)
v.)
)
LINCOLN TECHNICAL INSTITUTE, INC. and)
LINCOLN EDUCATIONAL SERVICES)
CORPORATION)
)
Defendants.)
_____)

15-2044 C

FINAL JUDGMENT BY CONSENT

*Noted
7/15/15
TH*

Whereas Plaintiff Commonwealth of Massachusetts (the "Commonwealth"), by and through its Attorney General, conducted an investigation of, *inter alia*, various enrollment, disclosure, admissions, and educational practices by Lincoln Educational Services Corporation and Lincoln Technical Institute, Inc. (collectively, "Defendants" or "Lincoln"), and filed and served its Complaint on July 8, 2015, in the above-captioned matter pursuant to G.L. c. 93A, § 4, alleging that Defendants committed unfair or deceptive acts or practices in violation of c. 93A, § 2;

Whereas the parties have agreed to resolve this matter in accordance with this Final Judgment by Consent ("Final Judgment");

Whereas Defendants have consented to the entry of this Final Judgment, waiving any right to appeal and without trial or adjudication of any issue of fact or law;

Whereas Defendants acknowledge that this Court has subject matter jurisdiction and personal jurisdiction over Defendants, and that venue is proper in this Court;

JUDGMENT ENTERED ON DOCKET 7/15/2015
PURSUANT TO THE PROVISIONS OF MASS. R. CIV. P. 80B(a)
AND NOTICE SEND TO PARTIES PURSUANT TO THE PROVISIONS OF MASS. R. CIV. P. 77(d) AS FOLLOWS

Whereas the Commonwealth acknowledges that Defendants have fully cooperated with the Commonwealth's investigation;

Whereas Defendants deny all allegations of wrongdoing and any liability for the purported claims asserted in the Complaint, but nonetheless consent to the entry of this Final Judgment in order to avoid the time, burden, and expense of contesting such liability; and

Whereas nothing in this Final Judgment constitutes an admission, declaration, or other evidence of any fact or law or, except with respect to the terms provided in this Final Judgment, the rights or liabilities of any person or entity.

NOW THEREFORE, upon Defendants' consent, the Court finding there is good and sufficient cause to enter this Final Judgment, and there being no just reason for delay:

I. IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that this Court has jurisdiction over the subject matter and the Commonwealth and Defendants.

Venue in this Court is proper under G.L. c. 223, § 5. The Attorney General is authorized to bring this action under G.L. c. 93A, § 4.

II. IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendants shall, beginning within thirty (30) days of entry of the Final Judgment, make the disclosures described in section III below, as applicable, (the "Required Disclosures") (i) on Defendants' website on a webpage that prospective students must pass through before obtaining information applicable to any School¹ program

¹ As used herein, "School" refers to the Massachusetts campuses of Lincoln Technical Institute, Inc., including any new campus in Massachusetts that is acquired or started after the date of this consent agreement.

and (ii) in writing to all students of the School at least 72 hours² prior to entering into an enrollment agreement and (iii) in all Massachusetts advertisements or written solicitations made by Defendants for the Schools that refer to any of the topics identified in section III below unless the section's exception applies. The Required Disclosures on Defendants' website shall be clear and conspicuous to consumers viewing information about any School. The Required Disclosures provided in writing pursuant to II(ii) above shall be double-spaced and in 12-point type. When the Required Disclosures are made pursuant to II(ii) above, the prospective student shall be required to sign and date the Required Disclosures, with a copy to be provided to the student and a copy retained by Defendants. Further, no School shall represent to a student or prospective student or to any other person that its credits are or may be transferable to another educational institution without (1) identifying the school(s) with which it has written agreements or other documentation verifying that credits can be transferred to said school(s); and (2) indicating it is aware of no other schools that accept the transfer of its credits.

III. IT IS HEREBY ORDERED, ADJUDGED, AND DECREED, that unless Defendants have entered into an agreement with an employer under which the employer is required to provide employment to Defendants' students, Defendants shall disclose that THE SCHOOL HAS NO EXISTING AGREEMENT WITH EMPLOYERS TO PROVIDE JOBS TO STUDENTS AND DOES NOT GUARANTEE EMPLOYMENT.

² If the Attorney General's regulations are altered to require a different time period or no time period, such altered time period will be deemed to replace the 72 hour time period in section II.

- IV. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that in calculating placement percentages for their Massachusetts programs,
- A. Defendants shall not include the following positions: waitress or waiter, restaurant host or hostess, childcare provider, home health aide, or custodian; or positions in housekeeping, retail, food service, or transportation, except that, with respect to graduates of the criminal justice program, placements in retail may be counted where the students is primarily engaging in security or loss-prevention functions as opposed to general retail duties.
 - B. Defendants shall include only those placements for which it has obtained verification in the form permitted by the applicable accreditor standards or by law. For each of the Schools, such verification shall be provided to the Attorney General's office, together with the last known name, address, and telephone number of the students whose employment has been verified, within ten (10) days of any written request by the Attorney General's office.
 - C. Defendants shall not count as "placed" any student for whom the student's placement is outside the student's field of study.
- V. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants shall:
- A. Pay to the Attorney General the sum of \$850,000, which shall be paid within thirty (30) days of entry of the Final Judgment and which shall be distributed by the Attorney General to or on behalf of graduates of the criminal justice program of the Schools at the sole discretion of the

Attorney General. If at least nine months have passed since entry of the Final Judgment and the Attorney General determines in her sole discretion that any portion of the remaining funds is no longer needed for these purposes, the Attorney General may direct the monies to the Commonwealth's general fund.

- B. Separately, forgive \$165,000 of debt consisting of unpaid balances owed to Defendants or their affiliates by certain graduates as determined in the sole discretion of the Attorney General. Defendants will provide notice to the graduates at their last known mailing address of the debt forgiveness applicable to them, and provide documentation to the Attorney General of the notices and the amounts of debt forgiven. To the extent that Defendants have made negative reports regarding the forgiven loans to credit reporting agencies, Defendants will provide notice to such agencies that the loans have been forgiven.

VI. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants shall provide, on request by the Attorney General, within a reasonable time but in no event exceeding thirty (30) days after such a request, documents sufficient to demonstrate Defendants' compliance with the terms of this Final Judgment, including but not limited to documents sufficient to verify (i) that all required disclosures have been made, and (ii) that Defendants' placement calculations are being conducted in accordance with this Final Judgment. The Attorney General agrees that, prior to taking any action against Defendants, the Attorney General shall provide written notice of any suspected violations of this

Judgment and thirty (30) calendar day period to address any such suspected violations, within which period the parties shall make good faith efforts to meet and confer regarding the suspected violations. Any efforts by Defendants during the thirty (30) calendar day period to address any such violations shall not bar or limit the Attorney General from taking actions that it deems necessary to protect the public interest. Nor shall any such efforts by Defendants be proffered to establish that Defendants were in alleged violation of this Judgment. Nothing in this section shall affect or apply to any action that might be brought by the Attorney General except actions to enforce this Judgment.

- VII. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the provisions of this Final Judgment shall apply to and are binding upon Defendants, their officers, managers, agents, servants, employees, successors and assigns, and upon any persons or entities in active concert or participation with them.
- VIII. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants shall ensure that each of their current officers, managers, and placement and admissions employees at each School review the Final Judgment in its entirety within fourteen (14) days of entry of the Final Judgment and, within ten (10) days thereafter, provide a list of the names of those recipients. For new employees of any School at the director level or above, review shall occur prior to their assuming their responsibilities until the fourth anniversary of entry of this Final Judgment.

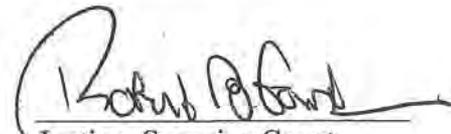
IX. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that by entry of this Final Judgment, the Commonwealth releases and forever discharges Defendants, including any of their current or former employees (relating solely to their conduct during their employment by Defendants), agents, subsidiaries and subdivisions, partners, predecessors, successors, or assigns (the “Released Parties”), from all civil claims, causes of action, *parens patriae* claims, damages, restitution, fines, costs, attorneys’ fees, remedies and/or penalties relating to Lincoln’s activities that were or could have been asserted against the Released Parties by the Attorney General as of the date of entry of this Final Judgment that are based on or arising from the Attorney General’s investigation in this matter or the allegations of the Complaint.

X. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that nothing contained herein, nor any negotiations or transactions connected in any way with this Final Judgment, shall be offered or received in evidence in any proceeding to prove any liability, any wrongdoing, or an admission on the part of Defendants by any individual or entity not a party hereto; provided, however, that nothing herein shall prevent this Final Judgment from being used, offered, or received in evidence in any proceeding to enforce any or all of its terms.

XI. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court retains jurisdiction of this case pursuant to G.L. c. 93A, § 4 for purposes of enforcing this Final Judgment and granting such further relief as the Court deems just and proper.

- XII. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that any material violation of the Final Judgment may be deemed civil contempt.
- XIII. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that nothing herein shall prevent the parties from petitioning the Court for a modification of this Final Judgment in the event that amendments or changes in federal or state law, future changes in accreditation or other standards, or unforeseen events create a conflict with the mandated provisions of this Final Judgment.
- XIV. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants shall comply with all applicable laws and regulations, including, but not limited to, Massachusetts regulations regarding for-profit and occupational schools, 940 CMR 31.00, and that nothing in this Final Judgment shall relieve Defendants of their duty to comply with these laws and regulations.
- XV. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Final Judgment may not be changed, altered, or modified, except by further order of the Court.
- XVI. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that each party shall bear its own attorneys' fees and costs.

SO ORDERED:


Justice, Superior Court

Date: July 13, 2015