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**U.S. Department of Education Fines Corinthian Colleges \$30 million for  
Misrepresentation**

*Action complements ongoing steps to protect students and consumers against predatory  
for-profit colleges*

The U.S. Department of Education took additional steps today to protect students and taxpayers and crack down on abuses within the for-profit sector by continuing its enforcement actions against Corinthian Colleges Inc. After a comprehensive review, the U.S. Department of Education has confirmed cases of misrepresentation of job placement rates to current and prospective students in Corinthian's Heald College system. The Department found 947 misstated placement rates and informed the company it is being fined about \$30 million.

Specifically, the Department has determined that Heald College's inaccurate or incomplete disclosures were misleading to students; that they overstated the employment prospects of graduates of Heald's programs; and that current and prospective students of Heald could have relied upon that information as they were choosing whether to attend the school. Heald College provided the Department and its accreditors this inaccurate information as well.

The Department has also notified Corinthian it intends to deny Corinthian's pending applications to continue to participate in the Title IV federal student aid programs at its Heald Salinas and Stockton locations. Corinthian has 14 days to respond to the Department's notice, after which the Department will issue its final decision. Moreover, the Department has determined that Heald College is no longer allowed to enroll students and must prepare to help its current students either complete their education or continue it elsewhere.

The Obama Administration has led unprecedented efforts to protect consumers from predatory career colleges. It has established [new gainful employment regulations](#) to hold career training programs accountable and ensure that students are not saddled with debt they cannot repay. These regulations ensure that programs improve their outcomes for students – or risk losing access to federal student aid. Last year, the Department announced a new federal interagency task force to help ensure proper oversight of for-profit institutions, which will be led by Under Secretary Ted Mitchell.

“This should be a wake-up call for consumers across the country about the abuses that can exist within the for-profit college sector,” U.S. Secretary of Education Arne Duncan said of the Department’s enforcement action against Corinthian. “We will continue to hold the career college industry accountable and demand reform for the good of students and taxpayers. And we will need Congress to join us in that effort.”

“Instead of providing clear and accurate information to help students choose which college to attend, Corinthian violated students’ and taxpayers’ trust,” said Under Secretary Mitchell. “Their substantial misrepresentations evidence a blatant disregard not just for professional standards, but for students’ futures. This is unacceptable, and we are holding them accountable.”

As part of these ongoing efforts to ensure that career colleges prepare students for the workforce, institutions are required to provide accurate information about their graduates’ job placement success and the types of employment their graduates obtained. The Department expects all institutions to adhere to the highest standard of care and diligence in following the requirements of participating in federal student aid programs to ensure colleges are always doing right by students and taxpayers.

After initial concerns about Corinthian Colleges’ job placement rates were raised in January 2014, the Department has taken a series of steps to protect students and hold Corinthian accountable, including increasing the Department’s financial oversight of Corinthian and requiring the company to sell or close all of its programs. The Department also mandated the establishment of an independent monitor – under the leadership of former U.S. Attorney Patrick Fitzgerald – to ensure Corinthian met its obligations to the Department, including proper, limited use of federal student aid dollars and providing valid information to students regarding their options during Corinthian’s transition. The majority of Corinthian’s campuses were sold to the nonprofit Zenith Education Group, which agreed to provide a number of new consumer protections, such as providing refund and withdrawal opportunities to students in poorly-performing programs, and has taken steps to strengthen programs and improve affordability, including by reducing tuition. The sale allowed most students to continue pursuing their career goals without disruption, and the Department and the Consumer Financial Protection Bureau have since worked to provide more than \$480 million in loan forgiveness for borrowers who took out Corinthian's high-cost private student loans.

In its investigation of Corinthian Colleges, the Department found numerous causes for concern with practices throughout the Heald College system. Some examples include:

- **Heald paid temporary agencies to hire its graduates to work at temporary jobs on its own campuses – and counted these graduates as placed.** For example, Heald paid companies to hire graduates for temporary positions as short as two days, asked them to perform tasks like moving computers and organizing cables, and then counted those graduates as “placed in field.”

- **Heald College counted placements that were clearly out of the student's field of study as in-field placements.** For example, one campus classified a 2011 graduate of an Accounting program as employed in the field based upon a food service job she started at Taco Bell in June 2006. Another campus counted a 2011 Business Administration graduate as placed in the field based upon a seasonal clerk position she obtained in Macy's Shipping and Receiving Department during November 2010, which the student stated ended prior to her graduation.
- **Heald College failed to disclose that it counted as "placed" those graduates whose employment began prior to graduation, and in some cases even prior to the graduate's attendance at Heald.** The Department's analysis revealed that, according to Corinthian's own data for 2012 graduates, over one-third of the graduates reported to have been "placed in field" started their jobs prior to January 1, 2012, and over one-quarter started their jobs prior to January 1, 2011. And in follow-up interviews with some of those students, they told the Department that their jobs were not related to their field of study, nor had they received promotions or increased responsibilities or otherwise progressed in those jobs because of their Heald education.
- **In some of its disclosures, Heald failed to state that it had excluded students from its placement rate calculations who the college said had deferred employment for one reason or another.** In one case, a criminal justice program claimed a placement rate of 100 percent, but it had classified almost 60 percent of the graduates as unavailable for employment. In another case, a medical assisting program claimed a placement rate of 100 percent based upon 51 graduates having been placed, but it had classified almost 43 percent, or 38 of the 89 total graduates of the program, as unavailable for employment.

Throughout this process, the Department has sought a wind down of Corinthian Colleges that protects students, safeguards the investment taxpayers have made in their success, and creates opportunities for students to finish what they started. In the coming days, the Department will provide more information to Corinthian's students to help answer questions about their federal student aid and their options. The Department is also working on a process to help federal student loan borrowers submit a defense to repayment of their federal student loans.

"We have kept students at the heart of every decision we have made about Corinthian, and we will continue to do so as we move forward," Under Secretary Mitchell said. "When our borrowers bring claims to us that their school committed fraud or other violations of state law against them, we will give them the relief that they are entitled to under federal law and regulations."

More details will be posted soon on [www.studentaid.gov/corinthian](http://www.studentaid.gov/corinthian). A copy of the letter sent to Corinthian today is posted on the Department's website at [www.ed.gov](http://www.ed.gov).