

**FIRST ANNUAL REPORT OF THE ADMINISTRATOR  
UNDER THE ASSURANCE OF VOLUNTARY  
COMPLIANCE/ASSURANCE OF DISCONTINUANCE  
WITH  
CAREER EDUCATION CORPORATION**

**OCTOBER 2, 2019**

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**PRIVATE AND CONFIDENTIAL**

**THIS REPORT CONTAINS  
COMMERCIALY SENSITIVE  
AND CONFIDENTIAL INFORMATION  
OF CAREER EDUCATION CORPORATION**

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## **I. INTRODUCTION AND OVERVIEW**

This Annual Report, covering the period January 2, 2019-October 1, 2019, is structured as follows:

First, we provide a Summary of our Findings and Conclusions. Next, we provide an overview of CEC's business. Then, we examine CEC's compliance with the AVC. Our compliance analysis tracks the organization of the AVC and addresses:

- Miscellaneous Administrator Provisions
- Required Disclosures
- Misrepresentations, Prohibitions and Required Conduct
- Recruiting Practices
- Required Orientation and Refund Provisions
- Third-Party Lead Vendor Requirements
- Institutional Receivables
- Payment to the States

Our analysis is within the context of the allegations concerning unfair and deceptive practices and Unreasonable Recruitment Methods as defined and detailed in the AVC. Finally, we address the next stage (i.e., year two) of the Administrator's Oversight and Compliance review.

### **A. The AVC**

In 2019, Career Education Corporation ("CEC"), American InterContinental University ("AIU") and Colorado Technical University ("CTU")—collectively referred to as CEC—entered into a settlement with 48 states and the District of Columbia to resolve consumer protection claims arising out of their recruitment and enrollment practices. In addition to requiring the forgiveness of institutional receivables owed by former CEC students who met certain criteria, the settlement imposes restrictions and certain obligations on the strategies and processes that CEC, AIU and CTU may use to identify, recruit, and enroll prospective students. The settlement resulted in the Assurance of Voluntary Compliance/Assurance of Discontinuance ("AVC"), effective January 2, 2019.

Below are the states' allegations and CEC's response:

#### *THE STATES' ALLEGATIONS*

2. At times during the course of offering enrollment in educational programs, CEC placed significant pressure on its employees to enroll students and engaged in unfair and deceptive practices by making misleading statements to prospective students, failing to disclose material facts to prospective students, and otherwise engaging in Unreasonable Recruitment Methods in violation of state consumer protections laws 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 their program offerings and the potential to obtain employment in the field desired by prospective students, including failing to adequately disclose the fact that certain programs lacked the necessary programmatic accreditation, which negatively affect a student's ability to obtain a license or employment; and
- (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 related to job placement rates include but are not limited to:
  - (i) misrepresenting CEC graduates who worked only temporarily as having 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 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.

As a result of the unfair and deceptive practices described above, some students enrolled in CEC who would not have otherwise enrolled, could not obtain professional licensure, and/or incurred debts that they could not repay nor discharge.

#### *CEC'S RESPONSE TO ALLEGATIONS*

CEC denies the allegations of the Attorneys General, including those set forth in paragraph 2, denies any wrongdoing or liability of any kind, and enters into this AVC solely for the purpose of resolving certain disputed claims of the Attorneys General relating to the allegations including those set forth above in paragraph 2.

An Administrator (Rob McKenna) was jointly appointed to oversee CEC's compliance with the AVC. The Powers and Duties of the Administrator are set forth in AVC paragraphs 39-43.

AVC paragraphs 45 and 46 require the Administrator to provide an Annual Report (the "Report") that shall include (a) a description of the methodology and review procedures used by the Administrator; (b) an evaluation of whether CEC is in compliance with the provisions of the AVC, together with a description of the underlying basis for that evaluation; and (c) a description of any practice which the Administrator believes may constitute a deceptive or unfair practice (as those terms are commonly understood in the context of consumer protection laws). The following is the Administrator's first such report, covering a review period that ended October 1, 2019.

## **B. The FTC Inquiry**

The FTC commenced an inquiry of CEC in August 2015 that involves CEC activities relevant to the AVC. The FTC primarily focused on the activities of three third-party internet advertisers against whom the FTC is in the process of bringing actions and from whom CEC had directly or indirectly received prospective student inquiries. The FTC asserted that CEC was responsible for their alleged conduct.

On July 26, 2019, CEC executed a settlement agreement with the FTC to resolve the FTC's inquiry (the "FTC Agreement"). The FTC Agreement is consistent with and advances the goals of the AVC. Under the terms of the FTC Agreement, CEC and its schools have agreed to continued compliance with the Federal Trade Commission Act and the Telemarketing and Consumer Fraud and Abuse Prevention Act, including compliance with the National do not call registry. CEC agreed to enhance their current operational and compliance processes with respect to prospective student leads purchased from lead aggregators. In addition, the FTC Agreement contains requirements regarding employee and lead aggregator acknowledgements of the FTC Agreement, compliance certifications, and record creation and maintenance.

The FTC Agreement, which is in the form of a Stipulation as to Entry of an Order for Permanent Injunction and Monetary Judgment, has been approved by the Commissioners of the FTC and has been submitted to, and will become effective upon its entry as an Order in, the United States District Court of the Northern District of Illinois. CEC anticipates the Order will be entered within the next 60 days, although timing of entry of the Order is not certain. The principal provisions of the FTC Agreement will remain in effect for twenty years. (The FTC Agreement is attached as Exhibit 1.)

## **II. SUMMARY OF FINDINGS AND CONCLUSIONS**

Nine months into CEC's implementation of the AVC, the Administrator has completed dozens of interviews and discussions; monitored calls recorded in the admissions, financial aid and student services process; reviewed CEC's mystery shopping reports and arranged a separate mystery shopping program; reviewed thousands of documents relating to training, admissions, recruitment, marketing, job data; reviewed other materials concerning CEC/Prospective Student interactions; reviewed CEC public filings (e.g., SEC filings); reviewed materials related to the FTC inquiry and met in person four times with CEC officials responsible for AVC compliance. Based on that body of work, the Administrator can report today that CEC has made considerable progress in its implementation of the AVC. The Administrator finds that CEC is in substantial compliance with the substantial majority of its obligations under the AVC. The exception is that CEC has failed to meet the AVC's definition of "clear and conspicuous" with respect to certain statements and disclosures.<sup>1</sup> CEC has committed to revising the relevant provisions to ensure compliance with the AVC's requirement of "clear and conspicuous" disclosure.<sup>2</sup> In addition, recently negotiated changes to the Electronic Financial Impact Platform ("EFIP") are still in the process of being implemented. CEC has committed to full implementation of the negotiated changes to the EFIP. The Administrator's finding of substantial compliance does not mean there

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<sup>1</sup> See AVC paragraph 87-Student Criminal Record.

<sup>2</sup> The Administrator is following the Enforcement procedure set forth in AVC paragraph 112.

have not been isolated incidents of noncompliance. But these isolated incidents have not risen to the level of practices or patterns of noncompliance nor are they otherwise indicative of CEC's substantial noncompliance. Throughout this Report, however, the Administrator does include examples of the types of conduct reviewed in order to better describe the bases for the Administrator's evaluation to date.

Both during the several years while discussions occurred as well as after the AVC was executed, CEC made substantial changes to its operations related to recruitment, admissions, financial disclosure and third-party lead aggregator policies and practices. These changes supplement the compliance structure that CEC had been developing and implementing, including in employee training, marketing, compliance monitoring, and lead generation. In doing so, CEC has worked towards complying with the AVC and fulfilling the AVC's primary goal of ensuring a fair, informative and transparent process for Students and Prospective Students—a process that is not unfair or deceptive or otherwise involves Unreasonable Recruitment Methods.

Nevertheless, even with respect to certain of the AVC obligations in which CEC is in substantial compliance CEC's compliance efforts are in relatively early stages. The AVC became effective on January 2 of this year, and many critical compliance elements have only recently reached the implementation periods set forth in the AVC. Now that these implementation periods have all been triggered, CEC's overall progress can be subjected to a "test of time."

For example, one key aspect of the AVC compliance regime, the EFIP, was only recently finalized and is awaiting further changes that are under discussion between the parties. CEC's EFIP has been a subject of continual discussion and negotiation and the current version was implemented in July 2019. The EFIP provides greater transparency concerning a Prospective Student's financial obligations and exposure. Importantly, it also includes a student feedback mechanism that should allow a more comprehensive evaluation in the future of its effectiveness in enhancing Prospective Students' understanding of the financial impacts of enrolling with CEC. As another example, CEC in March 2019 revised its guidelines for third-party lead vendors to impose additional standards of compliance and to define the disciplinary process for lead vendors when violations occurred, per the AVC. Consistent with the intent of the AVC, CEC is in the process of implementing in connection with its FTC settlement a new, first-of-its-kind process, for tracking and evaluating the sources and path a prospective student followed from a third-party lead vendor prior to and while making a request for information about a CEC-owned school.

Although CEC is still in its first year of creating and implementing certain new components of the compliance architecture and culture necessary to implement the specific obligations imposed by the AVC, it is worth noting that CEC has undertaken several critical steps in this process. CEC has been consistently cooperative and generally welcoming of the Administrator's requests for information as well as our suggestions of ways in which CEC's compliance activities and its students' experience could be improved.

The Administrator intends to work with CEC on a going-forward basis on opportunities for further improvement. Examples include ensuring certain text is "clear and conspicuous" in documents provided to Prospective Students and refining the training for Admissions and other student-facing advisors concerning certain disclosures that will promote greater transparency and

further avoid the potential for unfair and deceptive statements or Unreasonable Recruitment Methods. Again, these areas or opportunities for improvement do not, at this point in CEC's implementation of the AVC, necessarily amount to substantial non-compliance. Although CEC has responded appropriately to other implementation issues identified by the Administrator, these again present the opportunity for improvement—and if not properly addressed, are areas in which potential future problems could arise resulting in a finding of substantial non-compliance. The Administrator expects these issues will be addressed in the future.

The Administrator will continue to review and evaluate the changes and implementation undertaken by CEC and expects it will have more qualitative and quantitative information in the coming years to better evaluate CEC's undertakings in order to ensure its compliance with the AVC.

### **III. CAREER EDUCATION CORPORATION**

#### **A. Overview**

CEC is a for-profit education corporation that includes two academic institutions: Colorado Technical University (“CTU”) and American InterContinental University (“AIU”). CEC’s academic institutions offer higher education courses and degrees to a diverse student population in a variety of disciplines through online, campus-based and blended learning programs. CEC’s two regionally-accredited universities—CTU and AIU—provide degree programs through the master’s or doctoral level as well as associate and bachelor’s levels. Both universities predominantly serve students online. CEC institutions employ approximately 1,900 credentialed, geographically disbursed, full-time and adjunct (i.e., part-time) faculty. General education faculty members must possess at least a master’s degree. The average tenure of a CEC faculty member is greater than six years.

Many of CEC’s students require assistance in financing their education. Both CTU and AIU are approved to participate in the U.S. Department of Education’s Title IV federal aid programs. They also participate in a number of state financial aid programs, tuition assistance programs of the United States Armed Forces and education benefits administered by the Department of Veterans Affairs. As participants in federal and state financial aid programs, CTU and AIU are subject to extensive regulatory requirements imposed by federal and state government agencies, and other standards imposed by educational accrediting bodies.

#### *CTU*

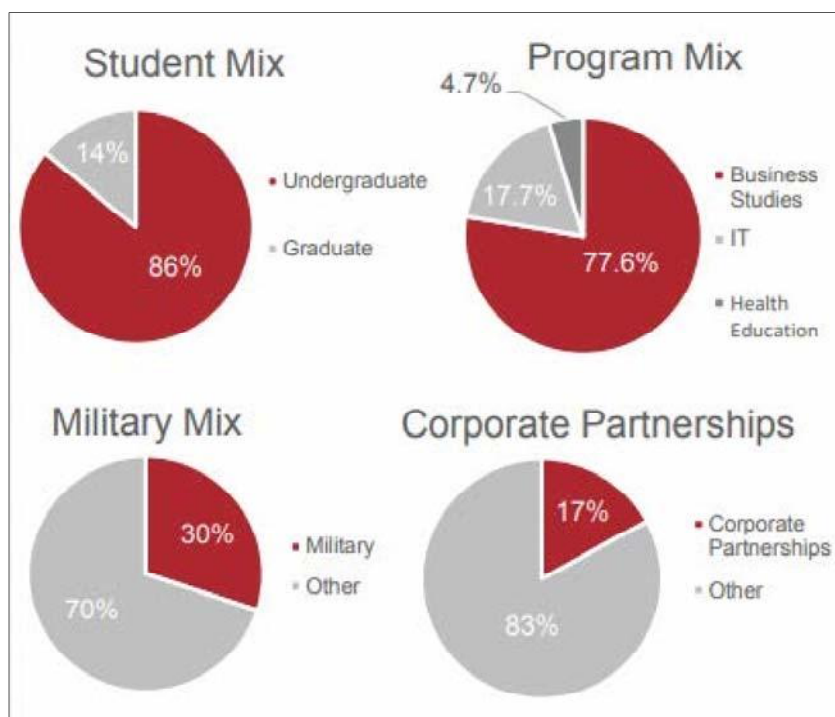
CTU was founded in 1965; CEC acquired CTU in 2003. Today, CTU operates campuses in Aurora and Colorado Springs as well as at CTU Online, which launched in 2002.

CTU offers classes in the following disciplines: business studies, nursing, computer science, engineering, information systems and technology, cybersecurity, criminal justice and healthcare management. Students pursue their degrees through fully-online programs, local campuses and blended formats, which combine campus-based and online education.

CTU is institutionally accredited through the Higher Learning Commission and the following programmatic accreditation bodies: Business—Accreditation Council for Business Schools and Programs and the Project Management Institute; Engineering—Accreditation Board for Engineering and Technology; and Nursing—Commission on Collegiate Nursing Education.

As of Dec. 31, 2018, CTU had 899 full-time employees and 22,600 students (approximately 93% of whom are entirely online). Substantially all of the students reside in the United States of America.

CTU’s student and program mix and corporate sponsorships are illustrated below:

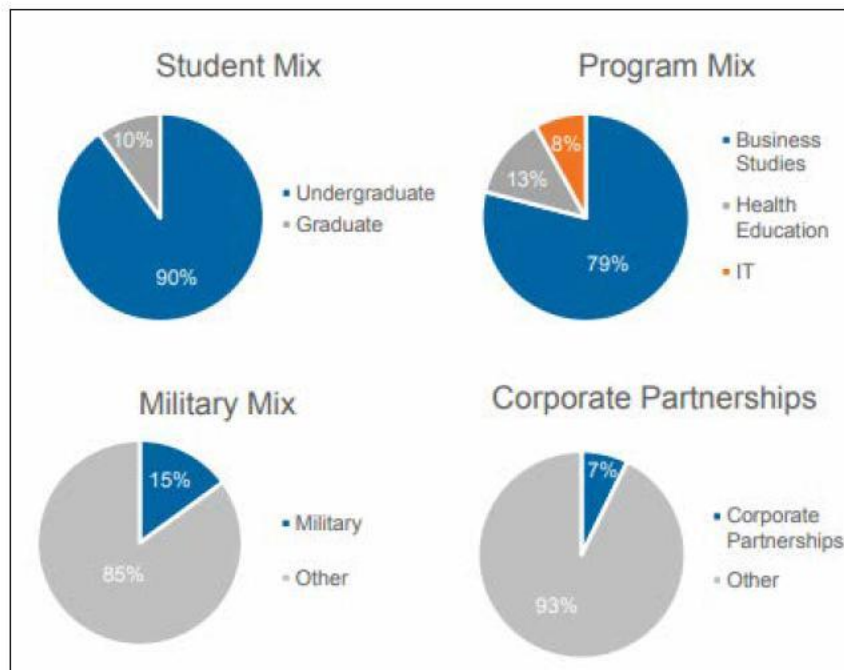


### *AIU*

AIU was founded in Europe in 1970; CEC acquired AIU in 2001. Today, AIU operates campuses in Atlanta and Houston as well as at AIU Online, which launched in 2001. It offers classes in the following disciplines: business studies, information technologies; education; and criminal justice. Students pursue their degrees through fully-online programs, local campuses and blended formats, which combine campus-based and online education.

AIU has institutional accreditation through the Higher Learning Commission and the following programmatic accreditation: Business—Accreditation Council for Business Schools and Education—Association for Advancing Quality in Educator Preparation. As of December 31, 2018, AIU has 1395 full-time employees and 11,800 total students (approximately 94% of whom are entirely online). Substantially all of the students reside within the United States of America.

AIU's student and program mix and corporate partnerships are illustrated below:



### ***CEC Student Enrollment Statistics***

Combined CEC student enrollments as of December 31, 2018, and 2017 were approximately 34,400 students and 34,700 students, respectively. Included in total student enrollments were approximately 32,100 students and 32,300 students, respectively, enrolled in fully-online academic programs. Related student enrollment demographic information as of December 31, 2018, and 2017 was as follows:

#### ***Student Enrollments by Age Group***

	As a Percentage of Total Student Enrollments as of December 31,	
	2018	2017
Over 30	61%	61%
21 to 30	35%	36%
Under 21	4%	3%

#### ***Student Enrollments by Core Curricula***

	As a Percentage of Total Student Enrollments as of December 31,	
	2018	2017
Business Studies	74%	74%
Information Technology	14%	15%
Health Education	12%	11%

*Student Enrollments by Degree Granting Program*

	As a Percentage of Total Student Enrollments as of December 31,	
	2018	2017
Doctoral and Master's Degree	13%	12%
Bachelor's Degree	71%	72%
Associate Degree	16%	16%

# Career Education Corporation

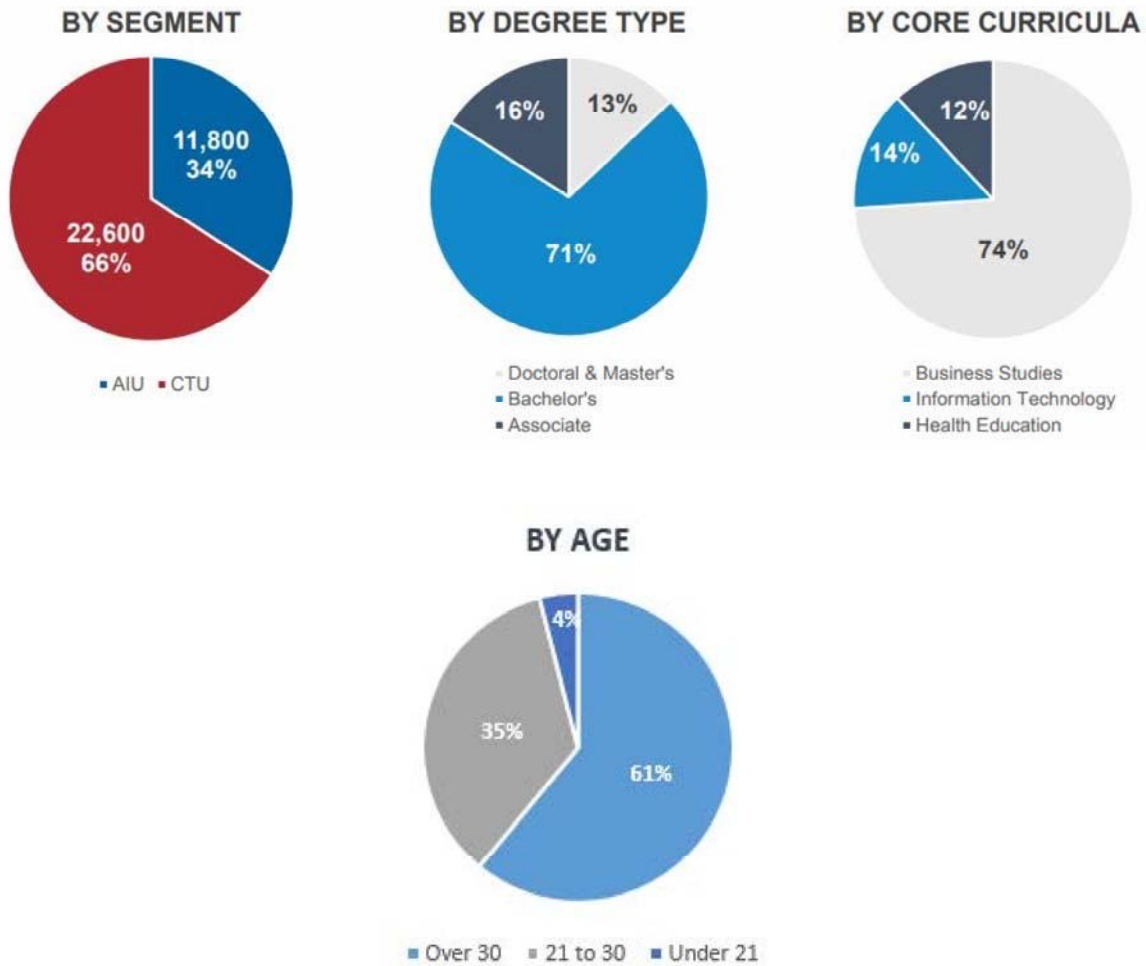
## STUDENT AND STAFF INFORMATION

Data as of 12/31/2018 as published in Form 10K

### FOR ALL CEC STUDENTS

#### STUDENT DEMOGRAPHICS: NON-TRADITIONAL ADULT LEARNERS

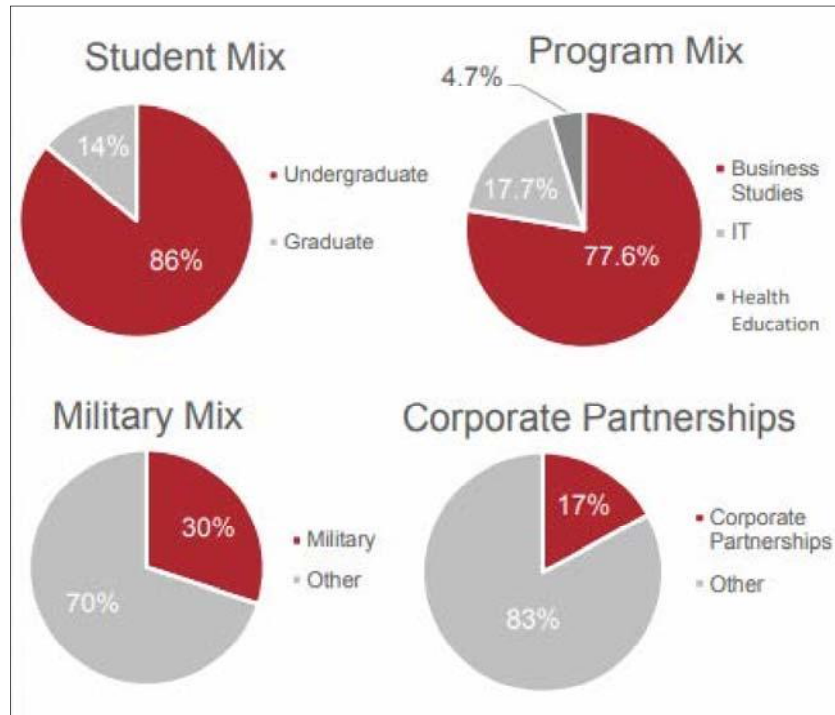
University Total Enrollments (as of December 31<sup>st</sup>, 2018)



As of 12/31/18

94% of AIU students are exclusively online  
93% of CTU students are exclusively online

AIU represented 34% of all CEC students  
CTU represented 66% of all CEC students



## EMPLOYEE INFORMATION

### Employees

As of December 31, 2018, we had a total of 4,244 employees, including 137 students employed on a part-time basis at certain of our institutions, as follows:

	Full-time Non-student Employees	Part-time Non-student Employees	Part-time Student Employees	Full-time Faculty	Part-time Faculty (adjunct)	Total
CTU	736	-	64	63	1,177	2,040
AIU	674	8	73	58	582	1,395
Total University Group	1,410	8	137	121	1,759	3,435
Corporate and Other	787	13	-	-	-	800
Subtotal	2,197	21	137	121	1,759	4,235
All Other Campuses	3	1	-	-	5	9
Total employees	2,200	22	137	121	1,764	4,244

### B. Acquisition of Trident University International

AIU is in the process of obtaining regulatory approval for its proposal to acquire the assets of another regionally accredited postsecondary institution, whose programs and operations will be merged into AIU. The acquired institution, Trident University International (TUI), is located in Cypress, California, [www.trident.edu](http://www.trident.edu). CEC intends to consolidate the operations of TUI under the HLC accreditation and OPEID accreditation held by AIU.

TUI is a proprietary Title IV-eligible online-based university with a current enrollment of approximately 5,100 students in business, education, health and human services, homeland security, and information technology programs. Credentials conferred include doctorate,

master's, bachelor's, and associate's degrees, post-baccalaureate certificates, and professional certificates and diplomas.

TUI is institutionally accredited by the WASC Senior College and University Commission (WSCUC). TUI is authorized by the California Bureau for Private Postsecondary Education (CA BPPE) and is permitted to offer its programs in most other U.S. states, through authorization, exemption, licensure, or registration.



## **IV. REVIEW OF CEC'S COMPLIANCE WITH AVC OBLIGATIONS**

### **A. The Administrator's Review**

The AVC charges the Administrator to conduct an independent review of CEC's compliance with the AVC. This section provides a brief overview of some of the Administrator's efforts since the AVC became effective.

The AVC does not dictate the approach or methods that the Administrator should employ to evaluate AVC's compliance with the AVC, but it does authorize the Administrator to, among other things:

- observe training sessions for admissions and financial services representatives;
- listen to telephone calls that admissions and financial services representatives conduct with current and prospective students;
- review transcripts, recordings and/or reports concerning telephone calls or meetings between a CEC representative and a prospective student;
- review training materials used to train Admissions Advisors and Financial Aid Advisors;
- review complaints made to CEC, its accreditors, the Attorneys General, the Better Business Bureau, or any state or federal governmental body relating to any of CEC's recruitment, admissions, Student financial aid, or career services practices or decisions;
- review CEC's advertisements, marketing materials, websites, catalogs, enrollment agreements, disclosures, and other public-facing media to verify compliance with the AVC;
- review documents, data and information related to CEC's calculation of any job placement rate;
- review CEC's compliance practices with respect to the conduct of Third-Party Lead Vendors;
- review documents related to the conduct of Third-Party Lead Vendors;
- review communications with Students and Prospective Students related to Student recruitment, admissions, financial aid or career services;
- review CEC's compliance with its refund policy;
- review CEC's compliance with data reporting requirements;
- review CEC's complaint resolution practices;
- review reports related to CEC's monitoring of Third-Party Vendors;
- review CEC's institutional and programmatic accreditation status to verify compliance with the AVC;

- review CEC's records to verify CEC's compliance with its obligation to forego efforts to collect outstanding debt from certain Students; and
- interview current and former employees.

During its compliance review, the Administrator has taken advantage of and conducted each of the above activities. But the Administrator has made additional and significant efforts to meet its compliance review mandate. For example, the Administrator has also directed its own mystery shopping program, using CEC's mystery shopping vendor, to test the various issues relating to CEC/Prospective Student interactions. In doing so, we designed and tailored questions and background scenarios to specifically assess certain areas of concern (e.g., predictions of salary upon graduation, likelihood of employment etc.). In this way the mystery shops were designed to enable the Administrator to better assess CEC's implementation of and compliance with specific aspects of the AVC.

In addition, the Administrator has requested and reviewed documents and data that might reflect on CEC's compliance with the AVC. All told, the Administrator has reviewed over 2.5GB of materials. The Administrator receives regular reports regarding consumer complaints received by CEC and the Attorneys General and CEC's resolution of those complaints. It has access to CEC's policies and procedures repository. The Administrator also has reviewed CEC's training materials and reviewed admissions training sessions, SEC filings and FTC-related documents. The team has met with and interviewed current and former CEC employees and also viewed the paired computer process prospective students experience as part of the admissions process.

In exercising its compliance review the AVC requires the Administrator to make a good faith effort to leverage CEC's existing compliance mechanisms when reviewing CEC's compliance with the AVC. Consistent with the AVC, the Administrator has made use of CEC's own compliance efforts as part of its review. For example, CEC provided the Administrator with data from its own call monitoring program. CEC's call monitoring is critical for ensuring compliance on an ongoing basis. CEC also provided the Administrator with the results of mystery shopping efforts and the complaint process, including resolution and remedial conduct, conducted by its internal team.

Consistent with the Administrator's overall approach, the goal of these efforts has been to facilitate compliance—not just in the first year of the AVC but in future years and hopefully beyond the effective life of the AVC. To that end, the Administrator has sought to identify concerns as they arose so that CEC could address them as quickly as possible and therefore to prevent patterns or practices of noncompliance. The Administrator has been proactive and assertive in suggesting procedural and substantive changes that it believes would further compliance with the AVC and/or better the student experience. Where issues were identified, CEC has been provided the opportunity to address them, for example, through changes in its training or policies. In addition, the Administrator has sought to work with CEC in a number of areas to improve policies and compliance efforts.

The Administrator expects that CEC will improve in each year of the AVC. The Administrator has and will continue to focus on working with CEC to implement compliance structures that will last beyond the AVC. We believe that, at the highest levels, CEC has internalized that its culture and its approach to compliance needed to change and has taken steps both prior to and

subsequent to the execution of the AVC to implement such changes and refinements. But success will depend on continuing to create the policies, the environment and the structures needed for the long-term. The Administrator expects to comment on this ongoing process in future reports.

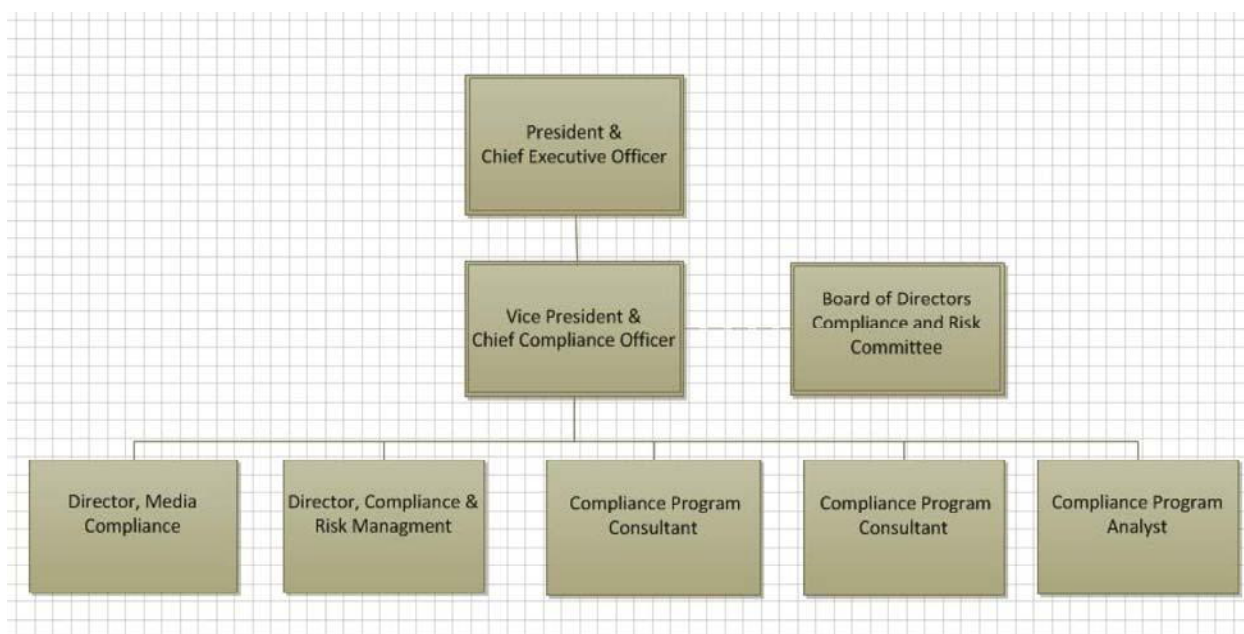
Finally, it is worth noting what the Administrator has *not* reviewed under the terms of the AVC. The Administrator has not reviewed the nature and quality of the courses offered by CEC's educational systems, an inquiry that is the province of accreditation organizations. Nor has it reviewed CEC's compliance with its obligations under Title IV, such as the data used to determine its compliance with the 90'10 Rule. None of these topics are covered by the AVC, so they are beyond the scope of the Administrator's review. Of course, if CEC were to make deceptive or false claims about these or any other issues or otherwise engage in potentially Unreasonable Recruitment Methods, that conduct would fall within the terms of the AVC, and the Administrator would review such issues.

## B. Overview of CEC Risk and Compliance Operations

### 1. CEC Ethics and Compliance Organization

CEC uses a centralized compliance structure to implement and monitor compliance with institutional policies relating to recruitment, enrollment and financial aid. CEC's stated goal is to promote an organizational culture that encourages ethical conduct and a commitment to compliance with the laws and regulations that govern the industry. It is CEC's stated policy to comply with all applicable regulations and laws attendant to the industry and it is the obligation and responsibility of every employee to act in compliance with these laws and regulations. The Ethics and Compliance Department ("Compliance" or the "Compliance Department") provides independent evaluations with respect to risk and compliance issues.

Compliance consists of six individuals who together have an average tenure at CEC of approximately 13 years in a variety of positions including Internal Audit, Student Advising, Financial Aid, Student Accounts, and Career Services. Compliance reports directly to the President and Chief Executive Officer with an indirect report to the Board of Directors Compliance and Risk Committee. Compliance has responsibility, together with others in CEC's management, for ensuring CEC's compliance with the AVC.



### 2. Compliance Department Framework

CEC modified its compliance program in 2015 by adopting a "functional" approach with a greater emphasis on addressing the entirety of a student's interactions with CEC. Although high level risk areas were continuously monitored, CEC shifted to an "umbrella" approach to oversee its student interactions by integrating compliance with each functional area that interacts with students. CEC's current compliance framework includes oversight from initial contact with students through graduation and includes interactions with prospective and current students as well as alumni. Compliance oversees the interactions with students across several channels of

communications including call recordings, web chats and two-way messaging. Compliance is also responsible for reviewing the methods and manner in which CEC communicates with prospective and current students, alumni and others. All materials used during these contacts, such as Admissions scripts or brand marketing and promotional material, are subject to a compliance review.

### **3. Compliance Policies and Training**

A critical aspect of the Compliance Department's responsibilities is developing and administering policies and related trainings. The goal is to ensure employees are equipped with the right tools to responsibly interact with and support students.

#### **a. Rules of the Road Policies and Training**

For student-facing areas, CEC maintains a set of policies that govern each department's interactions with students. In 2004, CEC developed the *Admissions DO'S and DON'TS When Speaking with Potential Students* Policy to provide guidance to admissions advisors on how to appropriately interact with students and to comply with federal, state, and accreditor regulations or standards. By 2012, these guidelines were referred to as the *Admissions Rules of the Road* and remain the foundation of the compliance training for the Admissions teams. By 2013, Compliance created a similar set of policies for the Financial Aid teams and by 2018, the *Rules of the Road* for the Inquiry Response Center, Student Advising and Career Services teams were also launched. (The *Rules of the Road* are attached as Exhibit 2.)

These *Rules of the Road* are guiding principles for each student-facing department and serve as a reference tool when interacting with students to ensure students are provided accurate and compliant guidance. The rules outline that advisors should not use words and phrases that guarantee or imply an outcome. Consistent with the focus and requirements of the AVC they cover areas such as appropriate communications related to academic outcomes, claims, gainful employment disclosures, employment and graduation rates, employment and salary, pressure to enroll, accreditation, program options, program cost and length, financial aid and transferability of credit. The rules also provide guidance on adherence to certain practices and professional interactions.

For each category on the *Rules of the Road*, there is a Do and Don't to help provide clarity on guardrails. An example of a category is *Employment & Salary*. In this section of the policy, [REDACTED]

These rules are key to CEC's compliance programs as they illustrate the policies Compliance relies on when evaluating advisors. Each student interaction is measured in relation to each department's specific *Rules of the Road* policy.

The *Rules of the Road* are introduced to the advisors during new hire training. For the most part, the training process for student facing departments follows a schedule where a portion of the

training takes place in the classroom, the new hire then moves to the phones, followed by ongoing training and shadowing as needed. The Admissions teams also have a certification stage. The certification process requires advisors to demonstrate skill proficiency of specific techniques and behaviors and address compliance issues, questions and concerns. The admissions advisors have to successfully pass a quiz and the phone observation section of the training to complete the program.

**b. Admissions Compliance Course**

As part of new hire training, Admissions Advisors must take the *Admissions Compliance Course* online, which has been approved by Compliance. The primary purpose of this course is to help Advisors understand how to appropriately interact and communicate with prospective students. It outlines the *Admissions Rules of the Road* and Code of Business Conduct & Ethics. It also outlines the consequences when the Rules of the Road are not followed and identifies Rules of the Road resources which provide guidance about compliance expectations.

At the end of the course, Admissions Advisors must take the *Admissions Compliance Quiz*. The quiz consists of 20 questions and advisors need [REDACTED]. This quiz can be attempted up to three times, but advisors are only allowed one attempt per day to successfully pass. If an advisor does not pass the quiz after the third attempt, they are subject to termination. Admissions training staff are responsible for ensuring new hires have successfully completed the Admissions Compliance Course and Quiz. The completion of the course and quiz are logged in the system. Advisors are not permitted to interact with students until they have passed the Admissions Compliance Quiz.

In addition to new hire training, all Admissions Advisors are required to complete the Admissions Compliance Course annually. Compliance tracks completion to ensure all Advisors complete the course. Compliance communicates any non-completers to Human Resources. Failure to complete the course may result in corrective action.

**c. Compliance Resource Manual for Admissions**

Compliance maintains a resource manual to provide guidance to Admissions managers on certain admissions policies and practices in order to ensure compliance with applicable federal, state, accreditation, company requirements and policies. This resource manual is a collection of policies and processes ranging from signature requirements on enrollment agreements to record retention guidelines.

**d. Media Compliance Handbook**

To ensure the marketing teams are knowledgeable and compliantly market CEC brands, Compliance maintains a media Compliance Handbook (the “Handbook”) to provide guidance and outline requirements to Marketing. The handbook summarizes the various laws, rules, regulations and policies that affect the material created for advertising and communicating for AIU and CTU.

The guidelines presented in the Handbook apply to all employees who are involved in planning, creating or approving advertising, marketing and promotional campaigns. They are also applicable to the work performed by external agencies, contractors, and other third-parties acting on CEC's behalf, or partnering with CEC. Adherence to these guidelines is enforced regardless of where these materials appear—including online, at ground campus locations, the corporate offices, traditional broadcast and print media, texts, blogs, podcasts, press releases, or via direct mail, email and in all social media outlets or in communication with prospective or current students, alumni, and others. Materials subject to Media Compliance review are considered official publications of each of CEC's Universities.

## 1. Types of Materials Reviewed

Media Compliance reviews all advertising, marketing and promotional campaigns, initiatives, and associated items that contain more than a logo, name, and address of the campus. This includes most non-instructional student-facing collateral and mass communications (collectively referred to as "Materials"). Such Materials must be compliant with the Handbook, and any other applicable policies of CEC and in full compliance with federal and state laws and regulations, industry-specific rules and guidance, accrediting standards, and state licensing and degree authority standards. All Materials subject to these guidelines must be reviewed and approved by Media Compliance before they are utilized.

Media Compliance reviews Materials that will be presented on the web, emails and texts, and printed copies. As a general guideline, the following are examples of Materials subject to Media Compliance review and approval:

- **Prospective Student Materials:** Any informational material (print or electronic) provided to prospective students, including program slicks, brochures, electronic media and web material including audio, video (e.g., YouTube) and CD/DVDs, "phone touch" scripts, text messages, emails, guides, job aids, displays, and promotion and materials used to train staff. (Note: This does not include enrollment documents such as enrollment agreements and disclosure forms. Those are reviewed and approved outside of the Media Compliance review process.)
- **Broadcast Advertising:** Television commercials and infomercials (broadcast, cable and satellite), radio commercials, lobby or other videos (e.g., YouTube, podcasts).
- **Electronic and Social Media Advertising:** Internet web pages, landing pages, microsites, Facebook advertisements, blogs, email campaigns, Mobile app notifications for promotional purposes, and digitally displayed electronic posters. This includes requests to create new social media account pages.
- **Information Collection:** Any method used to collect prospective student information including lead forms and surveys.
- **Official University Publications:** Student newsletters, University Catalog, magazines and press releases.
- **Print Advertising:** Newspaper display and classified ads, magazine ads, brochures, flyers, take-ones, posters, direct mail pieces, newsletters.

- **Academic Conference/Seminar Presentations:** Materials presented by University personnel, at an event, which include claim statements and/or data about CEC, its Universities, students, programs or faculty that require substantiation (e.g., information on student population, student success/completion rates, student survey data, adaptive learning outcomes, or calculated rates defined by CEC or its Universities).
- **Student-Facing, Non-Instructional Materials:** Non-classroom related mass communications or messaging where students (prospective, current or alumni) are the primary audience – for promotional purposes.

## 2. Review Process

CEC requires that all Materials must be truthful, and not misleading, deceptive, or unfair. Materials must avoid leaving any false, misleading, or exaggerated impressions with respect to CEC and its Universities, its personnel, its programs and services, alumni, or the employment opportunities for its graduates. Media Compliance reviews Materials for accuracy of message and context, substantiation of any claims made, as well as the inclusion of appropriate disclaimer and/or disclosure statements. If the Materials feature individuals or their testimonies, Media Compliance ensures the appropriate, completed release forms are on file prior to use. Media Compliance also enforces compliance with CAN-SPAM and telemarketing requirements as applicable.

Materials are submitted to Media Compliance for review using a ticketing system called ServiceNow. Each reviewed Material is given an approval number that must be included on the creative, including month and year of the approval. All Material must be reviewed and approved by Media Compliance prior to distribution. Exceptions to this requirement include full websites, small banner ads, text messages, mobile notifications, radio scripts, and press releases.

Media Compliance approvals are generally effective for twelve months from the approval date, with the exception of videos, which may have a longer review cadence. In order to continue using Materials after the approval period, Materials must be resubmitted for re-approval. Even if the content remains the same, policies and/or regulations may have changed that could result in the piece no longer being suitable for use.

The Handbook is updated regularly to include updates to policy and/or the regulatory environment. A full review of the Handbook is completed every three years.

### e. Quarterly Declarations

Staff engaged in marketing, admissions, financial aid counseling, student advising, career services and campus leadership must complete a Declaration regarding their work on a quarterly basis. The purpose of this program is to remind employees about the importance of the *Rules of the Road* and CEC's commitment to ethical business behavior. Through the declaration process, employees acknowledge that they fully understand their responsibilities and their duty to promptly report violations of laws, regulations and company policies. Failure to complete the Declaration may result in corrective action, up to and including termination of employment.

#### **f. Annual Ethics Training**

Compliance also administers an annual ethics training course that every employee must complete. This is also completed at the time of hire. The course is designed to provide a framework for making ethical decisions in daily responsibilities and serves as a reminder of the important roles ethics and integrity play at CEC. The ethics course also covers an employee's obligation to report ethical concerns. There are several channels available to employees to report concerns. Employees are encouraged to use the channel with which they are most comfortable. (See Compliance Hotline at p. 29 below).

#### **4. Monitoring Student Interactions**

CEC maintains and operates multiple monitoring programs over areas responsible for enrolling prospective students in its institutions as well as the departments responsible for assisting or counseling students and prospective students with respect to financial aid and academic matters.

##### **a. Admissions Monitoring Programs**

The Admissions teams serve as the primary contact for students. CEC's monitoring program begins with its training of the Admissions teams and includes communications monitoring (e.g., call and text) and a mystery shopping program. The Admissions teams receive training on all aspects of the Admissions process. Part of this training involves training on the substance and application of the *Rules of the Road*. Training is ongoing through supervised review of Admissions teams' interactions with students.

As part of its communications monitoring—as well as the ongoing training regimen—Compliance regularly monitors recorded phone calls in order to evaluate and maintain compliant student interactions. During these reviews, Compliance assesses the advisors' comprehension and application of the *Rules of the Road*. The functional areas on recorded phone lines are also subject to call monitoring by the managers of the respective department as well as other quality assessment teams. The quality assessment teams are independent teams that review calls from a compliance and customer service perspective.

Compliance also audits the web chat transcripts and the two-way messaging platform which is similar to chat or texting apps that allow students to interact quickly with advisors. The evaluator reviews transcripts from these interactions to ensure there were no misrepresentations within these written communications.

Similar to the Media Compliance review process, Admissions counseling materials are submitted for review and approval using a ticketing system called [REDACTED]. These materials must be reviewed and approved by Compliance prior to distribution. This includes training materials for onboarding staff, job aids used by advisors for reference, and mass student communications. Materials submitted are reviewed for accuracy of message, information, and context; substantiation of any claims made; as well as the inclusion of appropriate disclaimer and/or disclosure statements, where applicable. Admissions counseling materials are updated regularly to include updates to policy, procedure and/or the regulatory environment.

CEC has been utilizing a mystery shopping program as part of its compliance efforts for several years and has been using its current provider, [REDACTED] since 2013. [REDACTED] acts as an independent third-party evaluator to conduct Mystery Shopping on the AIU and CTU Admissions departments. [REDACTED] is focused exclusively in the higher education sector and is well versed on industry standards. CEC has provided and discussed in detail with [REDACTED] its internal Admissions *Rules of the Road* policy. This provides [REDACTED] insight into the expectations that have been set for AIU and CTU Admissions Advisors and assists them in training their shoppers so they provide relevant feedback as it relates to CEC's standards. CEC also partnered with [REDACTED] to customize various prospective student scenarios reflecting obligations contained in the AVC to use during their interaction with an Admissions Advisor and when applicable, Financial Aid.

[REDACTED] conducts over 100 mystery shops per year for CEC. The institutions are not aware of when the mystery shops may occur. The shops cover both AIU and CTU online and ground locations and are initiated in one of the following ways: 1) walk-in/direct call-in; 2) web inquiry submission through the school website; or 3) through the Inquiry Response Center. Each shop is intended to interact with an Admissions Advisor up to the point of the admissions application being provided as the next step. If a shopper wants to continue past the point of the admissions application they can, however, it is not a requirement as it can be difficult to find shoppers willing to enroll and use their social security number. In some instances, a shopper may speak to members of other departments outside of Admissions. This typically occurs when the prospective student asks to speak with a Financial Aid Advisor or while on a tour during a ground campus visit. During the ground campus tour, prospective students have the opportunity to meet and interact with Financial Aid, Student Advising, Career Services, and/or in some cases a member of the Faculty. The shoppers are also tasked with keeping any materials they are given while on campus and providing them to [REDACTED] once the interaction is complete. These materials are then returned to the CEC Compliance team.

Once a shopper has completed their interaction with an Admissions Advisor, [REDACTED] provides the shopper with an assessment form to complete based on their experience. The assessment form used by each shopper was created to align with CEC's Admissions Rules of the Road policy. Each topic on the Admissions Rules of the Road policy has its own section of questions on the assessment form. The assessment form is designed to help the shopper break down their experience based on each topic. For most of the topics, CEC provides examples of behaviors or statements it would be interested in hearing more about and in some instances, answering a question can lead to additional follow up questions being asked about that same topic.

#### **b. Financial Aid Counseling Monitoring Programs**

Similar to the Admissions Monitoring program, CEC has a Financial Aid Counseling Monitoring program which includes training and communications monitoring components. The program begins with the training phase. New online financial aid employees are required to attend and complete a comprehensive onboarding program which is designed to cover financial aid information (including federal and institutional aid sources), compliance and regulatory requirements, and student service expectations. For employees with no prior financial aid experience, the onboarding program is four weeks in length. The first three weeks are spent in a

classroom setting where individuals are provided with a binder of materials to follow along, study, and reference. During this time, opportunities are also incorporated into the training schedule for new employees to sit with current staff members to observe and ‘shadow’ the financial aid advising process. This allows an opportunity to apply what’s presented in the classroom to actual student scenarios. Two scored knowledge assessments are also completed throughout the first three weeks and are provided to financial aid leadership. It is expected that new employees receive [REDACTED] however, they must receive [REDACTED] in order to maintain employment. In the final week of training, employees are assigned a work station and receive hands-on training by performing basic advising tasks such as conducting simulated conversations, researching student files, and listening to recorded calls.

For online employees with prior financial aid experience, the onboarding program is two weeks in length. The first week focuses on financial aid topics, processes, and systems that may differ from institution to institution. Compliance and student service expectations are also covered. At the close of the first week, a scored, knowledge assessment is completed and provided to financial aid leadership. Similar to employees with no prior financial aid experience, a score of [REDACTED] is expected and they must receive [REDACTED] in order to maintain employment. During the second week, employees are assigned a work station and are allowed an opportunity to apply their knowledge by performing basic advising tasks such as conducting simulated conversations, researching student files, and listening to recorded calls.

After the formal onboarding process has concluded, new online employees are able to meet with their manager, team leaders, and trainers for ongoing support. In this format they are able to discuss any questions that may arise and follow-up on training concepts to reinforce and expand their knowledge base.

For new employees at ground campuses, the Campus Financial Aid Manager is responsible for conducting training and such training may vary based on the individual’s prior financial aid experience. The Student Aid Solutions Training Team is also available to assist in onboarding as needed.

With respect to monitoring, each Financial Aid Advisor is monitored through the call evaluation program approximately two times per year. Fifty calls (twenty-five per University) are selected at random and evaluated by Compliance. In addition to the Financial Aid Advisor calls, Compliance evaluates the managers of the Financial Aid Advisors. For the Monitor the Monitor program, Compliance selects ten calls that were evaluated by a Financial Aid manager to ensure any potential concerns are being identified and addressed as appropriate at the manager level. This assesses the manager’s comprehension and application of the *Financial Aid Rules of the Road*.

Financial Aid calls are also monitored and evaluated for customer service and compliance with CEC’s *Financial Aid Rules of the Road* guidelines by an independent team of seven Quality Assessment Evaluators. Quality Assessment Evaluators are expected to review an average of sixteen calls per day, which equates to approximately three hundred calls per month. Each Financial Aid Advisor is subject to random call monitoring approximately seven to ten times each month. This ensures that each advisor has approximately eighty to one hundred calls evaluated per year. During the first half of 2019 (H1), the Quality Assessment Team reviewed

5,345 calls. Additionally, AIU Student Finance Managers are expected to review twenty total calls for their staff per month and CTU Student Finance Managers are expected to review four calls per financial aid advisor per month.

The Quality Assessment Team routinely calibrates and evaluates calls by way of a review committee that meets weekly. The review committee consists of Financial Aid Directors and Vice Presidents (AIU and CTU), the Financial Aid Training Manager, and members of the Compliance Team. In reviewing calls the review committee utilizes the *Financial Aid Rules of the Road* guidelines to align and identify any potential concerns.

In 2018, the Compliance Department also instituted a bi-annual audit program reviewing fifty two-way messaging conversations conducted between Financial Aid Advisors and their students. The messages are evenly selected at random between AIU and CTU. The conversations are reviewed for compliance with the *Financial Aid Rules of the Road*. In H1 2019, there were no compliance concerns identified.

Similar to the Admissions counseling material review process, Financial Aid Counseling materials are submitted for review and approval using the same ticketing system, [REDACTED]. Financial Aid Counseling materials must be reviewed and approved by the Compliance department prior to distribution. This includes training materials for onboarding staff, job aids used by advisors for reference, and mass student communications concerning financial aid. Exceptions to this requirement include the financial aid policy website and technical resource guides demonstrating how to use or access tools/software. Materials submitted are reviewed for: accuracy of message; information, and context; substantiation of any claims made; as well as the inclusion of appropriate disclaimer and/or disclosure statements. Financial Aid Counseling materials are updated regularly, as needed, to include updates to policy, procedure and/or the regulatory environment.

### **c. Other Monitoring Programs**

In January of this year, Compliance launched the *CTU Student Advising Rules of the Road*. Similar to the Financial Aid Counseling program, CTU's Student Advising calls are monitored by both the Compliance Department and CEC's Quality Assessment Team. CEC is also in process of implementing the Rules of the Road and monitoring of calls for the AIU Student Advising group.

Overall, the results and insight from CEC's compliance monitoring programs across all departments are reviewed and used for ongoing training and improvements. These results also provide CEC with insight on the effectiveness of their training programs.

## **C. AVC Compliance Obligations**

# **1. Miscellaneous Administrator Provisions (¶¶52-53)**

## AVC ¶52

### NON-RETALIATION CLAUSE

*52. Non-Retaliation Clause: CEC shall not intimidate, harass, threaten, or penalize any employee or Former Employee for his or her cooperation with or assistance to the Administrator relating to the Administrator's Powers and Duties to ensure implementation of and compliance with this AVC.*

#### **Bases.** The Administrator

- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel.
- Interviewed senior corporate management—including Legal.
- Toured CEC's campuses and corporate headquarters.
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents, including CEC's non-retaliation policy and clauses, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to retaliatory conduct.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraph 52. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC's compliance.

**Discussion.** CEC has a non-retaliation policy which is included in its employee Code of Business Conduct and Ethics provided to all employees upon hire and during the annual ethics training provided by the CEC. The Administrator has not received and is not aware of any claims or complaints related to or that are violations of the Non-Retaliation Clause or policy.

CEC non-retaliation policy:

## **NON-RETALIATION**

CEC is committed to creating a safe environment in which everyone feels comfortable raising concerns.

Retaliation against anyone who in good faith reports a concern or cooperates with an investigation is a violation of the Code and will not be tolerated. If you feel that you or any CEC employee has been retaliated against for speaking up, report your concern immediately to ensure that the matter is fully and properly investigated. Anyone who retaliates will be subject to corrective action, up to and including termination of employment.

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## AVC ¶53 COMPLIANCE HOTLINE

*53. Compliance Hotline: It is understood that CEC is operating a compliance hotline, which permits employees to lodge concerns with CEC anonymously. CEC shall continue to maintain this hotline or a reasonable equivalent. CEC shall provide the Administrator access to any complaints or reports made through this hotline (whether made anonymously or not).*

### **Bases.** The Administrator

- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel—including Legal and Employee Relations personnel responsible for the Compliance Hotline.
- Interviewed senior corporate management.
- Toured CEC's campuses and corporate headquarters.
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents, including complaints and reports related to the Compliance Hotline, other complaint and complaint resolutions materials, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC's websites including [REDACTED] Single Page Disclosure and Programmatic Disclosure Forms, CEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to the Compliance Hotline.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraph 53. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC's compliance.

**Discussion.** CEC operates a compliance hotline—[REDACTED]—which permits employees to lodge concerns with CEC anonymously. CEC has provided the Administrator access to reports and complaints made through this hotline.

The system is designed for employees to report compliance concerns, using either the phone or the Internet, while remaining anonymous, if desired. Both the hotline and website are operated by EthicsPoint, an independent, third-party firm specializing in managing corporate ethics

hotlines. This creates a separation between CEC and the person reporting the issue, and provides a safe, secure way to report concerns about ethical violations while protecting the identity of employees who wish to remain anonymous.

Reports to the [REDACTED] hotline are entered directly on [REDACTED] secure server to prevent security breaches. These reports are available only to a limited group of people at CEC who are responsible for evaluation and investigation. CEC forbids retaliation against any person who reports an ethics concern in good faith.

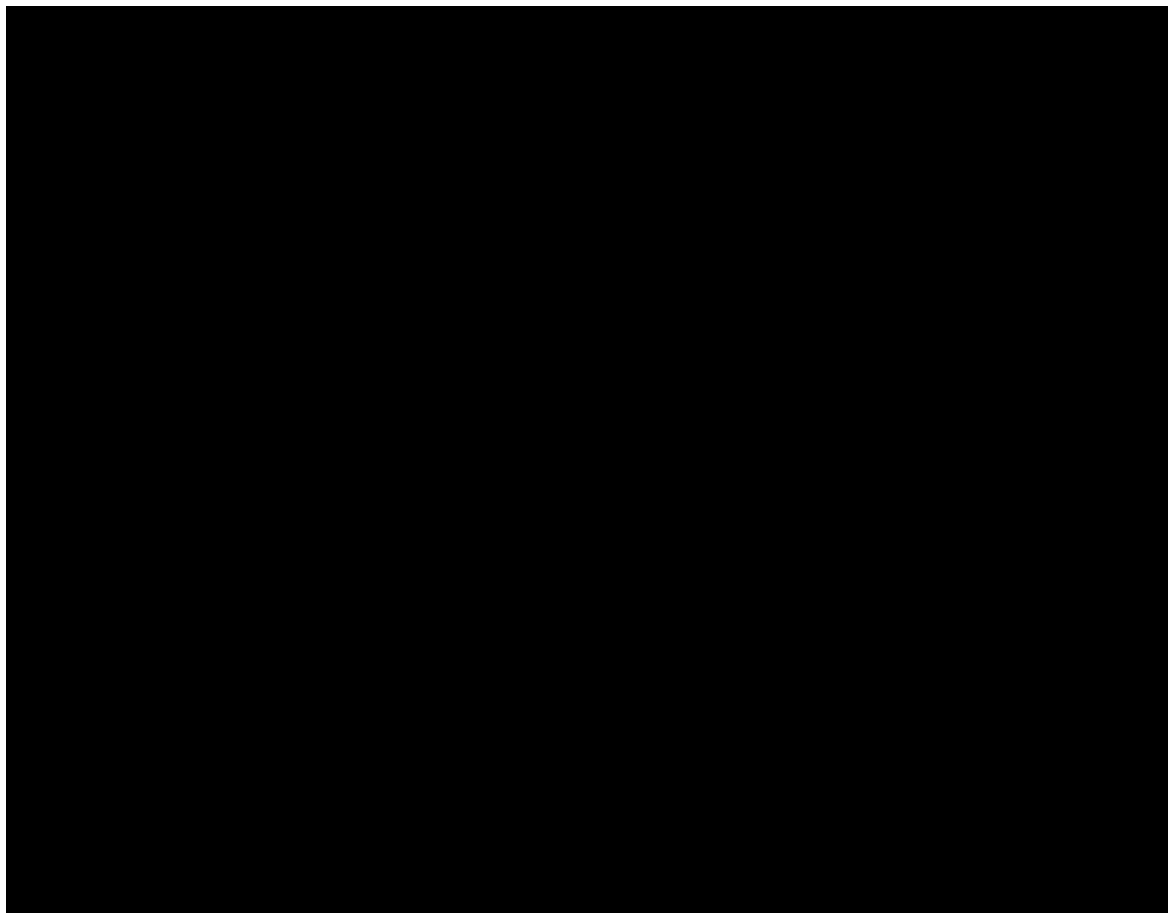
When a report is submitted, a case record is generated and, depending on the case type, the specific users are notified by email. The Compliance and/or Legal departments review all allegations. Based on this initial assessment, the predetermined tier (Compliance, Employee Relations, or Accounting & Financial) is confirmed and changed if necessary. All employee relations issues are managed by Legal and addressed by Legal and/or Employee Relations. Compliance issues may be assigned to the Compliance and/or Legal Department as determined by the General Counsel. The accounting and financial related concerns are managed by the Compliance Department and addressed by the Internal Audit Department.

Issues may also be brought to the attention of the Compliance, Employee Relations, and /or Legal Departments through alternate means. If an issue is raised that alleges ethical violations and requires investigation, the assigned department will manually generate a case record within the Compliance Management Database (“CMD”). The Chief Compliance Officer (“CCO”) will forward matters to the Compliance Committee Chair of the Board of Directors, as appropriate.

Generally, [REDACTED] cases will be approved and closed out with findings and recommendations, if any, within 60 days for compliance-related cases and 45 days for employee relations-related cases. In some instances, fact gathering, analysis, recommendations, and/or implementation of recommendations may not be completed within this time frame and in those instances they will be approved and closed out as quickly as possible. At the conclusion of the fact-gathering phase of an investigation, appropriate documentation is attached to its respective [REDACTED] case. The CCO and/or Senior Counsel are required to ensure that all matters are addressed in a timely manner.

The activity and corrective actions related to the ethic cases received in the first and second quarter of 2019 are included below:

## Q1 – Q2 2019 Case Status



## **Q1 – Q2 2019 Corrective Action by Substantiated Cases**

## **Q1 – Q2 2019 Allegation Subcategory**

## **2. Required Disclosures (§§54-71)**

**a. General Disclosures (§§54-60)**

**AVC §§54-58  
GENERAL DISCLOSURES**

54. CEC shall comply with 34 CFR 668.412(e) and any substantially similar successor regulation requiring the direct disclosure of the U.S. Department of Education gainful employment template information to Prospective Students. The requirements of paragraphs 55-58 herein shall take effect only if the U.S. Department of Education repeals, amends, or delays 34 CFR 668.412(e) in a manner that substantially changes this direct disclosure requirement. In addition, should paragraphs 55-58 take effect, CEC may cease compliance with providing a Single-Page Disclosure Sheet as required by paragraphs 55-58 in the event the U.S. Department of Education or Congress promulgates a substantially similar direct disclosure requirement.

55. CEC shall Clearly and Conspicuously disclose to Prospective Students a "Single-Page Disclosure Sheet" that conforms as to form to the sample disclosure sheet attached as Exhibit B hereto and contains the following information:

(a) the Anticipated Total Direct Cost for the Program of Study at the prospective campus; provided, however, that this provision shall not be interpreted to restrict CEC's ability to change tuition, fees, or expenses;

(b) the Median Debt for Completers for the Program of Study for the most recent reporting period, if available;

(c) the Program Cohort Default Rate for the most recent reporting period if available;

(d) the Program Completion Rate for the most recent reporting period, if available;

(e) the Transferability of Credits Disclosure;

(f) the Median Earnings for Completers for the Program of Study for the most recent reporting period, if available; and

(g) the Job Placement Rate Disclosure for the Program of Study at the prospective campus for the most recent reporting period, if available..

For the avoidance of doubt, the Parties agree that the Program Cohort Default Rate and the Median Earnings for Completers are to be calculated by the U.S. Department of Education and that this AVC does not require CEC itself to disclose figures that are unavailable from the Department.

56. Specifically, CEC shall Clearly and Conspicuously disclose the Single-Page Disclosure Sheet for the Program of Study in which the Prospective Student is seeking to enroll in the following ways:

(1) by Clearly and Conspicuously disclosing the Single-Page Disclosure Sheet during the enrollment process, prior to the Prospective Student's execution of the Enrollment Agreement; and

(2) CEC shall also email the Single-Page Disclosure Sheet as one of two attachments in an email to the Prospective Student prior to starting the first day of class. The other attachment in this email would be a Clear and Conspicuous disclosure of the refund policy as outlined in Paragraph 101.

57. Before an already-enrolled Student begins a new Program of Study, CEC shall Clearly and Conspicuously disclose to the Student the Single-Page Disclosure Sheet for that Program of Study. Additionally, CEC shall also email the Single-Page Disclosure Sheet to the Student prior to starting the first day of class in the new Program of Study.

58. CEC shall be permitted to make such reasonable changes to the Single-Page Disclosure Sheet and to the form and timing of the disclosure of the Single-Page Disclosure Sheet as are approved by the Administrator in consultation with the Attorneys General.

**Bases.** The Administrator

- Interviewed the CEC's Director of Clinical Education.
- Interviewed CEC's Nursing Coordinator.
- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.

- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured CEC’s campuses and corporate headquarters.
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents, including student disclosure materials, accreditation materials, job placement materials, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC’s websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to General Disclosures.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraphs 54-58. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC’s compliance.

**Discussion.** On July 1, 2019, the effective date of the 34. CFR 668.412(e) regulation, the US Department of Education published a new final regulation in the Federal Register that rescinded 34. CFR 668.412(e), effective July 1, 2020. Additionally, the Secretary of Education exercised her authority to allow institutions to early adopt the regulations. CEC complied with the terms of 34. CFR 668.412(e) on July 1, 2019. After preparing staff, each of AIU and CTU elected to early adopt the regulations on July 8, 2019 and initiated compliance with paragraphs 55-58 of the AVC at that time. From July 1, 2019 to July 7, 2019 CEC institutions implemented systems updates to comply with 34. CFR.412(e) and provided students with an email of a gainful employment template in form and substance as directed by the Department of Education. Effective July 8, 2019, CEC updated its enrollment process to instead include the Single Page Disclosures for the program a student was enrolling into.

The form of the Single-Page Disclosure Sheet (“SPDS”) was negotiated and approved by the Attorneys General, as reflected in Exhibit B to the AVC. The online Application Center for AIU and CTU present the SPDS to students consistent with Exhibit B as a set-off item during the enrollment process. If a student is applying in-person, the Admissions Representative walks the student through a similar online application program (“[REDACTED]”) that also presents the SPDS as a set-off item in the same way it appears in the online Application Center. If a student is already-enrolled and begins a new Program of Study, they are required to go through the same process and presented with the same documentation, including the SPDS. The SPDS also is emailed to

enrolling and already-enrolled students. Accordingly, both the State-approved form of the SPDS and the manner in which it is presented to enrolling and already-enrolled students should comply with the AVC requirement that they be Clear and Conspicuous.

## AVC ¶59

### DISCLOSING STUDENT INCOME ELSEWHERE

*59. CEC may calculate and disclose to Students and Prospective Students, in materials other than the gainful employment template or the Single-Page Disclosure Sheet, information with respect to the income earned by CEC's graduates in reporting period as to which the Median Earnings for Completers is not available, provided that such information is not false, misleading, or deceptive.*

#### **Bases.** The Administrator

- Interviewed the CEC's Director of Clinical Education.
- Interviewed CEC's Nursing Coordinator.
- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured CEC's campuses and corporate headquarters.
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents, including student disclosure materials, accreditation materials, job placement materials, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to the Disclosure of Student Income.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraph 59. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC's compliance.

**Discussion.** CEC does not calculate nor disclose student income information. Review of training materials and call recordings (including of mystery shoppers) confirms CEC's compliance. For example, as part of their training Admissions Advisors are told: Do not guarantee or imply employment or salary outcomes. Certain historical aggregated earnings data is publicly available. Such data may be included in the EFIP or other legally required disclosures, however this data is not CEC aggregated or calculated or used by CEC for advertising purposes. Further, as part of their training Admissions Advisors are told not to interpret such information.

## AVC ¶60

# ARTICULATION AGREEMENTS—TRANSFER TO OTHER SCHOOLS

*60. If a CEC institution elects to disclose that it has articulation agreements for the transfer of credits to other schools, then, in addition to the foregoing, the CEC institution shall also Clearly and Conspicuously: (a) list any school(s) with articulation agreements with that CEC institution, (b) list the classes for which the receiving school allows credits to transfer, (c) disclose any conditions upon the acceptance of transferred credits, and (d) disclose that credits are accepted by the receiving school for elective credit only, if that is the case.*

### **Bases.** The Administrator

- Interviewed the CEC’s Director of Clinical Education.
- Interviewed CEC’s Nursing Coordinator.
- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured CEC’s campuses and corporate headquarters.
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents, including articulation agreements, student disclosure materials, accreditation materials, job placement materials, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC’s websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to the Articulation Agreements.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraph 60. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC’s compliance.

**Discussion.** CEC has only one outbound articulation agreement, which is AIU’s agreement with Houston Community College. Per para. 60(a), this is noted on the “Academic Alliances” webpage for AIU (<https://www.aiuniv.edu/educational-alliances/academic>), where “Houston Community College (transfer AIU credits to HCC)” is a hyperlink. If clicked on, a student is

taken to a webpage specifically containing the details regarding the transfer of credits that are required by AVC para. 60(b)-(d). This stand-alone hyperlinked page complies with the AVC requirement that certain terms of the articulation agreement be Clearly and Conspicuously disclosed.

The AIU website (see screenshot below) has a section for **outbound** transfer credit agreements that lists Houston Community College, the only school which has an articulation agreement with AIU to accept AIU transfer credit.

<https://www.aiuniv.edu/educational-alliances/academic>

AMERICAN INTERCONTINENTAL UNIVERSITY™

855-377-1888 LIVE CHAT

REQUEST INFO APPLY NOW

DEGREES ADMISSIONS & STUDENTS TUITION & FINANCIAL AID ONLINE & CAMPUSES ABOUT AIU STUDENT LOGIN SEARCH

HOME / EDUCATIONAL SERVICES TEAM / ACADEMIC ALLIANCES

## Academic Alliances

AIU partners with select two-year colleges and institutions to help their graduates advance their degree or provide continuing education. AIU's Educational Alliances Center works with college administrations to help streamline a credit-transfer\* agreement for your graduates.

### Current Partners

AIU has **inbound** transfer credit agreements with the following partners:

- Houston Community College (transfer HCC credits to AIU)
- Language Consultants International (LCI)
- Midwestern Career College
- StraighterLine

\* Transfer credit is evaluated on an individual bases. Not all credits are eligible to transfer. See the [University Catalog](#) for transfer credit policies.

AIU has an **outbound** transfer credit agreement with the following partner:

- Houston Community College (transfer AIU credits to HCC)

**b. Job Placement Rate Disclosures (¶¶61-69)**

**AVC ¶¶61-69  
JOB PLACEMENT RATE DISCLOSURES**

61. For any Program of Study at a CEC institution that is required to calculate or provide a job placement rate by a national accreditor or any federal, state, or local law, rule, or judgment, CEC shall calculate a Job Placement Rate for such Program of Study in accordance with this AVC, and such rate shall be disclosed on the Single-Page Disclosure Sheet described in paragraph 55. The parties agree that a regionally accredited institution shall not be subject to paragraphs 61 to 69 relating to placement rates unless it shall choose to voluntarily report a placement rate. If a CEC institution voluntarily calculates a job placement rate for any Program of Study offered at a CEC campus, it must calculate the Job Placement Rate in accordance with this AVC for that Program of Study and also calculate a Job Placement Rate in accordance with this AVC for all Programs of Study that are offered at that same CEC campus, and such rates shall be disclosed on the Single-Page Disclosure Sheet described in paragraph 55. For purposes of this paragraph, all online offerings of each one of CEC's institutions shall be considered a "campus." Notwithstanding the foregoing, CEC shall not be required to calculate Job Placement Rates for any Program of Study that CEC is teaching out (i.e., that is not accepting new Students).

62. If CEC does not calculate a job placement rate for a Program of Study, and it is not required to calculate a Job Placement Rate by this AVC, then CEC shall disclose to Prospective Students on the Single Page Disclosure Sheet that: "[CEC institution] does not calculate a job placement rate for students who completed this program."

63. CEC shall not make any claims or representations to Prospective Students about the likelihood of such Prospective Students obtaining employment after completing a Program of Study if it does not calculate and disclose a Job Placement Rate in accordance with this AVC.

64. The Job Placement Rate calculated in accordance with this AVC shall be disclosed on the U.S. Department of Education's Gainful Employment Program Disclosure Template, which is the disclosure form issued by the Secretary of the U.S. Department of Education for Gainful Employment Programs, as well as at the time(s) and in the manner(s) provided herein. Moreover, with respect to job placement rates that CEC calculates after the Effective Date, CEC shall not report and/or disclose any job placement rate other than the Job Placement Rate calculated in accordance with this AVC, except as may be required by a government entity or accreditor. CEC must comply with any state regulations in addition to the requirements of this AVC.

65. Notwithstanding anything to the contrary in this AVC, CEC shall not be required to disclose a Program Completion Rate, a Program Cohort Default Rate, a Median Debt for Completers, or a Job Placement Rate for any Program of Study at a location with fewer than ten (10) Students or Graduates/Completers, as applicable, in that program.

66. Notwithstanding anything to the contrary in this AVC, CEC shall not be required to calculate a Job Placement Rate for new Programs of Study that have not had any Completers or Graduates. A Program of Study is not "new" for purposes of this paragraph if the same campus at which the Program of Study is offered previously offered a program of substantially similar subject matter, content, length, and ending credential. For the avoidance of doubt, a Program of Study will be "new" for purposes of Job Placement Rate calculations if any governmental entity or any relevant accreditor considers the Program of Study substantially different from a prior Program of Study in terms of subject matter, content, length, or ending credential.

67. If CEC relies on a third party for verifying and/or calculating Job Placement Rates, CEC shall enter into a contract with such third party pursuant to which the third party shall agree to adhere to the requirements of this AVC concerning calculation and/or verification of Job Placement Rates (to the extent applicable) and require the third party to provide any requested information regarding the calculation and/or verification of Job Placement Rates to the Administrator. CEC shall monitor such third party's compliance with these requirements.

68. CEC shall deem an individual as "placed" only if the Graduate or Completer meets the below conditions of "employed" or "self-employed." *The rest of Section 68 has been removed in order to abbreviate this paragraph, but is available in the full AVC document.*

69. CEC shall implement a protocol for performance checks of those employees responsible for verifying, calculating, and/or disclosing job placement rates. Such performance checks shall be designed to provide a reliable assessment of the accuracy of disclosed job placement rates and compliance by CEC's employees, agents, and/or contractors with the verification, calculation, and disclosure of job placement rates. The performance checks shall be carried out regularly by CEC's compliance department or an independent third party, if used. If the institution obtains placement data by contacting employers and Completer/Graduates, the information should be documented in writing, including, to the extent practicable, the name of the employer, name of the Student, address and telephone number of Student and

*employer, title of employment, duties of employment, length of employment, hours worked, the name and title of the person(s) providing the information to CEC, the name and title of the person(s) at CEC who received and recorded the information, and the date the information was provided. CEC shall maintain a copy of the above information for a period no less than three (3) years.*

**Bases.** The Administrator

- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured CEC’s campuses and corporate headquarters.
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents, including accreditation materials, job placement materials, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC’s websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to job placement.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraphs 61-69. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC’s compliance.

**Discussion.** CEC is not subject to paragraphs 61-69 because AIU and CTU are “regionally accredited institutions” and neither reports nor calculates a Job Placement Rate.

Both institutions are accredited by the Higher Learning Commission (“HLC”), a regional accrediting agency.



### American InterContinental University

Current status: Accredited

Accreditation granted: 01/01/2009

Most recent reaffirmation of accreditation: 2013 - 2014

Next reaffirmation of accreditation: 2023 - 2024

### Colorado Technical University

Current status: Accredited

Candidacy date(s): 07/21/1976 - 04/30/1980

Accreditation granted: 05/01/1980

Most recent reaffirmation of accreditation: 2012 - 2013

Next reaffirmation of accreditation: 2022 - 2023

*Screenshots from HLC online membership directory*

c. **EFIP Disclosures (¶¶70-71)**

**AVC ¶¶70-71**  
**ELECTRONIC FINANCIAL IMPACT PLATFORM**

70. As soon as reasonably practicable after a Prospective Student has enrolled in a program for the first time and received a financial aid award letter, CEC shall provide the Student with a link such that the Student generates a required personalized disclosure using the Electronic Financial Impact Platform; provided, however, that Prospective Students who are ineligible for federal student aid or who are not borrowing funds to finance their education shall be exempt from this requirement. For the avoidance of doubt, in the event that a Student chooses to revisit the Electronic Financial Impact Platform after enrolling in a Program of Study, CEC shall not have any additional obligations to that Student under this paragraph. If a Student's refund period expires without the Student having received a financial aid award letter and link to the Electronic Financial Impact Platform, CEC shall Clearly and Conspicuously disclose to that Student that he or she may withdraw from his or her Program of Study without financial responsibility for any tuition and fees associated with the Student's class attendance that term. For purposes of this paragraph, the term "refund period" is described by paragraph 101 unless that paragraph does not apply, in which case the refund period is any time frame within which the Student is eligible to withdraw without financial liability for tuition and fees associated with attending classes.

71. Within one hundred eighty (180) days of the Effective Date, CEC shall, in consultation with the Administrator and the Attorneys General, implement its Electronic Financial Impact Platform. The link required in paragraph 70 may include a disclaimer that states: "This link is provided to you for informational purposes only and is not intended to provide, suggest, or imply financial advice of any kind."

**Bases.** The Administrator

- Engaged in multiple conversations with the Attorneys General Executive Committee and with CEC legal counsel regarding Interactive Award Review (CEC's EFIP).
- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured CEC's campuses and corporate headquarters.
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents, including multiple draft EFIP disclosure forms, clinical program materials, accreditation materials, job placement materials, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC employee certifications, documents

concerning quality assurance monitoring and reviews and other documents related to CEC's EFIP.

**Interim Compliance Determination.** The Administrator is not aware of substantial patterns or practices of non-compliance in connection with paragraphs 70-71 but some required elements of the EFIP, listed below, have not yet been implemented. Therefore, the Administrator believes that CEC is not yet in substantial compliance with paragraph 70; as explained below, however, the Administrator believes that CEC is in compliance with paragraph 71. Because maintaining the EFIP is an ongoing obligation, the Administrator will continue to monitor CEC's compliance.

## **Discussion.**

### **EFIP/IAR Tool and Link**

AIU and CTU have developed the same administrative process to comply with this requirement. In consultation with the Attorneys General, CEC developed and each of AIU and CTU has, as of July 1, 2019, launched an Interactive Award Review (IAR) tool that serves as the EFIP described in paragraphs 70 and 71. The tool is designed as a supplemental resource to the existing financial aid process and support that prospective students receive as they apply for financial aid at AIU or CTU. The IAR tool is populated with a prospective student's actual financial aid award information after they have completed their Free Application for Federal Student Aid (FAFSA) and the institution has received from the student their initial Title IV aid eligibility information. The IAR tool is also populated with other financial estimates provided by the institution and is designed to help students budget their financial aid award and expenses through graduation. As specified in paragraph 70, AIU and CTU have completed programming to trigger a customized initial financial aid award letter which includes a link and instructions to the IAR tool. Students are advised to complete the IAR tool at the same time they receive their financial aid award. The award letters with live links to this tool were first introduced at AIU and at CTU on June 15, 2019, for students scheduled to start at AIU on July 17 and CTU on August 13, 2019. Samples of these award letters are provided below. The live link does include the disclaimer described in AVC paragraph 71.

Prior to the AVC's Effective Date, CEC had incorporated feedback from the Attorneys General on the IAR tool; following the AVC's effective date, it conducted several live demonstrations of the tool and its features to respond to questions from the Attorneys General and to demonstrate its interactivity. Through this process and at the request of the Attorneys General, CEC has continued to make changes to the tool; not all of the changes CEC has agreed to make to the IAR tool have been implemented as of the date of this Report but CEC has pledged to implement them in the near future subject to sign-off from the Attorneys General on the form and content of the changes and the Administrator will monitor and report on their implementation. Among the changes CEC has made to the tool since its first demonstration to the States are:

- addition of a student feedback feature, to collect input on the tool;

- addition on the IAR tool near the field related to other education expenses of a statement that, “To the extent you do not need financial assistance (student loans, grants, or other help) to cover these expenses, you should consider entering “0” in these fields”; and
- addition of a disclosure on the IAR tool regarding the average amount owed by all students (graduates and non-completers) to CEC upon leaving school.

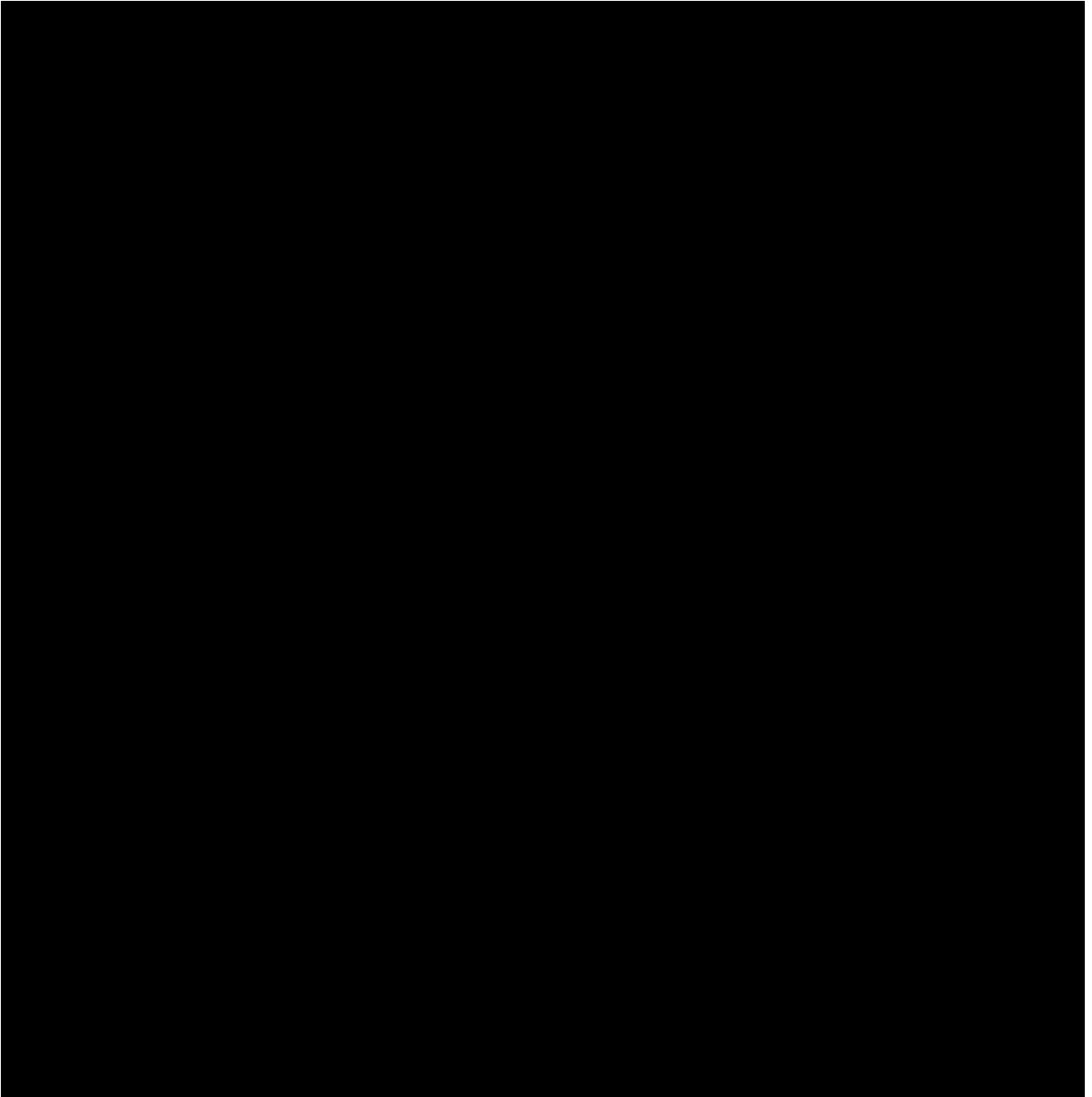
The changes that CEC has agreed to make to the IAR tool in the near future but not implemented as of the date of this Report include:

- addition of a Program Completion Rate;
- addition of earnings data for CEC graduates, with the understanding that CEC will use institutional data when programmatic data are unavailable; and
- addition of disclosures about what the earnings and Program Completion Rate data are and where they come from, provided that CEC will provide such disclosures and related disclaimers to the Administrator in advance for review, and further provided that the Attorneys General have reviewed and assessed CEC’s use of such data in public-facing consumer communications and expressly approved of such use.

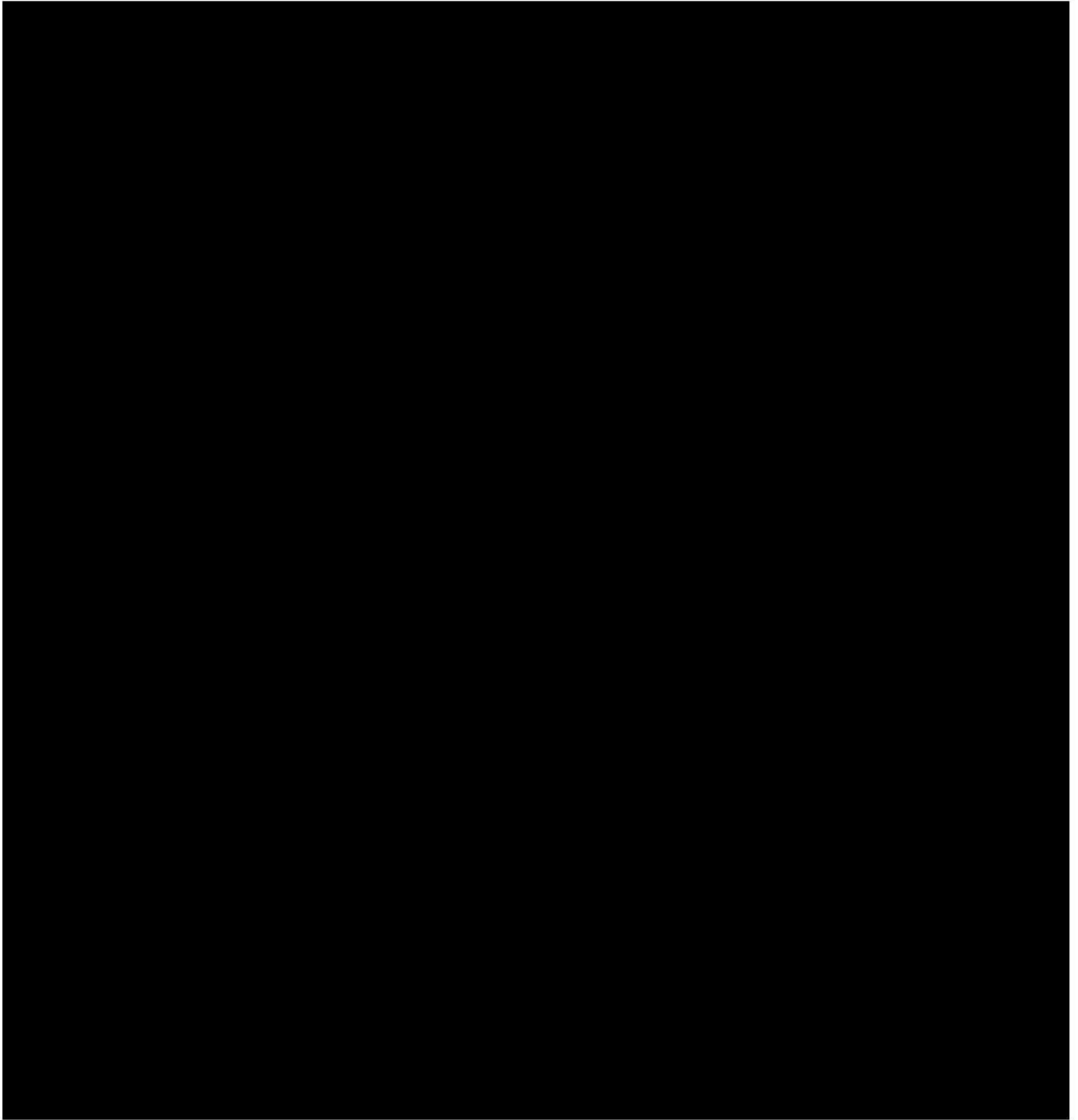
### **Potential Refund Notifications Related to IAR Link**

In the event a student is scheduled to receive the IAR link as part of an initial award letter and does not complete their financial aid process milestone prior to the end of the period during which they can still receive a refund upon notice of withdrawal, the system is programmed to deliver to them an email reminder of the refund policy. Examples of this email communication with the refund policy are provided below. Eligible new online students who have not received their initial award letter with the IAR link will receive an email notification on the 19<sup>th</sup> day of the term.

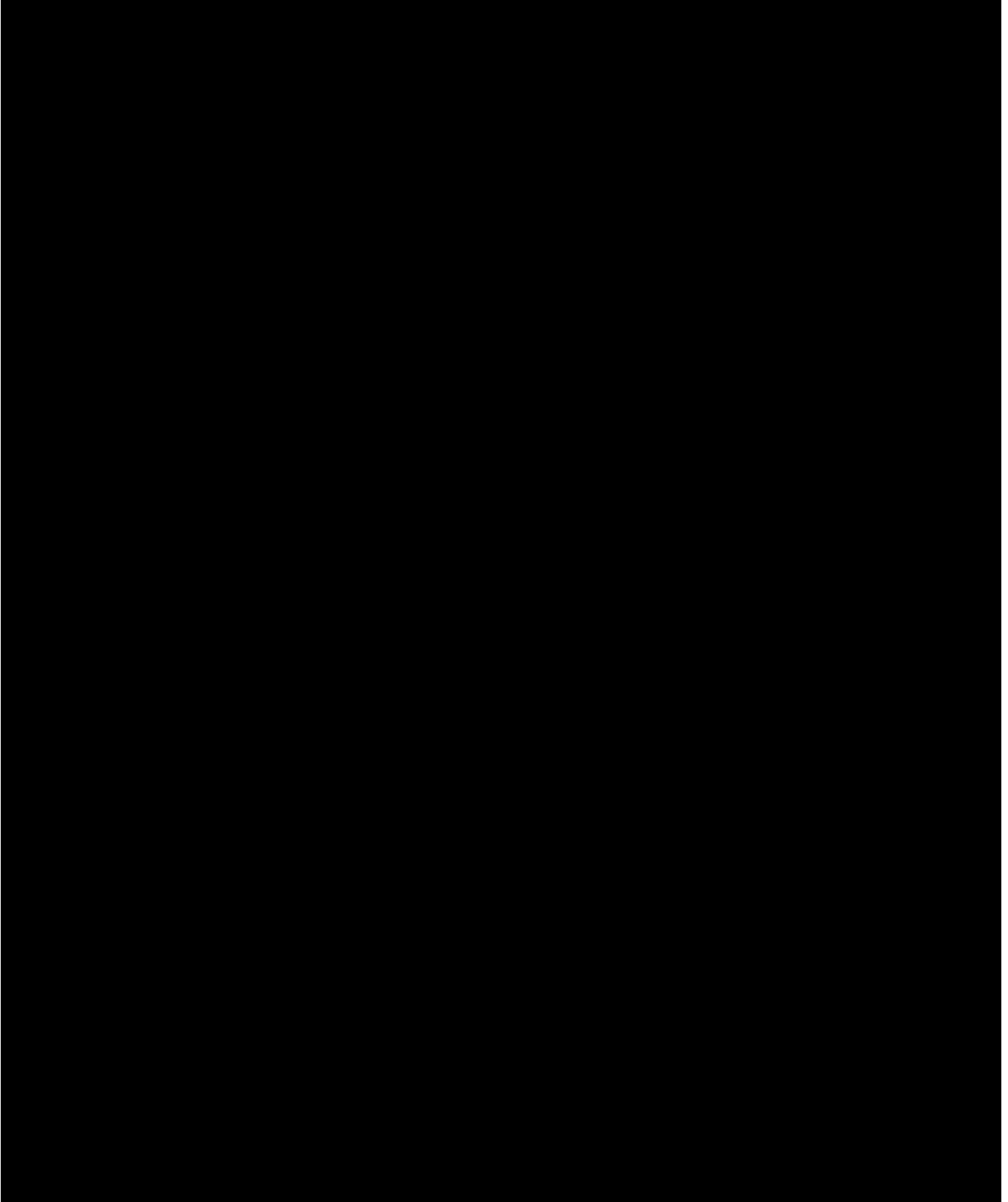
**CTU Award Letter Template:**

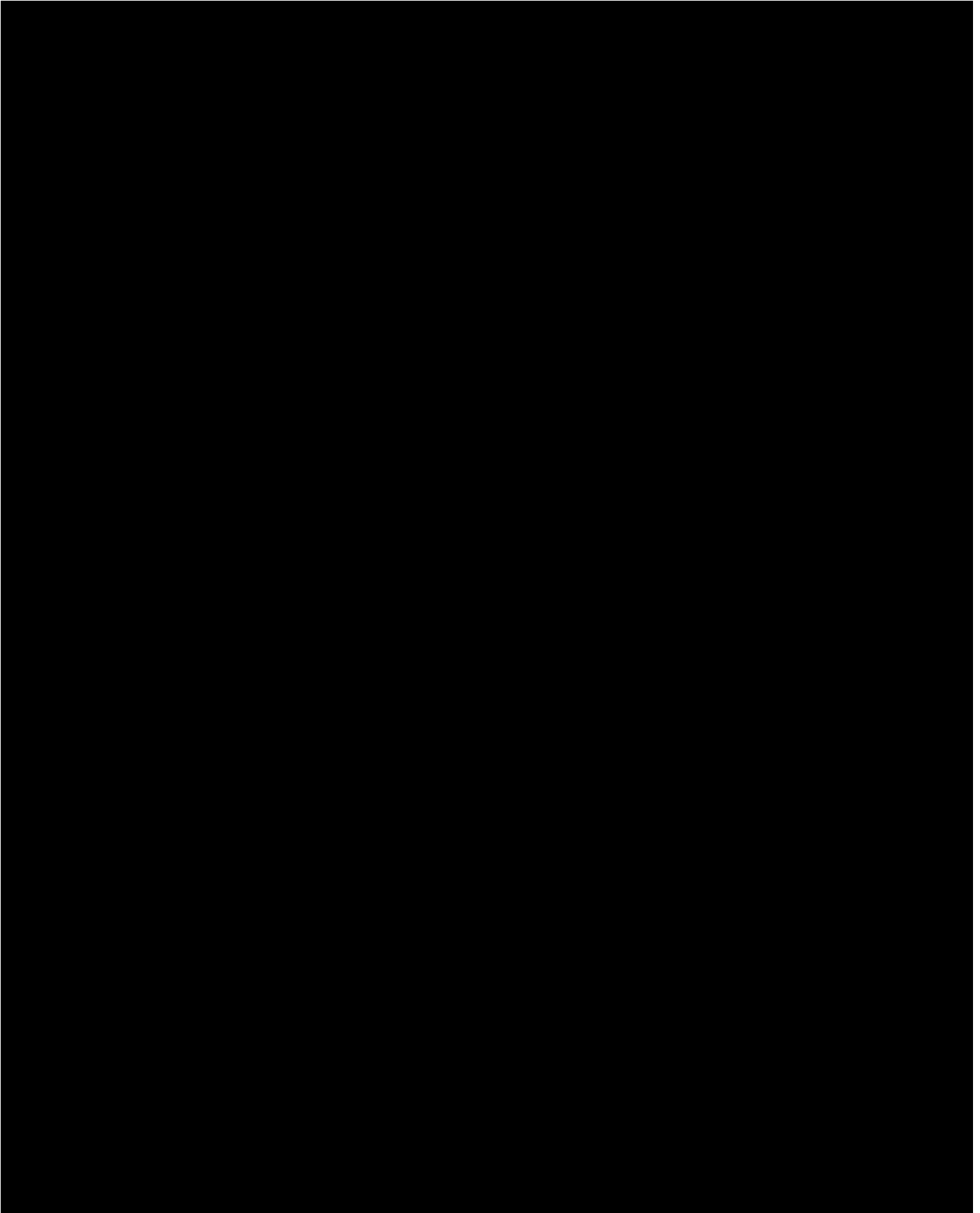


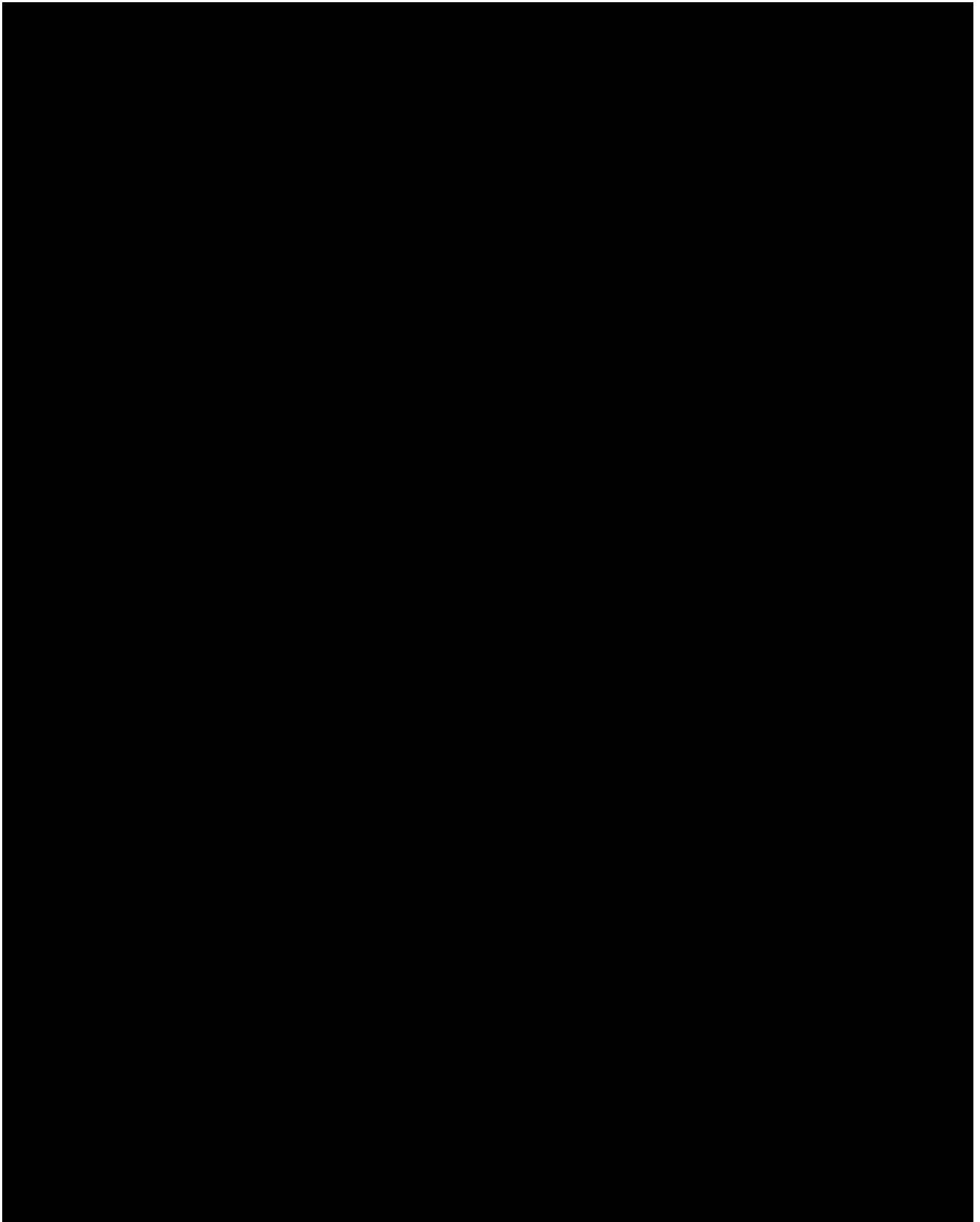
**AIU Award Letter Template:**



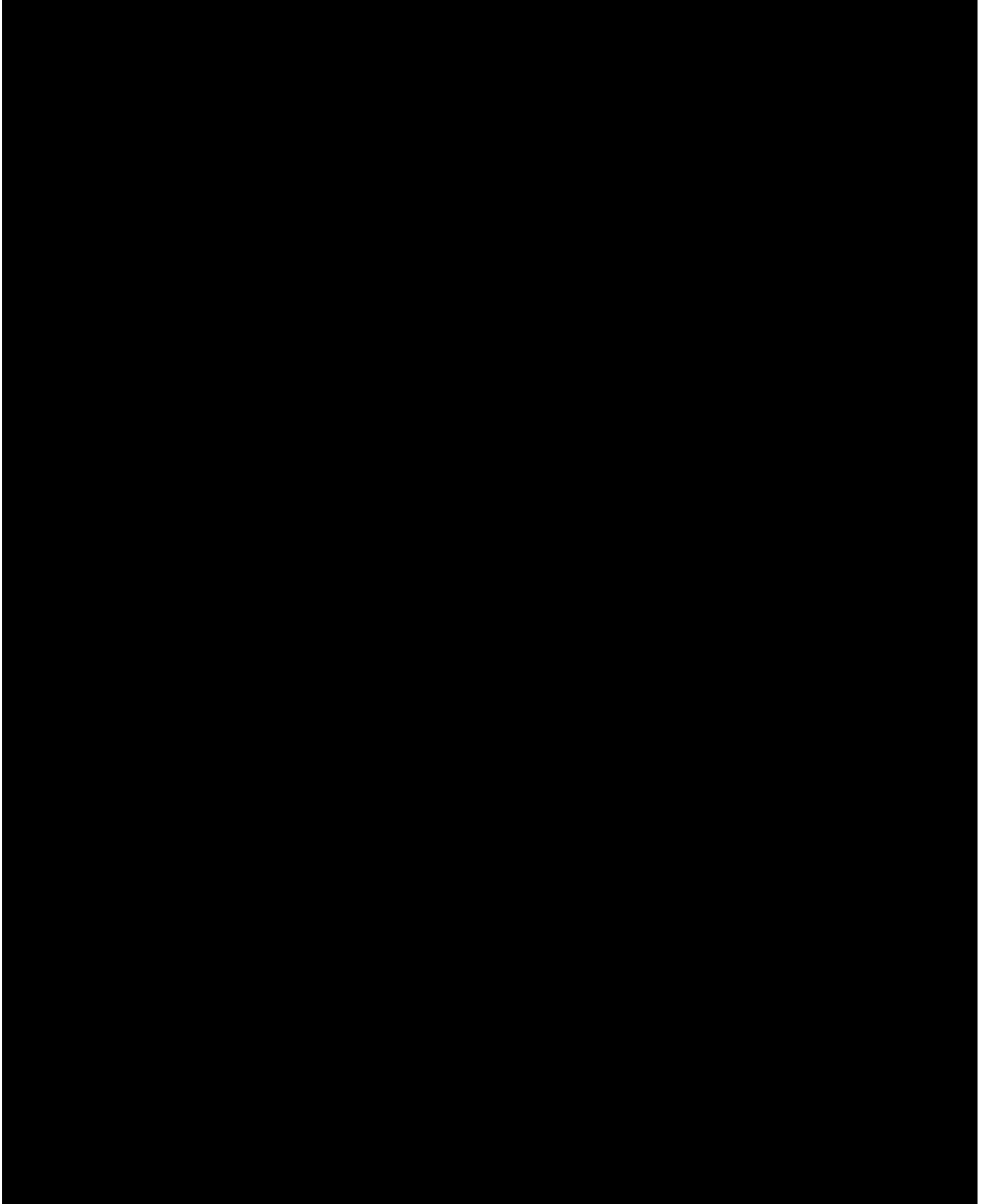
**Student Refund Policy Email**

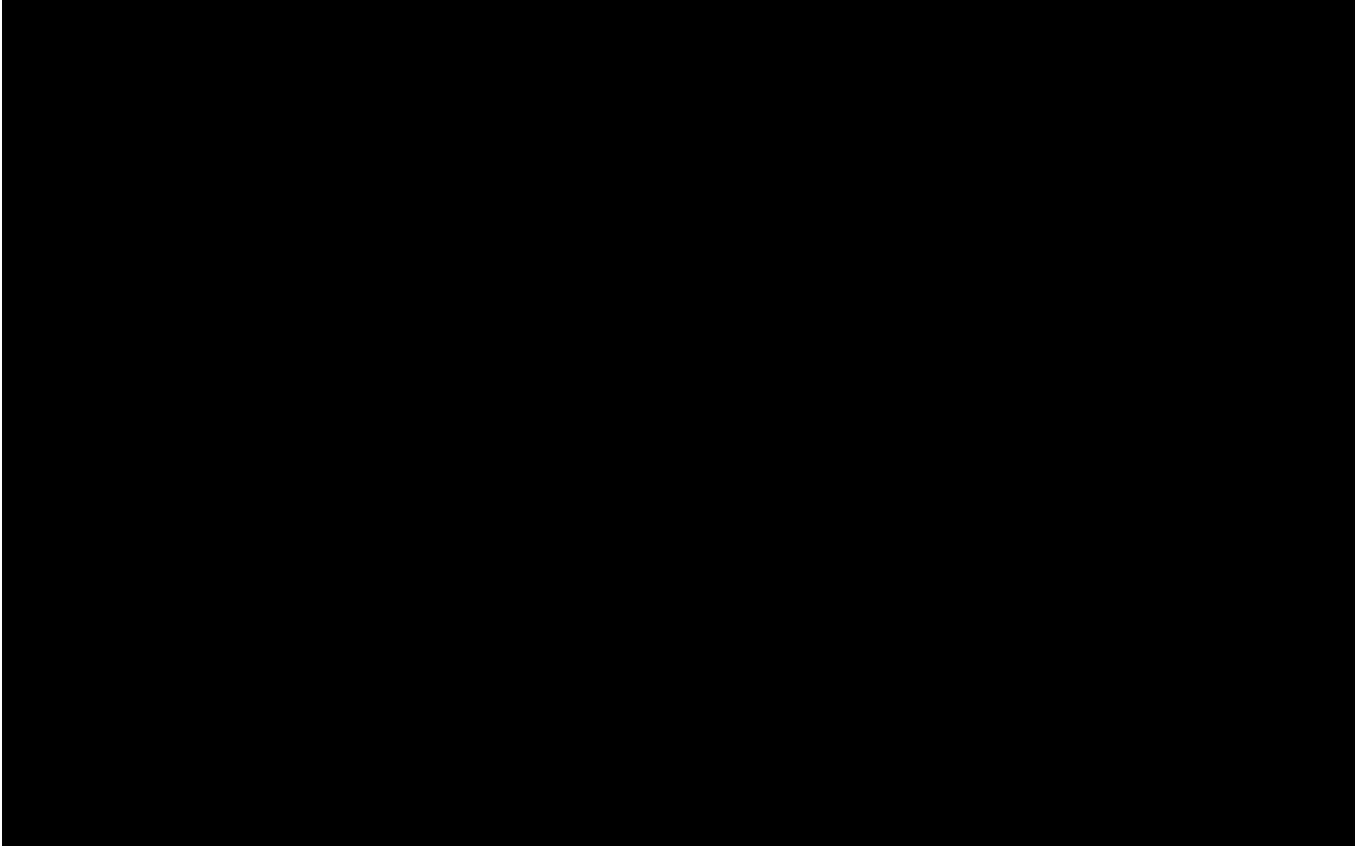






**CTU REFUND POLICY INSERT**





### **3. Misrepresentations, Prohibitions, and Required Conduct (§§72-89)**

## AVC ¶¶72-80

### Misrepresentations and Prohibited Conduct

72. In connection with the recruitment of any Prospective Students, CEC is prohibited from:
- (a) making any false, deceptive, or misleading statements;
  - (b) omitting any material fact;
  - (c) engaging in unfair practices (as that term is commonly understood in the context of consumer protection laws);
  - (d) using any Unreasonable Recruitment Methods to persuade a Student to enroll or remain enrolled at a CEC institution; and
  - (e) making any representation inconsistent with required Disclosures of the U.S. Department of Education found in Title 34 of the Code of Federal Regulations Chapter 668 as such regulations may be amended or remodified.

73. In connection with any communication with Students or Prospective Students, CEC shall not:
- (a) make a false, misleading, or deceptive statement about any governmental (federal, state, or other) approval related to a Program of Study;
  - (b) represent that a "recommendation" is required for acceptance into a Program of Study or that an Admissions Advisor must recommend the Student for acceptance prior to admission unless such recommendation is an independent requirement for admission and is expressly stated in the catalog; or
  - (c) provide inaccurate statistics regarding any statistic required to be disclosed by this AVC or by the U.S. Department of Education in Title 34 of the Code of Federal Regulation Chapter 668.

74. In connection with any communication with Students or Prospective Students, CEC shall not make any false, deceptive, or misleading statements or guarantees concerning Student outcomes by:
- (a) misrepresenting that Students will be assured program completion or graduation;
  - (b) misrepresenting that Students will be assured a job or employment following graduation; or
  - (c) misrepresenting how many of the Student's credits will transfer in or out of the institution, or representing to the Student that any credits obtained while attending the institution are transferable (unless CEC receives written assurance from another school or transfer of credits is assured through an articulation agreement or is required by state law).

Notwithstanding the prohibitions contained in subparagraphs (a) through (c), CEC and its representatives are permitted to provide good-faith estimates to Students and Prospective Students about how many of the Students' or Prospective Students' credits obtained while attending other schools will transfer to a CEC institution.

75. In connection with any communication with Students or Prospective Students concerning financial aid, CEC shall not:
- (a) make any false, deceptive, or misleading statements concerning whether a Student will receive financial aid or any particular amount of financial aid;
  - (b) purport to guarantee a Student particular military or veteran benefit without proper documentation on file; or
  - (c) imply that financial aid or military funding will cover the entire costs of tuition, the costs of books or supplies, or the costs of attending a Program of Study, including living expenses, if such is not the case.

Notwithstanding the prohibitions contained in subparagraphs (a) through (c), CEC and its representatives are permitted to provide good-faith estimates to Students and Prospective Students about the amount of financial aid they may be expected to receive.

76. CEC shall not make express or implied false, deceptive, or misleading claims to Prospective Students with regard to the likelihood of obtaining employment as a result of enrolling, including but not limited to misrepresenting:
- (a) the percentage, rate, or portion of Students who obtain employment following the completion of a Program of Study;
  - (b) the annual starting salary for persons employed in a given field;
  - (c) the annual starting salary of Graduates employed in a given field; and
  - (d) the annual starting salary of Graduates.

77. CEC shall not make any express or implied false, deceptive, or misleading claims that Program Completion Rates, job placement rates, or annual salaries that are generally applicable to CEC are

equivalent to those for a specific Program of Study or that institution-wide rates for a Program of Study are equivalent to those for a specific campus.

78. CEC shall not make express or implied false, deceptive, or misleading claims to Students or Prospective Students with regard to the ability to obtain a license or certification from a third party as a result of enrolling in a Program of Study, including but not limited to misrepresenting:

- (a) whether the Program of Study will qualify a Student to sit for a licensure exam, if any;
- (b) the types of licensure exams Students are eligible to sit for;
- (c) the states where completion of the Program of Study will qualify a Student to take an exam or attain immediate authorization to work in the field of study;
- (d) the passage rates of graduates from that Program of Study;
- (e) the states where completion of the Program of Study will not qualify a Student to sit for a licensure exam or attain immediate authorization to work in the field of study; and
- (f) the states where a Student may be qualified to work within a profession if the Student must meet other requirements to be employed in such states.

79. CEC shall not make express or implied false, deceptive, or misleading claims to Prospective Students with regard to the academic standing of its programs and faculty, including but not limited to misrepresenting:

- (a) the transferability, or lack thereof, of any credits, including but not limited to any credits for which the Student wishes to receive credit from a CEC institution and for all credits from a CEC institution for which the Student may wish to receive credit from another school, provided however, that CEC and its representatives are permitted to provide good-faith estimates to Students and Prospective Students about how many of the Students' or Prospective Students' credits obtained while attending other schools will transfer to a CEC institution;
- (b) the accreditation and the name of the accrediting organization(s);
- (c) the Student/faculty ratio;
- (d) the percentage of faculty holding advance degrees in the program;
- (e) the names and academic qualifications of all full-time faculty members;
- (f) the course credits and any requirements for satisfactorily completing a Program of Study, such as clinicals, internships, and externships; and
- (g) the Program Completion Rates for each of its offered Programs of Study.

80. CEC shall not make express or implied false or misleading claims to Prospective Students regarding actual or potential financial obligations the Student will incur regarding a Program of Study, including but not limited to:

- (a) the Cost of Attendance;
- (b) the Anticipated Total Direct Cost the Student will incur to complete the Program of Study;
- (c) the Program Cohort Default Rate; and
- (d) the Median Debt of Completers of each Program of Study.

### **Bases.** The Administrator

- Interviewed current and former CEC employees.
- Interviewed CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel.
- Interviewed senior corporate management—including Legal.
- Toured CEC's campuses and corporate headquarters.
- Reviewed CEC programs and related requirements including disclosure of "factors affecting employment."
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.

- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions Career questions.
- Reviewed relevant documents, including the Enrollment Agreement, Student Disclosure Form, Programmatic Student Disclosure Form, CEC catalog, CEC’s websites, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC’s websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC employee certifications, and documents concerning quality assurance monitoring and reviews and other documents related to potential misrepresentations and prohibited conduct.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraphs 72-80, except as noted in other sections of the Annual Report insofar as such sections are applicable to paragraphs 72-80 (e.g., Sections related to “clear and conspicuous” requirement). The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC’s compliance.

**Discussion.** CEC and its institutions utilize a significant volume of standardized content that has been reviewed and approved by an internal compliance department, including advertising content, scripts, policies and manuals. Additionally, it also utilizes regular trainings, communications monitoring, and quarterly certifications to review and enforce employee conduct expectations. (See Overview of CEC’s Risk and Compliance Operation at pp. 16-24 above). The Administrator’s investigation did not identify any systemic instances of misrepresentations or prohibited conduct of the types described in Sections 72-80 of the AVC, including any communications related to student outcomes, financial aid, Program Completion Rates, job placement rates, annual salaries, academic standing or financial obligations

## AVC ¶81

### Admissions and Financial Aid Training

81. CEC shall provide all Admissions Advisors and Student Financial Aid Advisors with the information reasonably necessary to inform Prospective Students about CEC and its Programs of Study, including but not limited to the Single-Page Disclosure Sheet, and if a representative of CEC truthfully advises a Student or Prospective Student that he or she does not have the information requested by the Student or Prospective Student at hand, then CEC shall subsequently, to the extent such information is reasonably ascertainable prior to the expiration of the applicable refund period established by paragraph 101 (or, if no such refund period applies, prior to the first day of the Student's semester, quarter, or payment term), provide such information.

#### **Bases.** The Administrator

- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured CEC's campuses and corporate headquarters.
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents, including hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to Admissions and Financial Aid Training.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraph 81. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC's compliance.

**Discussion.** CEC's training involves the following: Each of AIU, CTU and CEC staff in student facing admissions and financial aid roles are provided with specific Admissions and Financial Aid training (including the Single-Page Disclosure Sheet), quarterly certifications, ongoing quality assurance monitoring and reviews directed at ensuring they have all the necessary information to perform their respective roles and provide students with necessary information. Additionally, each of AIU's and CTU's public facing websites include information on programs, policies and procedures, including the institution's catalog, net price calculator, tuition and fees schedules and other institutional information. Proprietary systems, like the Unified Enrollment Site (UES) are also utilized by admissions staff and prospective students and are programmed to

populate with appropriate information and forms for prospective students prior to enrollment based on the programs selected, including the Single Page Disclosure and Programmatic Disclosure Forms. Each of the above materials, individually and collectively, are consistent with the AVC's requirement that all Admissions Advisors and Student Financial Aid Advisors be provided with the information reasonably necessary to inform Prospective Students about CEC and its Programs of Study. (See Overview of CEC's Risk and Compliance Operation at pp. 16-24 above.).

## AVC ¶¶82-84

### ADVERTISING, MARKETING, AND PROMOTIONAL MATERIALS AND ENROLLMENT

82. Except as set forth in paragraph 84, CEC shall not represent in advertising, marketing, or promotional materials or otherwise that graduates of a Program of Study would be qualified for a particular occupation if that Program of Study lacks an accreditation necessary to qualify graduates for such occupation

83. Except as set forth in paragraph 84, for Programs of Study that prepare Students for employment in fields that require Students to obtain state licensure or authorization for such employment, CEC shall not enroll Students in the Program of Study if graduation from the Program of Study would not qualify such Students for state licensure or authorization or to take the exams required for such licensure or authorization in the state in which: (a) the CEC campus is located, if the Program of Study is offered at an on-ground campus; (b) the Prospective Student resides, if the student resides in a different state from the on-ground campus; or (c) the Prospective Student resides if the Program of Study is offered online

84. The prohibitions established by paragraphs 82 and 83 shall not apply if:

a) the Program of Study is a new program that cannot obtain a programmatic accreditation that would be necessary to qualify Students for state licensure or authorization or to take exams required for such licensure or authorization in the relevant state until the program is operational, the institution is making a good faith effort to obtain the necessary programmatic accreditation in a timely manner, the institution Clearly and Conspicuously discloses to Prospective Students on all promotional materials for the Program of Study and in a Clear and Conspicuous written disclosure prior to the Student signing an Enrollment Agreement that such programmatic accreditation would need to be obtained before the Student would qualify for state licensure or authorization or to take exams required for such licensure or authorization, and CEC teaches-out the program if the institution's application for accreditation for a program subject to this paragraph is denied, and it is not subject to further review;

b) the Prospective Student has notified CEC in writing that the Student intends to seek employment in a state where the program does lead to immediate state licensure or authorization or qualification to take the exams required for such licensure or authorization;

c) the Prospective Student has already completed some of the coursework necessary to complete the Program of Study and is seeking re-enrollment, and CEC advises the Prospective Student Clearly and Conspicuously in writing prior to re-enrollment that completion of the Program of Study is not expected to qualify the Student for state licensure or authorization or to take exams required for such licensure or authorization; or

d) the reason that graduation from the Program of Study would not qualify the Prospective Student for state licensure or authorization or to take the exams required for such licensure or authorization is that the Prospective Student has a criminal record that is disqualifying, and CEC has complied with the disclosure and acknowledgement requirements of paragraph 87.

#### **Bases.** The Administrator

- Interviewed the CEC's Director of Clinical Education.
- Interviewed CEC's Nursing Coordinator.
- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured CEC's campuses and corporate headquarters.
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.

- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents, including Program of Study materials, accreditation materials, job placement materials, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC’s websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to State Licensure or Authorization.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraphs 82-84. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC’s compliance.

**Discussion.** CEC has represented that it does not have any programs that do not have programmatic accreditation where employment conditions would suggest it is necessary for the graduate to need it for typical job opportunities in the field. The Administrator is not independently aware of any information that contradicts CEC’s representation. In addition to typical program research that occurs prior to the development of and launch of new programs, each of AIU and CTU publish a program specific disclosure that discusses programmatic accreditation, potential certifications opportunities, and factors that may affect employment. This Programmatic Student Disclosure Form (PSDF) document is signed by students prior to enrollment. AIU and CTU hold programmatic accreditations with several agencies. For those program areas without this designation, such accreditation is either not available or is not relevant or applicable to the programs offered.

Most of CEC’s Programs of Study are in general fields (i.e., business or information technology), not in regulated fields designed to lead to a specialized state licensure or authorization (the sole exception being the CTU College of Nursing, which is addressed by paragraph 85). CEC has intentionally researched and developed its offerings to limit its Programs of Study to such fields because, like many schools that are primarily online, it lacks the positioning and local relationships that would facilitate students’ ability to complete additional requirements to obtain state licensing (e.g., practical experience in a hospital or school required to obtain a nursing or teaching license). AIU and CTU do offer certain “post-licensure” Programs of Study, but these are for students who already possess licenses in a regulated field (e.g., nursing or education) to complete Bachelor, Masters, or Doctorate programs to allow them to qualify for advancement, and with only one exception, these programs do not require or lead to additional licensure or certification exams upon completion. The CTU Master of Science in Nursing—Family Nurse Practitioner (FNP) program has additional external requirements. Students must graduate from an accredited FNP in order to sit for certification, which at this time is required by 47 states. The program is accredited by the Commission on Collegiate Nursing Education (CCNE) which meets this requirement.

### AIU

The Master's in Education program at American InterContinental University is an advanced level program that does not lead to licensure, endorsement, or certification. This information is communicated to prospective students via the Programmatic Student Disclosure Form ("PSDF") that is signed by the prospective student prior to enrollment. Two of the program specializations (Elementary Education and Secondary Education) requires prospective students to hold current teacher certification at the time of enrollment. Given the differences between state regulatory requirements, the PSDF advises students that they may not be able to continue in the program if they move to another state.

### Colorado Technical University

Nursing programs at Colorado Technical University are post-licensure (i.e., completed after the student has licensure) so the prospective students are required to be currently licensed Registered Nurses at the time of enrollment and to maintain licensure throughout their enrollment. Students complete a License Verification form during the enrollment process and are required to immediately notify the Dean of the College of Nursing if their nursing license, regardless of state of issue, becomes encumbered, inactive, expired or any disciplinary action is placed against the license. The student's licensure status is also independently verified by College of Nursing staff at key points throughout the student's enrollment.

Since the programs are post-licensure, students who complete the Bachelor, Masters (Nursing Administration or Nursing Educator concentrations) and Doctorate programs are not required to take licensure or certification exams upon completion. The PSDFs for these programs include a section which discusses a student's responsibility in researching the Nurse Practice Act for employment requirements in any states where they wish to work. As with AIU, the PSDF advises students that they may not be able to continue in the program if they move to another state.

While the Master of Science (Family Nurse Practitioner concentration) is still considered a post-licensure program (since the prospective student must be licensed at the time of enrollment), many states require additional licensure for nurses who wish to practice in this specialty area, particularly because these individuals often have the ability to prescribe medications. This specialization is often referred to as "advanced practice nursing." There is a separate PSDF for this program which provides information about the additional requirements for practicing in this area.

The nursing program area is under the jurisdiction of the various state boards of nursing, some of which have regulations which do not allow CTU to enroll students from the state. These restrictions vary depending on the program level and content; some states which allow CTU to offer the Bachelor's program do not allow the graduate-level programs due to the clinical components of those programs which require additional oversight by the state board of nursing. In those cases, CTU does not accept enrollments from residents of those states; these restrictions are published on the CTU website. Listed below are links to the webpages as well as the specific language contained at those links.

### RN to BSN (Bachelor of Science in Nursing)

<https://www.coloradotech.edu/degrees/bachelors/nursing>

*At this time, Colorado Technical University cannot accept inquiries for the RN-BSN program from residents of the states of Delaware, Louisiana, Massachusetts, Nevada, New York, Tennessee, and West Virginia.*

### Master of Science in Nursing (MSN)

#### Concentrations in Nursing Administration or Nursing Education

<https://www.coloradotech.edu/degrees/masters/nursing/administration>

<https://www.coloradotech.edu/degrees/masters/nursing/education>

*At this time, Colorado Technical University cannot accept inquiries for the Master of Science in Nursing program from residents of the states of Alabama, Alaska, Delaware, Louisiana, Maryland, Massachusetts, Minnesota, Nevada, New Hampshire, New York, Tennessee, Utah, Washington, West Virginia, and Wyoming.*

### Master of Science in Nursing (MSN)

#### Concentration in Family Nurse Practitioner

<https://www.coloradotech.edu/degrees/masters/nursing/family-nurse-practitioner>

*At this time, Colorado Technical University cannot accept inquiries for the Master of Science in Nursing - Family Nurse Practitioner program from residents of the states of Alabama, Alaska, Delaware, Louisiana, Maryland, Massachusetts, Minnesota, Nevada, New Hampshire, New York, North Dakota, Oregon, South Dakota, Tennessee, Utah, Washington, West Virginia, Wyoming.*

### Doctorate of Nursing Practice

<https://www.coloradotech.edu/degrees/doctorates/nursing-practice>

*At this time, Colorado Technical University cannot accept inquiries for the Doctor of Nursing Practice program from residents of the states of Alabama, Alaska, Delaware, Louisiana, Maryland, Massachusetts, Minnesota, Nevada, New Hampshire, New York, Tennessee, Utah, Washington, West Virginia, and Wyoming.*

## AVC ¶85 CLINICAL PLACEMENT SUPPORT

*85. CEC shall take reasonable measures to arrange and facilitate sufficient placements for Students in internships, externships, practicums, or clinicals that are prerequisites for graduation, licensure, or certification; provided, however, that nothing herein shall prevent a CEC institution from requiring its Students to seek to obtain an internship, externship, practicum, or clinical through their own efforts in the first instance.*

### **Bases.** The Administrator

- Interviewed the CEC's Director of Clinical Education.
- Interviewed CEC's Nursing Coordinator.
- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured CEC's campuses and corporate headquarters.
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents, including clinical program materials, accreditation materials, job placement materials, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to clinical placement.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraph 85. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC's compliance.

**Discussion.** CEC takes reasonable measures to arrange and facilitate sufficient placements for Students in internships, externships, practicums, or clinicals that are prerequisites for graduation, licensure, or certification.

The sole school and program which paragraph 85 applies to is the CTU College of Nursing (CON). That College's programs of study require successful completion of experiential learning assignments and practicum courses based on the program of study. The College of Nursing

employs a Director of Clinical Education, who has a minimum of a Master's degree in nursing, whose primary and main responsibility is to work with students in obtaining appropriate clinical placement and ensuring sufficient practicum sites.

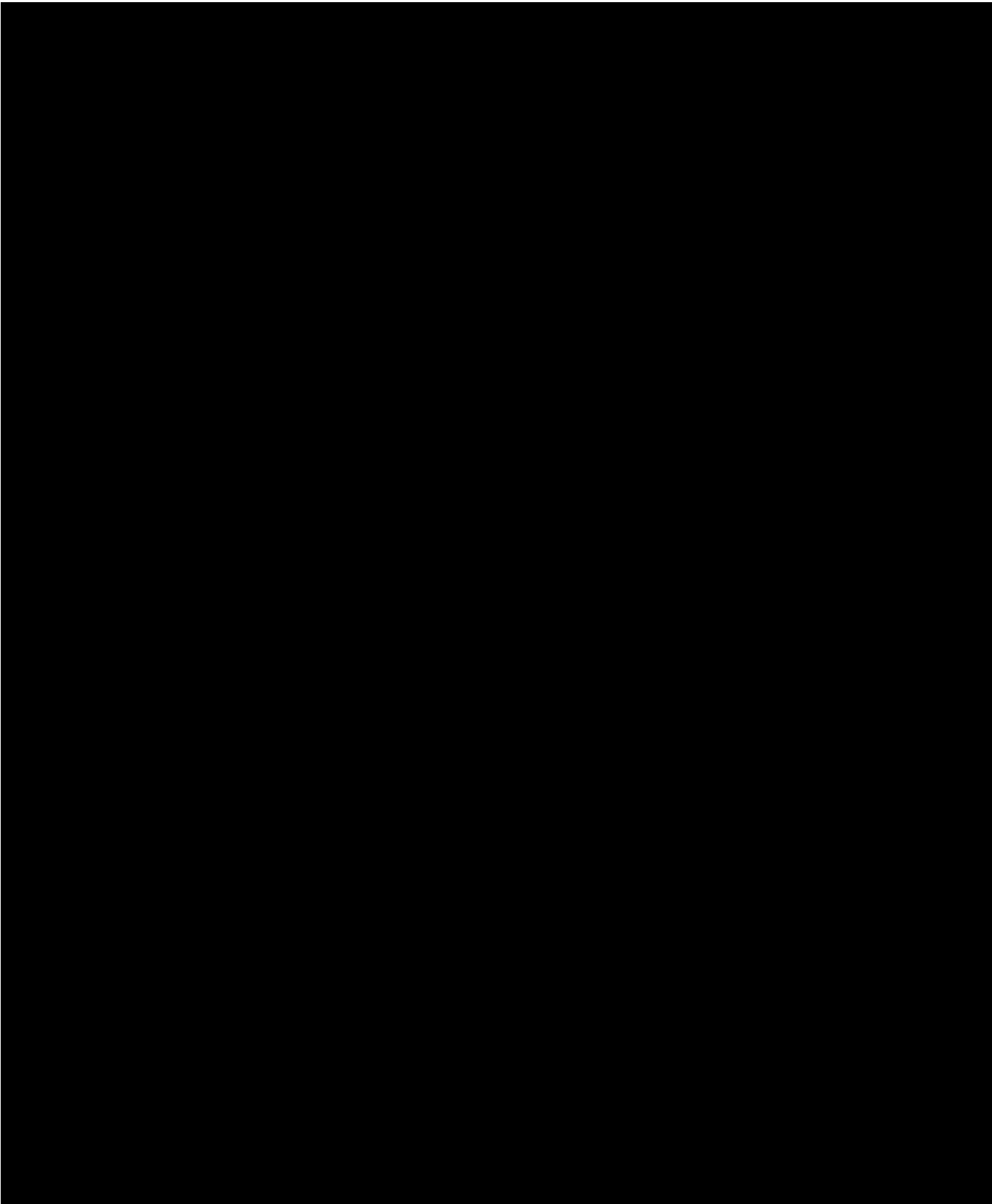
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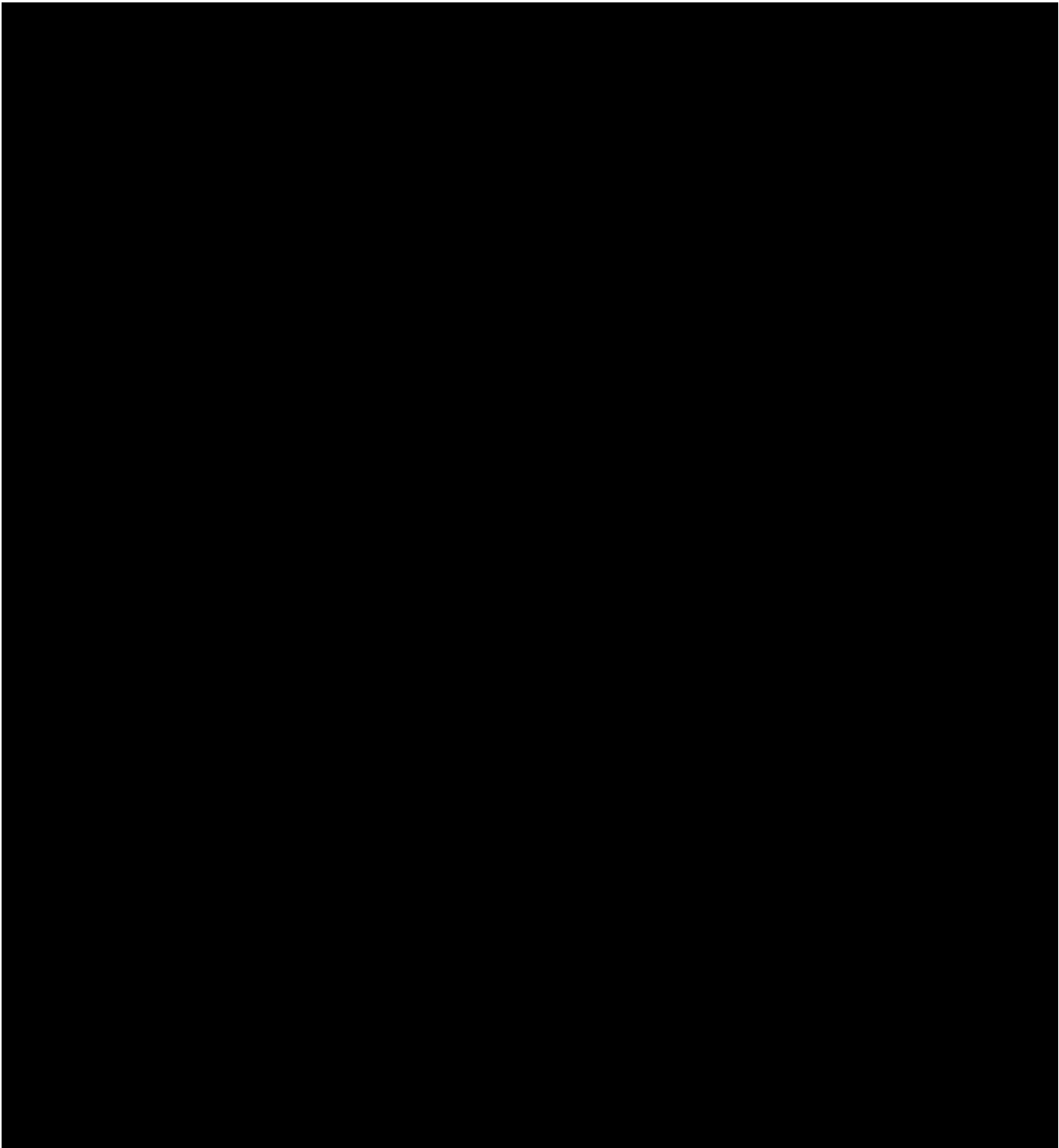
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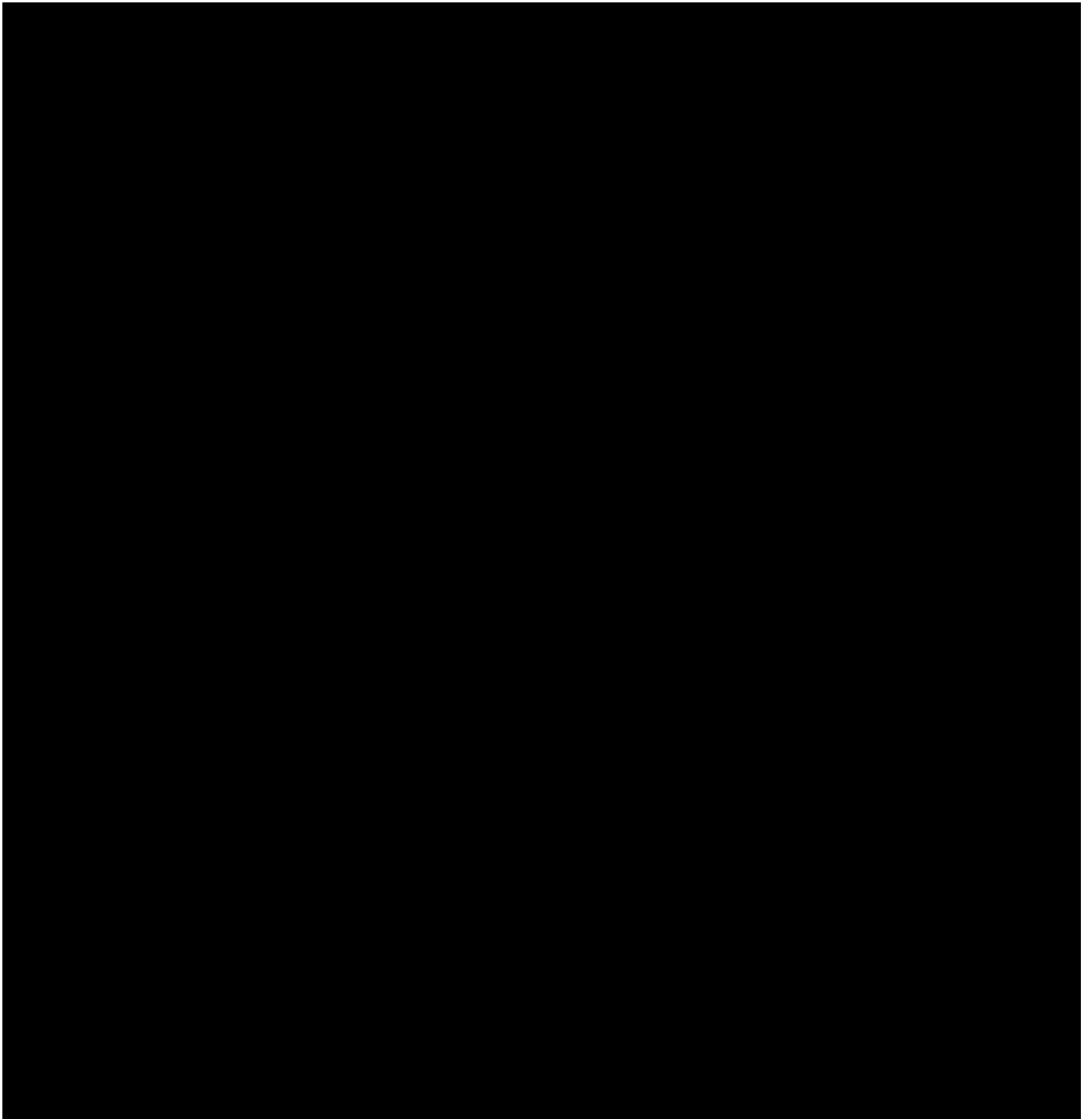
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- **CTU Clinical Team's Responsibility**
  - Targeted outreach to form academic partnerships
  - Review the Practicum Proposal for evidence that student can meet course objectives
  - Outreach to the site contact responsible for student rotations
  - Obtain Affiliation Agreement signatures
  - Verify preceptor licensure
  - Provide Certificate of Insurance (COI)
  - Confirm student clearance through Castle Branch
  - Provide site with required attestation statements
  - Ongoing evaluation of preceptorship experience
- **Student Responsibilities**
  - Communicate with the CON well in advance of the clinical practicum due date
  - Collaborate with CON to identify an appropriately prepared preceptor through networking and community evaluation
  - Meet with preceptor to discuss availability and establish mutually agreeable clinical schedule
  - Submit all health & background check requirements to Castle Branch
  - Collaborate with faculty and preceptor to attain course/practicum objectives
  - Evaluate the experience

The overall process is outlined in more detail below.







## AVC ¶86 PROGRAMMATIC ACCREDITATION

*86. CEC shall not knowingly enroll a Student in a Program of Study that does not possess the programmatic accreditation typically required by employers in the Student's state of residence for employment, except where a Student has indicated the intention to seek employment in a different state in which employers do not typically require programmatic accreditation for that Program of Study, or where the Program of Study does possess the programmatic accreditation typically required by employers in that state. "Typically" shall mean 75% or more of job opportunities in a particular occupation are open only to graduates of a school with certain accreditation(s) and/or an academic program with certain programmatic accreditation(s). CEC shall make reasonable efforts to assess employer requirements in states where they enroll Students.*

### **Bases.** The Administrator

- Interviewed the CEC's Director of Clinical Education.
- Interviewed CEC's Nursing Coordinator.
- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured CEC's campuses and corporate headquarters.
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents, including Program of Study materials, accreditation materials, job placement materials, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to State Licensure or Authorization or Programmatic Accreditation.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraph 86. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC's compliance.

**Discussion.** CEC has represented to the Administrator that it does not believe it has any programs that do not have programmatic accreditation where employment conditions would

suggest it is necessary for the graduate to need it for typical job opportunities in the field. The Administrator is not independently aware of any information that contradicts CEC's representation. Regarding CEC's obligation that it make "reasonable efforts to assess employer requirements in states where they enroll students," the Program Deans who oversee CEC's Programs of Study are responsible for knowing state-specific requirements for employment. They are supported in this by "industry advisory panels" which keep them in touch with the requirements employers have for graduates. There are certain states where CEC simply does not enroll nursing students because of such requirements that its Programs of Study might not provide. In addition to typical program research that occurs prior to the development of and launch of new programs, each of AIU and CTU publish a program-specific disclosure that discusses programmatic accreditation, potential certifications opportunities and factors that may affect employment. This Programmatic Student Disclosure Form (PSDF) document is signed by students prior to enrollment. AIU and CTU hold programmatic accreditations with several agencies as listed in the charts below. For those program areas without this designation, such accreditation is either not available or is not relevant or applicable to the programs offered.

#### American InterContinental University


Program Area	Programmatic Accr	Agency
Business	Yes	Accreditation Council for Business Schools and Programs (ACBSP)
Criminal Justice	No	
Design	No	
Education	Yes	Association for Advancing Quality in Education Preparation (AAQEP)
Healthcare Management	No	
Information Technology	No	

#### Colorado Technical University


Program Area	Programmatic Accr	Agency
Business and Management	Yes	Accreditation Council for Business Schools and Programs (ACBSP)
Engineering and Computer Science	Yes	Engineering Accreditation Commission of ABET
Healthcare	No	
Information Technology	No	
Nursing	Yes	Commission on Collegiate Nursing Education (CCNE)
Project Management	Yes	Project Management Institute Global Accreditation Center
Security Studies	No	

Excerpts of the PSDF are provided below:

*AIU—with programmatic accreditation*

	<b>BACHELOR OF BUSINESS ADMINISTRATION PROGRAM DISCLOSURE FORM</b>
<b>PROGRAMMATIC ACCREDITATION</b>	
<p>An additional form of accreditation that a school may undertake to obtain is a specific, individual accreditation of certain programs (programmatic accreditation). Institutional accreditation is not the same as or a substitution for programmatic accreditation. Although programmatic accreditation is not required for employment in many cases, the existence of it is a further indication that a program meets the standards of the profession, and may therefore indirectly enhance employment opportunities. The Bachelor of Business Administration (BBA) with its all specializations, <b><i>except for Technology Management program</i></b>, at AIU is programmatically accredited by the Accreditation Council for Business Schools and Programs (ACBSP). <b><i>The BBA with a specialization in Technology Management program is NOT programmatically accredited.</i></b></p>	

*AIU—without programmatic accreditation*

	<b>BACHELOR OF FINE ARTS IN MEDIA PRODUCTION PROGRAM DISCLOSURE FORM</b>
<b>PROGRAMMATIC ACCREDITATION</b>	
<p>An additional form of accreditation that a school may undertake to obtain is a specific, individual accreditation of certain programs (programmatic accreditation). Institutional accreditation is not the same as or a substitution for programmatic accreditation. Although programmatic accreditation is not required for employment in many cases, the existence of it is a further indication that a program meets the standards of the profession, and may therefore indirectly enhance employment opportunities. Also, in some cases, programmatic accreditation will allow the graduates of the accredited program to sit for some credentialing exams immediately upon graduation without any requirement of work experience. The Bachelor of Fine Arts in Media Production at AIU is not programmatically accredited.</p>	

*CTU—with programmatic accreditation*

<b>COLORADO TECHNICAL UNIVERSITY COLORADO SPRINGS, COLORADO BACHELOR OF SCIENCE IN COMPUTER ENGINEERING PROGRAM DISCLOSURE FORM</b>	
<b>PROGRAMMATIC ACCREDITATION</b>	
<p>An additional form of accreditation that a school may undertake to obtain is a specific, individual accreditation of certain programs (programmatic accreditation). Institutional accreditation is not the same as or a substitution for programmatic accreditation. Although programmatic accreditation is not required for employment in many cases, the existence of it is a further indication that a program meets the standards of the profession, and may therefore indirectly enhance employment opportunities. The Bachelor of Science in Computer Engineering program at CTU in Colorado Springs is programmatically accredited by the Engineering Accreditation Commission (EAC) of the Accreditation Board for Engineering and Technology (ABET), <a href="http://www.abet.org">www.abet.org</a>.</p>	


*CTU—without programmatic accreditation*

<b>COLORADO TECHNICAL UNIVERSITY BACHELOR OF SCIENCE IN CYBER SECURITY PROGRAM DISCLOSURE FORM</b>	
<b>PROGRAMMATIC ACCREDITATION</b>	
<p>An additional form of accreditation that a school may undertake to obtain is a specific, individual accreditation of certain programs (programmatic accreditation). Institutional accreditation is not the same as or a substitution for programmatic accreditation. Although programmatic accreditation is not required for employment in many cases, the existence of it is a further indication that a program meets the standards of the profession, and may therefore indirectly enhance employment opportunities. The Bachelor of Science in Cyber Security program is not programmatically accredited.</p>	

Programmatic accreditation information is also provided on the institutional website.


AIU—<https://www.aiuniv.edu/about/accreditation>

## Programmatic Accreditation



Association for Advancing  
Quality in Educator Preparation

American InterContinental University is a member in good standing of the Association for Advancing Quality in Educator Preparation (AAQEP). The Master of Education program has been awarded full accreditation by AAQEP through June 30, 2026.



ACBSP  
ACCREDITED

The business programs at American InterContinental University are Accreditation Council for Business Schools and Programs (ACBSP) accredited.



## ABET

The Bachelor of Science in Computer Engineering and the Bachelor of Science in Electrical Engineering at the Colorado Springs Campus are accredited by the Engineering Accreditation Commission of ABET, <http://www.abet.org>.

Among the most respected accreditation organizations in the U.S., ABET has provided leadership and quality assurance in higher education for over 75 years. For additional information, please visit the [ABET website](#).



## Accreditation Council for Business Schools and Programs (ACBSP)

The business degree programs offered by Colorado Technical University are ACBSP accredited\*.

ACBSP accreditation certifies that the teaching and learning processes within the business degree programs meet the rigorous educational standards established by ACBSP. ACBSP is a specialized accreditation association for business education supporting, celebrating, and rewarding teaching excellence. Established in 1988, [ACBSP](#) is a business accrediting organization for all associate, baccalaureate and graduate degree programs.

\*Please check individual degree program pages to see which business programs are accredited by ACBSP.



## Commission on Collegiate Nursing Education (CCNE)

The Bachelor of Science in Nursing degree program at Colorado Technical University is accredited by the Commission on Collegiate Nursing Education (<http://www.ccneaccreditation.org>).

The Master of Science in Nursing degree program at Colorado Technical University is accredited by the Commission on Collegiate Nursing Education (<http://www.ccneaccreditation.org>).

## Project Management Institute Global Accreditation Center

CTU offers six project management degree programs and concentrations which are [Globally Accredited by GAC](#) (The Global Accreditation Center for Project Management Education Programs is the accrediting body for PMI). [Learn more](#) about CTU's Project Management degree programs and relationship with the [Project Management Institute](#).

## AVC ¶87

### STUDENT CRIMINAL RECORD

87. If CEC knows that a criminal record may disqualify a Student from employment in the field or a related field for which the Program of Study is a prerequisite, then CEC shall (a) Clearly and Conspicuously disclose that a criminal record may disqualify the Student for the chosen field or related field of employment and (b) require the Student's acknowledgment of such disclosure in writing at or before the time of enrollment. If CEC knows that a criminal record will disqualify a Student from employment in the field or a related field for which the Program of Study is a prerequisite, then CEC shall (a) Clearly and Conspicuously disclose that a criminal record will be disqualifying and (b) require the Student's acknowledgment of such disclosure in writing at or before the time of enrollment.

#### **Bases.** The Administrator

- Interviewed current and former CEC employees.
- Interviewed CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel.
- Interviewed senior corporate management—including Legal.
- Toured CEC's campuses and corporate headquarters.
- Reviewed CEC programs and related requirements including disclosure of "factors affecting employment."
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions Career questions.
- Reviewed relevant documents, including the Enrollment Agreement, Student Disclosure Form, Programmatic Student Disclosure Form, CEC catalog, CEC's websites, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC employee certifications, and documents concerning quality assurance monitoring and reviews and other documents related to the effect of a student's criminal record.

**Interim Compliance Determination.** The Administrator believes that CEC is not in substantial compliance with paragraph 87.<sup>3</sup> Although CEC includes the required "information" in several of its materials (e.g., Enrollment Agreement, Student Disclosure Form, Programmatic Student Disclosure Form and Catalog), its disclosure does not meet the AVC's definition of "clear and conspicuous." CEC has committed to a specific corrective action plan to come into compliance (i.e., bold certain portions of the text disclosing the potential impact a criminal record may have

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<sup>3</sup> While CEC disagrees with this assessment, it has agreed to make the changes requested by the Administrator.

on a student's employment and require student acknowledgement of such disclosure in writing at or before enrollment) (see highlighted text in below Discussion). Because this is an ongoing obligation, the Administrator will continue to monitor CEC's compliance. Included in this ongoing review is determining whether CEC's disclosure of the potential effect on employment of a criminal record meets the definition of "Clearly and Conspicuously" found in the AVC.

**Discussion.** AIU and CTU provide students with information about the impact of a criminal record on employment in several ways. This includes the Enrollment Agreement, Student Disclosure Form, Programmatic Student Disclosure Form and Catalog:

1. Enrollment Agreement (signed by student—same language for AIU and CTU)

**Employment:** AIU/CTU does not guarantee employment or career advancement following graduation but does offer career planning assistance to students and graduates as described in the catalog. Some job or internship/externship opportunities may require substantial travel, background checks, and/or drug testing prior to employment. Applicants with factors such as a prior criminal background or personal bankruptcy or a failed drug test may not be considered for internship/externship or employment in some positions. Employment and internship/externship decisions are outside the control of AIU/CTU. Graduates of some programs may require additional education, licensure, drug testing and/or certification for employment in some positions.

2. Student Disclosure Form (signed by student—same language for AIU and CTU)

**Specific Factors That May Preclude Employment (e.g., Criminal Background**

**Checks/Medical Testing):** Companies, agencies or institutions that accept students for externship/internship placement and/or potential employment may consider a variety of factors that will prevent an applicant from qualifying for employment. These factors are not controlled by the School, and may change at any time without notice to me or the school. For example, entities routinely conduct a criminal and/or personal background check, and the results may affect my employability. I understand that students with backgrounds that include criminal conduct (e.g., misdemeanor or felony charges or convictions, including those that involve dishonesty or are drug related, or involve conduct that may not have been considered a crime, felony or misdemeanor in the jurisdiction in which the conduct occurred) or financial issues, such as bankruptcy, may not be accepted by these companies, agencies, or institutions for an externship/internship or employment following completion of the program. I also understand that some employers or externship/internship sites may require candidates to submit to a drug test and may deny employment based on substances that are lawfully prescribed. I understand that a medical condition or drug use may prevent a student from obtaining employment or placement at externship/internship sites. My admissions representative encouraged me to discuss any questions regarding how these issues may affect my externship/internship or possible future employment with the head of academics prior to beginning my program. I acknowledge that it is my responsibility to investigate any such requirements, before starting my program and throughout my education at the School, and my responsibility to confirm that I will be able to pursue my goals upon graduating from the program.

### 3. Programmatic Student Disclosure Form (signed by student)

The language in this document varies by program based on the potential impact of a criminal record on employment (e.g., criminal justice and homeland security programs are more detailed as compared to a business administration program).

*CTU—Bachelor of Science in Criminal Justice example*

#### FACTORS AFFECTING EMPLOYMENT

Employers, industries, and jurisdictions (federal, state, and local) are largely free to set their own requirements for employment and advancement, and these requirements are not controlled by the School and may change at any time without notice to the School. For example, in the criminal justice field, employers are likely to impose requirements on residency, citizenship, age, physical agility, a valid driver's license, successful completion of employer sponsored training, successful passage of polygraph tests, and in some cases, whether a person is eligible to obtain a firearm permit, in order to be employed in the field. Employers also may be more likely to refrain from employing applicants with a criminal record, a relationship with a current or recent criminal offender, drug use, a history of dishonesty, negative credit check, poor references, or other items that may be disclosed on a personal background check and a National Crime Information Center (NCIC) check. These are non-exhaustive examples. There may also be certifications, permits, and/or licenses that are generally needed to be employed in the criminal justice field in a particular area or state. This program is not designed to prepare students for a particular certification exam, permit or license. Specific potential employers, industry groups, jurisdictions, and the latest edition of the Bureau of Labor Statistics' Occupational Outlook Handbook (see [www.bls.gov/oco](http://www.bls.gov/oco)) are good places to start researching the specific requirements for employment in this field. The School cannot guarantee that a graduate will be able to obtain a particular certification, permit, or license or secure employment in the field upon graduation or at any time in the future. It is the student's responsibility to investigate the requirements before starting class to determine whether he/she will be eligible to pursue any particular employment and/or advancement in this field upon graduation.

*AIU—Bachelor in Business Administration example*

Employers also may be more likely to refrain from employing applicants with a criminal record, personal bankruptcy, or other items that may be disclosed on a personal background or credit check. These are non-exhaustive examples. Specific potential employers, State Boards of Accountancy, industry groups, and the latest edition of the Bureau of Labor Statistics' Occupational Outlook Handbook (see <https://www.bls.gov/ooh/>) are good places to start researching the specific requirements for employment in this field. The School cannot guarantee that a graduate will be able to obtain a particular certification, permit, or license or secure employment in the field upon graduation or at any time in the future. It is the student's responsibility to investigate the requirements before starting class to determine whether he/she will be eligible to pursue any particular employment and/or advancement in this field upon graduation. This program may not be approved in all states. If you relocate while in school to a state that has not approved this program, you may not be able to continue in the program and/or obtain employment after graduation.

#### 4. Catalog

##### AIU

Agencies and institutions that accept our students for internship opportunities and potential employment may conduct a criminal and/or personal background check. Students with criminal records that include felonies or misdemeanors (including those that are drug-related) or personal background issues such as bankruptcy might not be accepted by these agencies for internship or employment. Some agencies and employers may require candidates to submit to a drug test. Positions in some fields may require additional education, licensure and/or certification for employment. Employment and internship decisions are outside the control of AIU.

##### CTU

##### **College of Criminal Justice**

Students may be required to complete a criminal background check in order to participate or attend class activities at certain sites. Students may also be required to complete a background investigation or check to qualify for some types of Internships. A criminal record may disqualify the student from certain class activities, internships, or career choices.

## AVC ¶88 ARBITRATION

*88. Arbitrations between CEC and any Student shall not be protected or treated as confidential proceedings, unless confidentiality is required by law or the Student requests confidentiality. CEC shall not ask or require any Student, participant, or witness to agree to keep the arbitration confidential, unless confidentiality is required by law. Nothing in this paragraph shall prevent CEC from asking the arbitrator to designate arbitration materials as a trade secret or proprietary information subject to nondisclosure. Except as may be prohibited by law or a Student request for confidentiality, and subject to appropriate assertions of the following: the attorney-client privilege and/or the attorney-work-product doctrine; and compliance with the Family Educational Rights and Privacy Act, 20 U.S.C. § 1232g; the Administrator and the Attorneys General shall not be prohibited from reviewing or inspecting the parties, proceedings, and evidence pertaining to any arbitration involving a Student that commences after the Effective Date of this AVC. The Administrator and the Attorneys General shall not, to the extent permitted by law, disclose any of CEC's properly designated trade secrets or proprietary information that appear in arbitration materials.*

### **Bases.** The Administrator

- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel.
- Interviewed senior corporate management—including Legal.
- Toured CEC's campuses and corporate headquarters.
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol – Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents, including hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents relating to Arbitration.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraph 88. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC's compliance.

**Discussion.** CEC has represented to the Administrator that there have been no arbitration cases between CEC, AIU or CTU and any AIU or CTU student since this Agreement was signed on January 2, 2019. The Administrator is not independently aware of any information that contradicts CEC's representation.

## AVC ¶89

### Complaints and Grievance Policy

*89. CEC shall not adopt any policy or engage in any practice that delays or prevents Students with complaints or grievances against CEC from contacting any accrediting body, state or federal regulator, or Attorney General regarding the complaint or grievance. Notwithstanding anything to the contrary in this paragraph, CEC shall be permitted to encourage Prospective Students and Students to file any complaint or grievance with CEC in the first instance, so long as CEC does not represent or imply that Students are required to file their complaints or grievances with CEC before contacting any accrediting body, state or federal regulator, or Attorney General regarding the complaint or grievance, unless the accrediting body, state or federal regulator, or Attorney General so requires.*

#### **Bases.** The Administrator

- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured CEC’s campuses and corporate headquarters.
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents, including the grievance procedure, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC’s websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to CEC’s grievance procedure.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraph 89. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC’s compliance.

**Discussion.** AIU and CTU each have an internal grievance procedure which allows students to submit any concerns through a prescribed sequence of reviews, culminating with a review through the Office of the Ombudsman. This policy does not require students to do this before contacting any accrediting body, state or federal regulator, or Attorney General regarding the complaint or grievance unless otherwise required.

## **4. CEC Recruiting Practices (¶¶90-99)**

## AVC ¶¶92-94

### Call and Chat Recording and Monitoring Program

92. CEC shall record all telephone calls and online chats between Admissions Advisors or Financial Aid Advisors, on the one hand, Students and Prospective Students, on the other, subject to interruptions in the ordinary course of business; provided, however, that CEC shall not be required to record telephone calls between Students and Admissions Advisors when the purpose of the telephone call or online chat is not to discuss recruiting, admissions, or financial aid related to admissions, but the Admissions Advisor is instead serving an advisory role related to the Student's performance in the Program of Study. This provision shall not require CEC to record telephone calls or online chats placed or received on personal devices, such as cell phones. Admissions Advisors and Financial Aid Advisors will be trained not to engage in communications with Students on personal devices. During the term of this AVC, CEC shall continue to retain its current third-party vendor, or a vendor who employs comparative services, for call recording under this paragraph and for automated voice interaction analytics. Any decision to switch from its current vendor to another vendor shall be done in consultation with and approval by the Administrator. CEC shall make the call recordings required under this paragraph reasonably available to the Administrator and the Attorneys General upon request.

93. Notwithstanding anything to the contrary in this AVC, CEC shall not be required to record a telephone conversation if the Student or Prospective Student, after receiving the disclosure required by paragraph 95, objects to the conversation being recorded, nor shall CEC be prohibited from continuing a telephone conversation with a Student or Prospective Student on an unrecorded line once such an objection has been made; provided, however, that CEC shall be prohibited from encouraging Students or Prospective Students to object to recording the conversation.

94. Call recordings and online chats shall be maintained for a period not less than ninety (90) days after the date of the call. The Administrator shall have full and complete access to all recordings via the voice analytics platform.

#### **Bases.** The Administrator

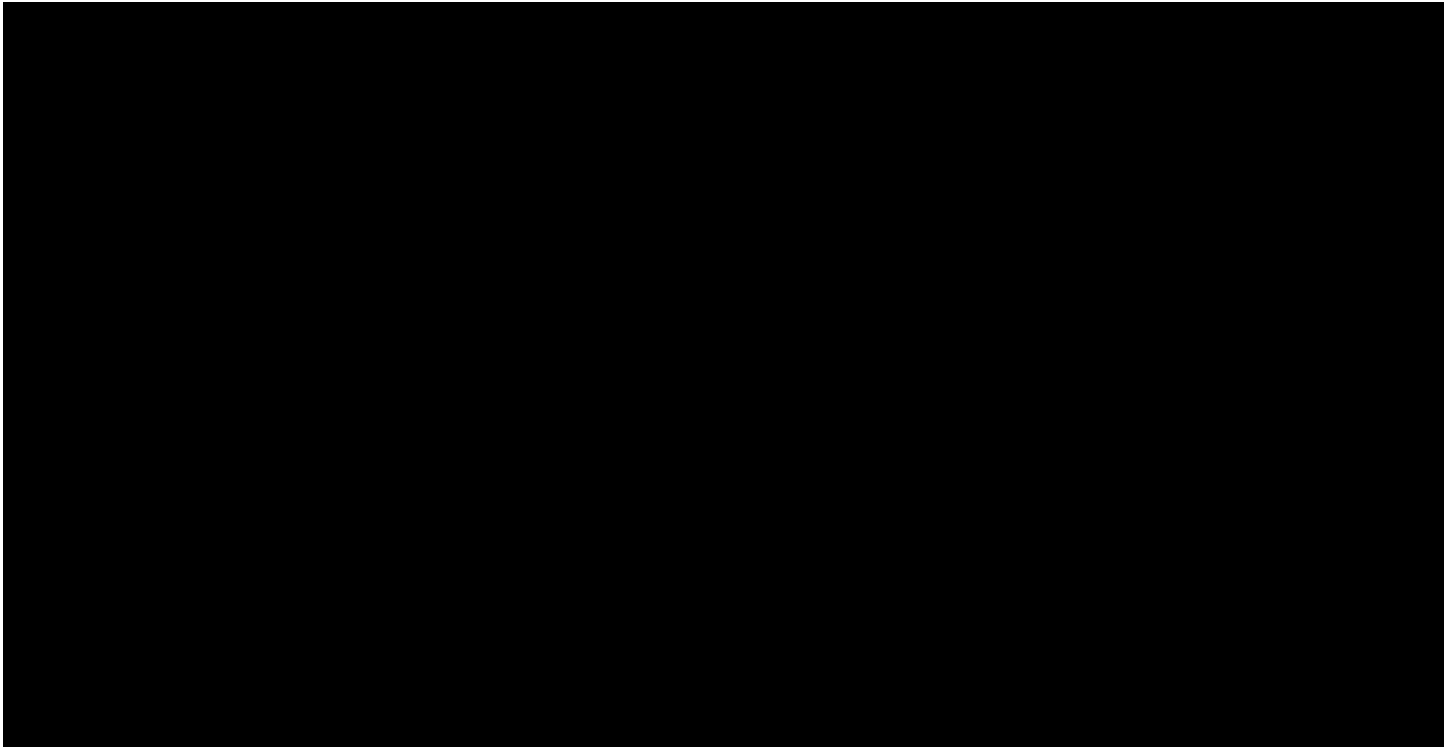
- Interviewed the CEC's Director of Clinical Education.
- Interviewed CEC's Nursing Coordinator.
- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured CEC's campuses and corporate headquarters.
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents student disclosure materials, accreditation materials, job placement materials, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC

employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to CEC's Call and Chat Recording and Monitoring Program.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraphs 92-94. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC's compliance.

**Discussion.** CEC has systems in place to record all calls and online chat sessions between Admissions and Financial Aid Advisors on the one hand and Students and Prospective students on the other. Call recordings and on-line chats are kept for a minimum of 90 days. The Administrator has been provided access to all recordings. CEC utilizes a vendor for call recording and automated voice interaction analytics that employs comparative services to the vendor in place at the time of the effective date of the AVC. Although CEC switched vendors, the new vendor was approved by the Attorneys General. CEC maintains as part of its employee handbook a policy on call recording and call monitoring and informs staff subject to a call recording/monitoring program that their calls are being monitored and recorded. Non-recorded phones are made available for use in the event a prospective student objects to a recorded call.

Below is a more detailed explanation of CEC's call and chat recording systems and related monitoring.



### **Phone Call Recordings**

CEC is in the middle of transitioning from a legacy phone system provided by [REDACTED] to an IP based phone system developed and supported by [REDACTED]. CEC's Inquiry Response

Center staff have transitioned and are using the [REDACTED] phone system. Other staff are transitioning in phases to using the [REDACTED] phone system. The staff using the [REDACTED] phone systems have their calls recorded and reviewed using a third-party technology provided by [REDACTED]. [REDACTED] provides a user interface for the retrieval of these calls and access controls are in place to maintain the security of these calls to ensure they remain in the structured environment and access is limited to designated personnel.

Calls made using the [REDACTED] phones are recorded using technology provided by [REDACTED] and are accessible through an interface provided by [REDACTED]. CEC currently uploads older calls from the [REDACTED] system into separate cloud storage that CEC manages. CEC has created a custom interface for these older call files to allow for archival retrieval when necessary. The admissions and financial aid staff at the ground campuses of AIU and CTU are currently expected to be the last groups that migrate to the [REDACTED] platform which isn't expected to be completed until 2020.

### **Online Chat Recordings**

CEC similarly employs a Compliance Monitoring Program that regularly reviews online chat exchanges. CEC maintains logs of its online chat sessions for at least 90 days; however typical chat responses are primarily pre-reviewed scripted responses to standard questions posed on the website. CEC has worked with [REDACTED] and its partners on the creation of a chat bot currently live on AIU's website. Using historical questions and pre-approved responses, the bot has improved responsiveness with access to a database of responses that it can provide a response to in seconds. For questions that the bot, named [REDACTED] is unable to answer, a transition is made to a live chat advisor.

## AVC ¶95 Recorded Line Disclosure

95. CEC shall inform a Prospective Student at the outset of any telephone call after the initial greeting that the call may be recorded. CEC shall be permitted to make this disclosure in pre-recorded form.

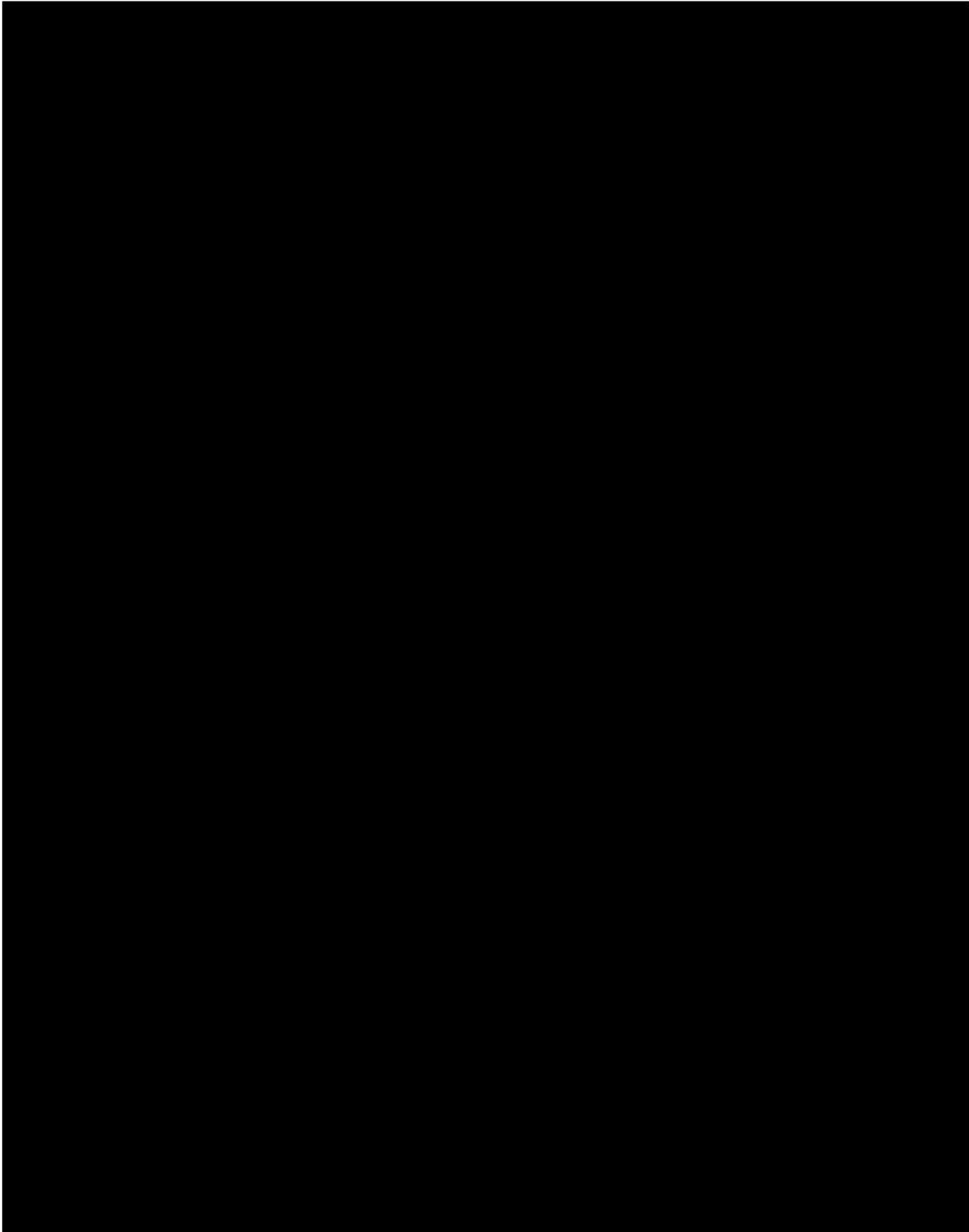
### **Bases.** The Administrator

- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured CEC’s campuses and corporate headquarters.
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents, including scripts used by Admissions Advisors/Student Financial Aid Advisors/Student Advisors, accreditation materials, job placement materials, hard copy and online training materials, CEC’s websites, complaint and complaint resolution materials, CEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to the Recorded Line Disclosure.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraph 95. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC’s compliance.

**Discussion.** CEC includes an appropriate disclosure that its recorded calls are being made on a recorded line as part of its approved scripts. It also regularly reviews this aspect of the calls it monitors as part of its compliance monitoring program.

Examples of scripts provided:





## AVC ¶¶96-97

### TELEMARKETING COMPLIANCE

96. CEC shall not initiate unsolicited telephone calls to a Prospective Student's telephone number that appears on any current Do Not Call Registry. CEC shall keep an accurate record of and comply with any request to not receive further telephone calls. CEC shall not initiate any outbound telephone calls to a person who has previously stated to CEC that he or she does not wish to receive telephone calls from CEC, or who has expressed a desire not to be contacted anymore by CEC, or who has requested that they be placed on CEC's internal do-not-call list, unless the person has made a renewed request for contact or has otherwise indicated a desire to again receive calls from CEC.

97. CEC shall not continue a telephone call after a Prospective Student has expressed a desire to conclude the call or has clearly stated that he/she does not want to apply to or enroll at a CEC institution.

#### **Bases.** The Administrator

- Interviewed the CEC's Director of Clinical Education.
- Interviewed CEC's Nursing Coordinator.
- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured CEC's campuses and corporate headquarters.
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents, including Program of Study materials, accreditation materials, job placement materials, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to Telemarketing Law Compliance and Do Not Call procedures.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraph 96-97. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC's compliance.

**Discussion.** The Administrator is not aware of any violation of the Telemarketing Compliance requirement. A review of training materials, call recordings (including of mystery shoppers)

confirms CEC's compliance. For example, as part of their training CEC's student advisors are told: Do not ignore statements made by a prospective student or a wrong party contact, that indicate the prospective student is not interested or wants to be placed on the school's Do Not Call list. Do not fail to add a student's phone number to the DO Not Call list upon request. Do not fail to appropriately disposition the call.

The Administrator confirmed through interviews and document review (e.g., training manuals, Rules of the Road etc.) that CEC employees received training on the proper process relating to Telemarketing Compliance. CEC employs a number of processes and controls to support its compliance with federal and state telemarketing rules. Since 2008, it has had a relationship with [REDACTED], a consulting and audit company specializing in telemarketing compliance. An initial comprehensive assessment was used as the basis for continuous improvement with internal systems designs. CEC engaged [REDACTED] to conduct a second comprehensive review in 2016/2017 to assess its ongoing compliance with myriad state and federal requirements for calling prospective students. Reviews examined scripts, policies, do-not-call list usage and updates, system designs and calling rules logic, state telemarketing registrations and list purchases, express written consent collection processes and other technical aspects of compliance with the Telemarketing Sales Rule, Telephone Consumer Protection Act and other state telemarketing laws. Additionally, CEC contracts with the parent company of [REDACTED] [REDACTED] to manage its state and federal annual telemarketing registration filings and do-not-call list purchases. [REDACTED] maintains current state and federal do-not-call lists updated regularly for its national client base and CEC maintains a direct interface with [REDACTED] to access these lists to ensure it has the most current lists. CEC also consults on compliance matters with the attorneys [REDACTED] that specialize in telemarketing law.

In conjunction with its consultants and attorney advisors, CEC has developed an internal system used by staff to manage who is eligible for calls and under what circumstances, applying exemptions for "existing business relationships" and "express written consent," and keeping track of requests by prospective students to be placed on internal do-not call list. These systems track the receipt of consent to call when applicable, the expiration of an "existing business relationship," a revocation of consent through a do-not call request and any subsequent new consent. The systems are designed to allow for easy dispositioning of calls while IRC or admissions staff are speaking with someone on the phone, whether someone is simply not interested in the school or programs offered or requests to be on a do-not-call list. Updates to CEC's internal databases with these requests are processed as they are input by staff. The internal database maintains a listing of those records placed on a do-not-call list. The statuses assigned to the records are used to suppress future calling unless a future request for information is received.

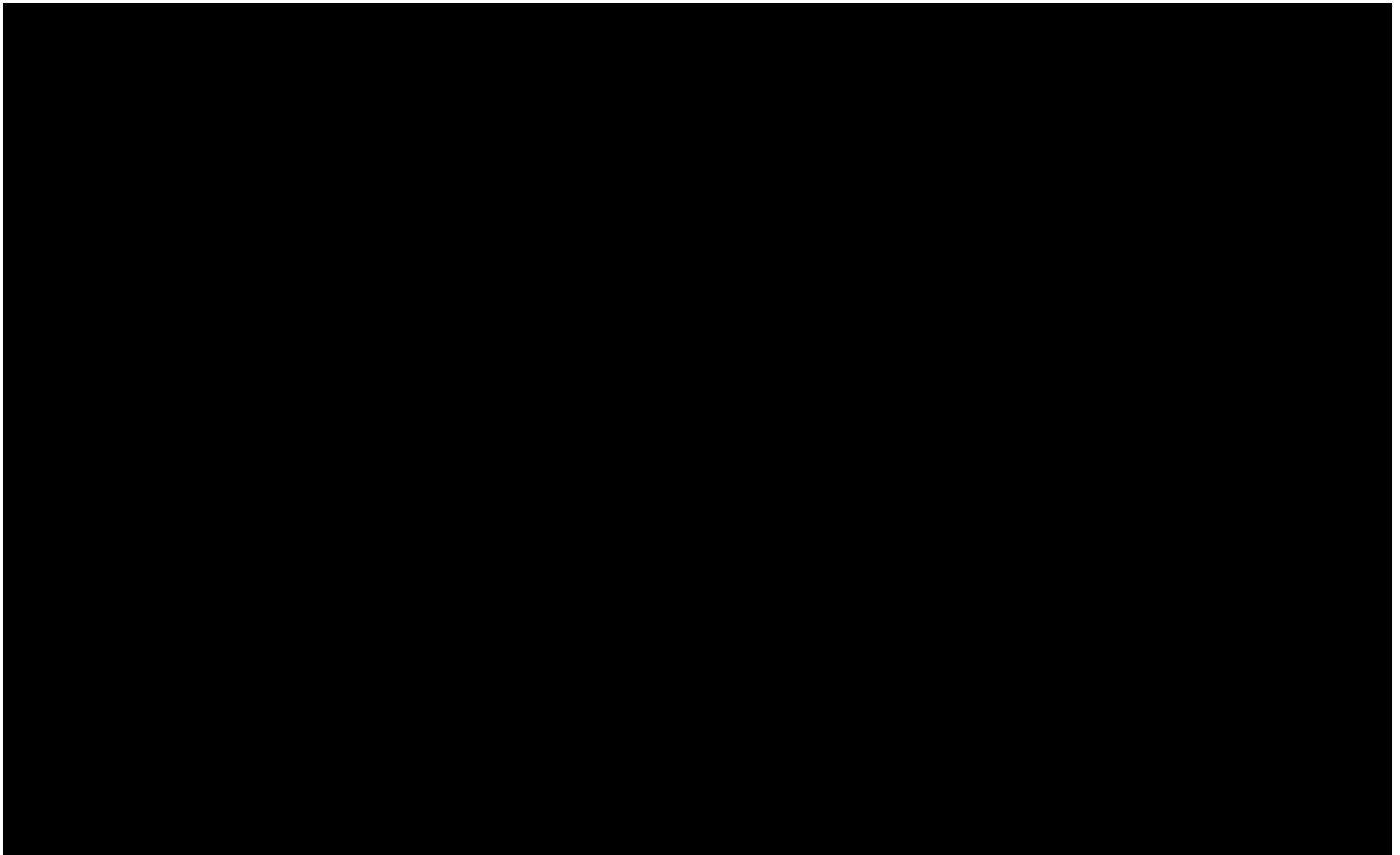
As additional precautions, CEC also accesses certain lists prior to making phone calls. CEC contracts with [REDACTED] to access a database of known phone numbers to attempt to validate phone ownership and re-assigned numbers prior to initiating calls to prospective students. CEC also maintains a Restricted List that it builds from a list acquired from [REDACTED] of known governmental or emergency services phone numbers to prevent inadvertent calling based on falsified requests.

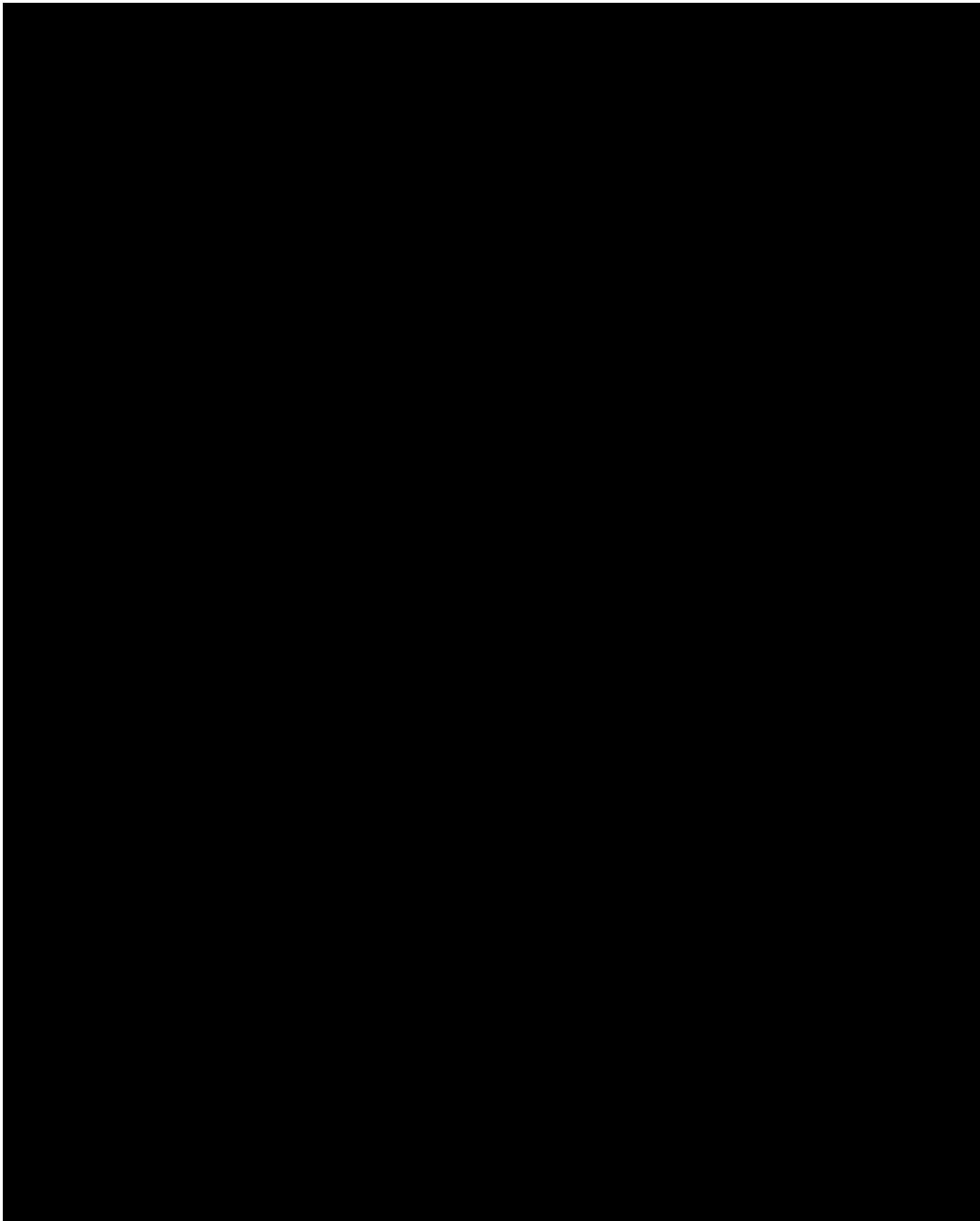
To support the records of consents for the calls it makes, CEC receives services from two external vendors that record the web-events during which prospective students input their contact information and provide the legally required consent for calls. [REDACTED] obtains records from third-party websites and [REDACTED] is used to collect information on CEC owned and operated websites. Both produce a visual playback of the consent event along with user data collected during requesting of information.

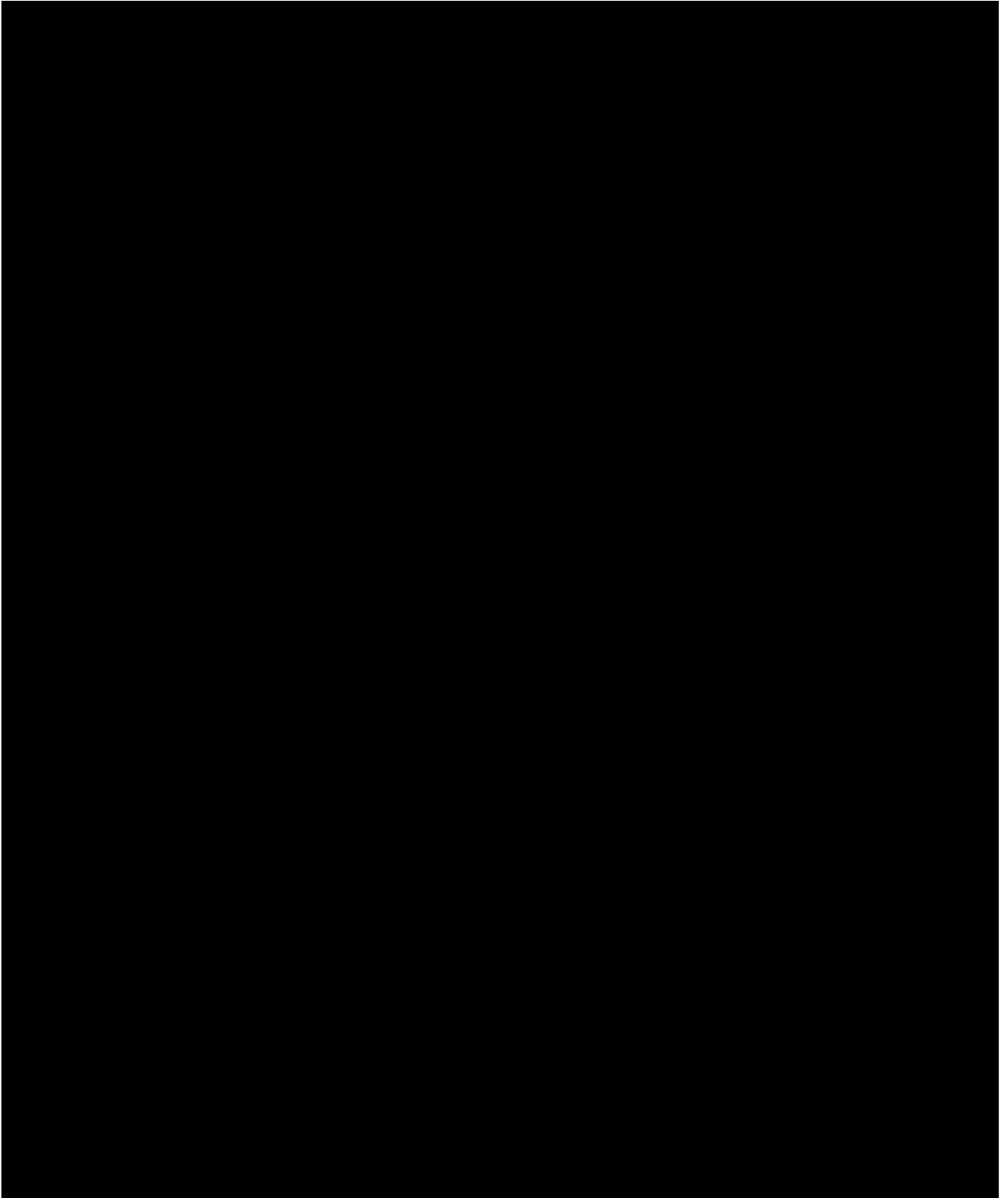
Staff working with prospective students are trained on how to properly disposition calls, including how to place anyone requesting it on an internal do-not-call list. This topic is covered during onboarding of new employees and is included in CEC's Rules of the Road policy for its IRC and admissions staff.

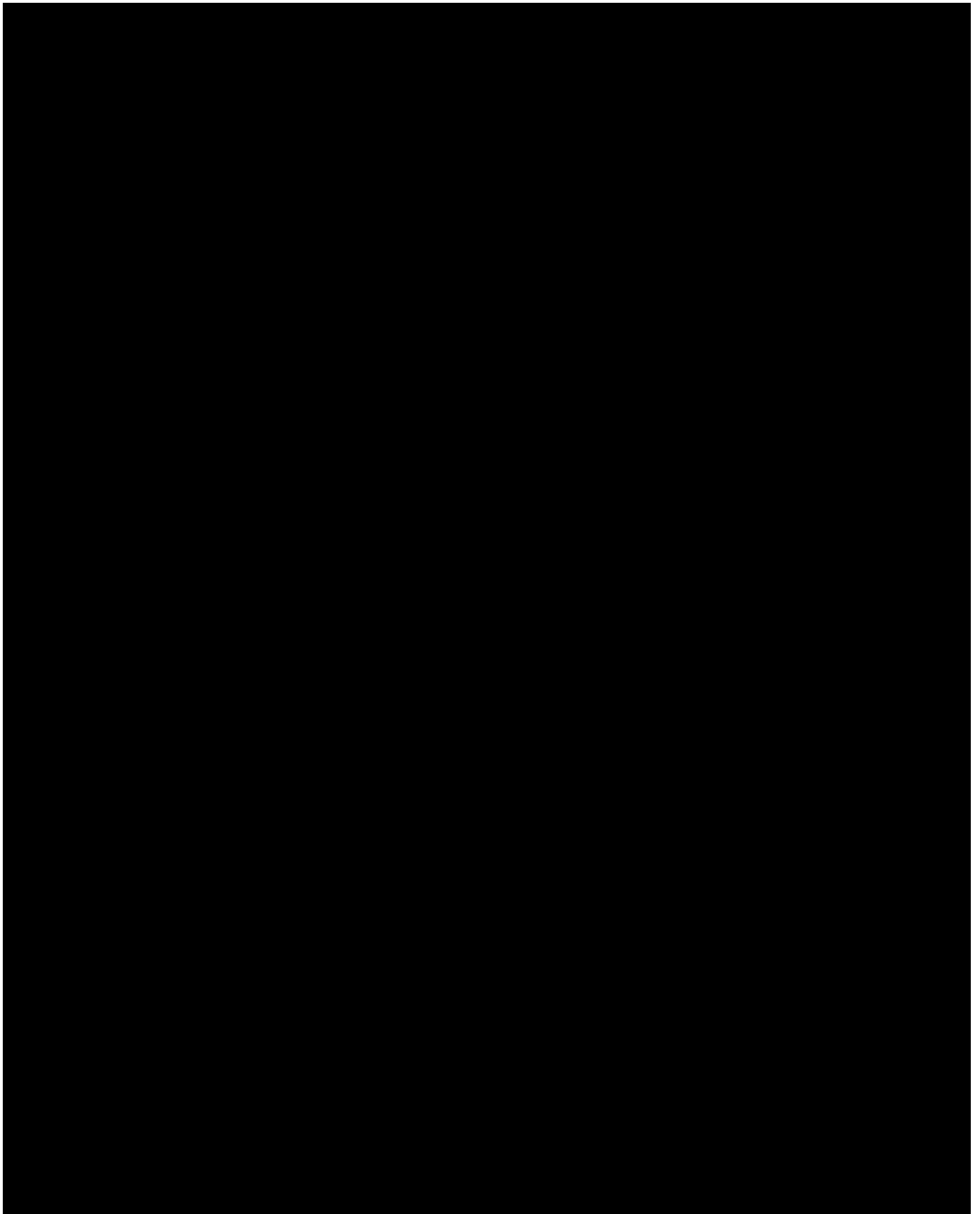
For IRC, the following are screen shots of systems used by staff to handle do-not-call compliance:

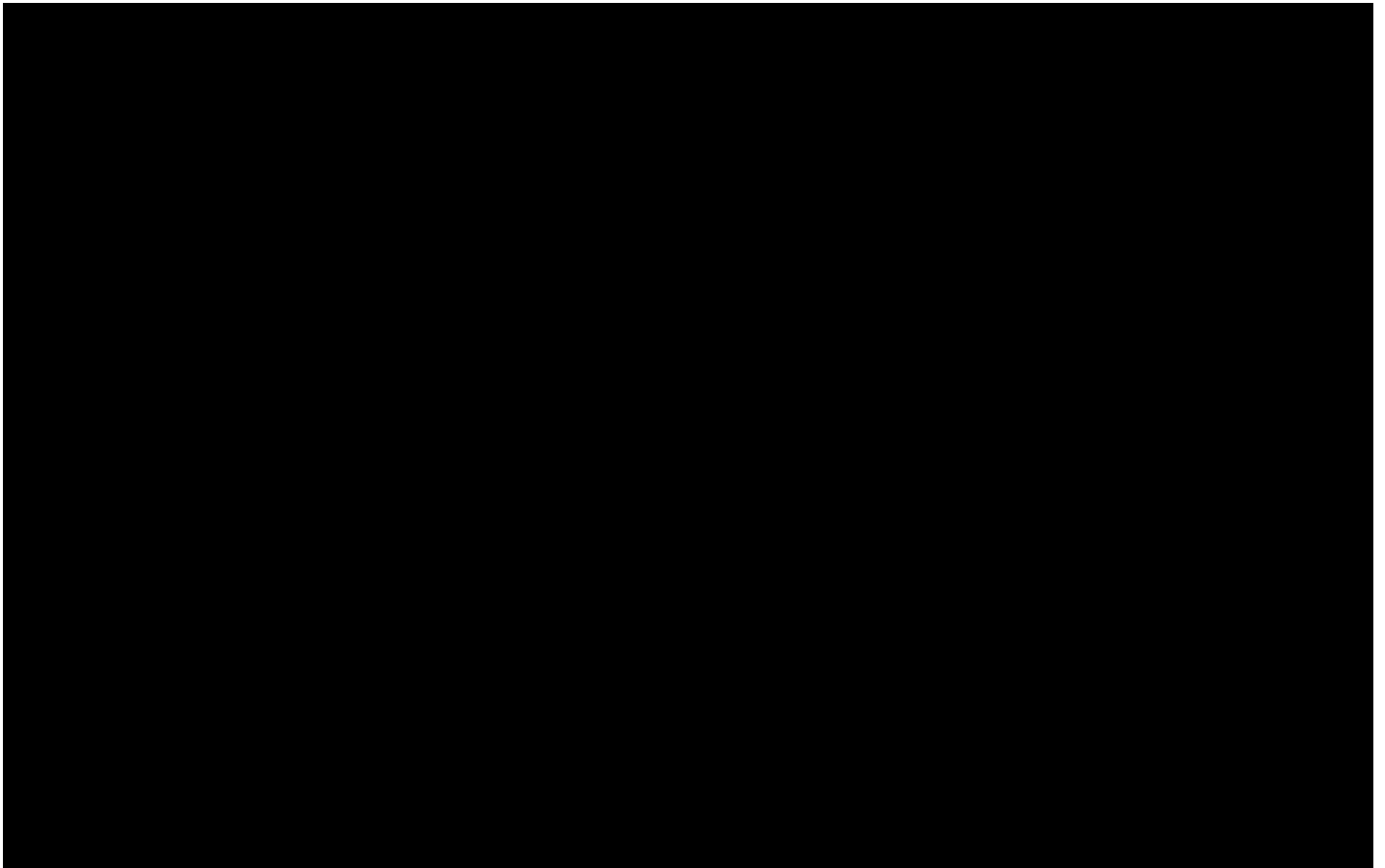
IRC DNC Process for Outbound Calling



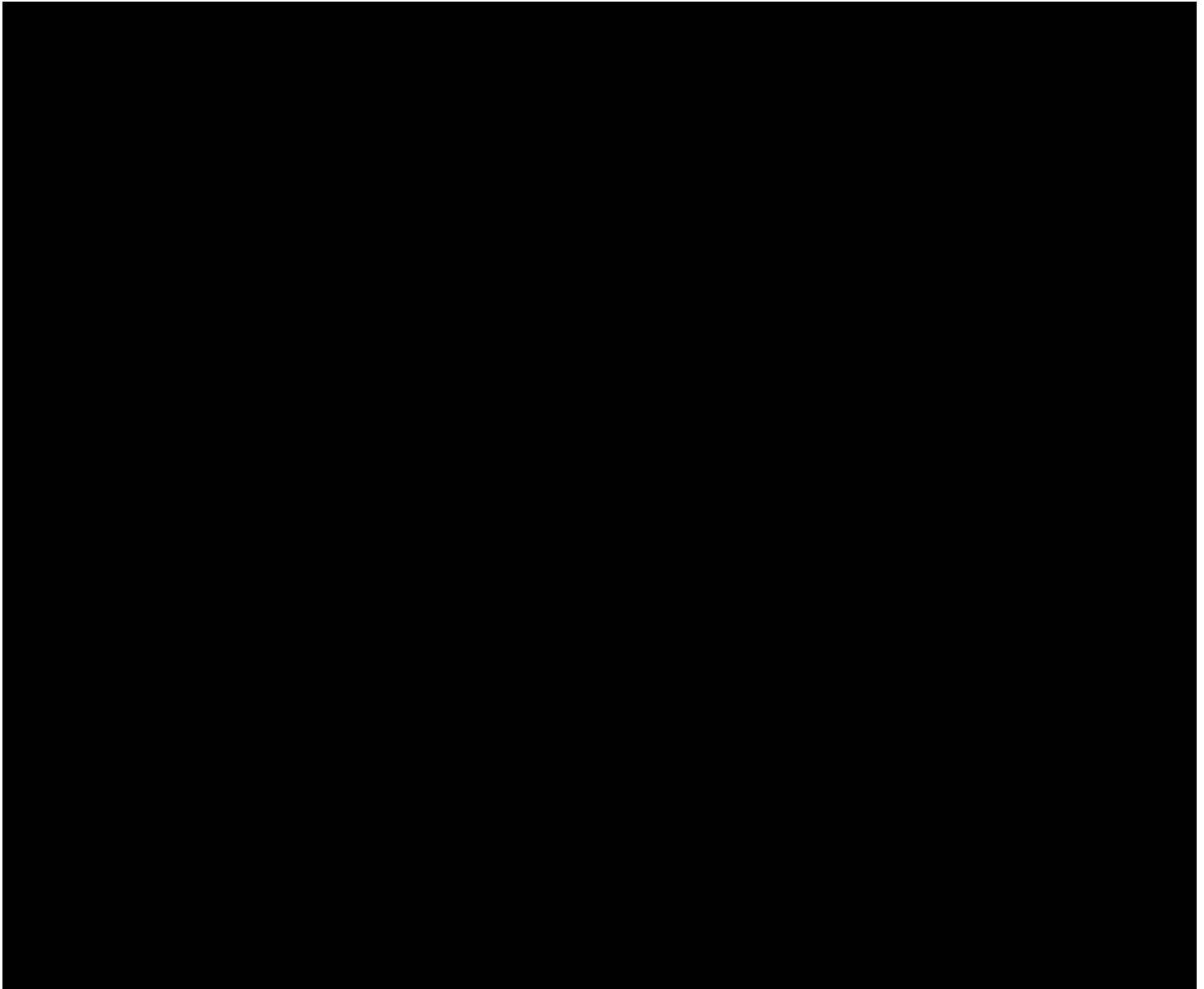


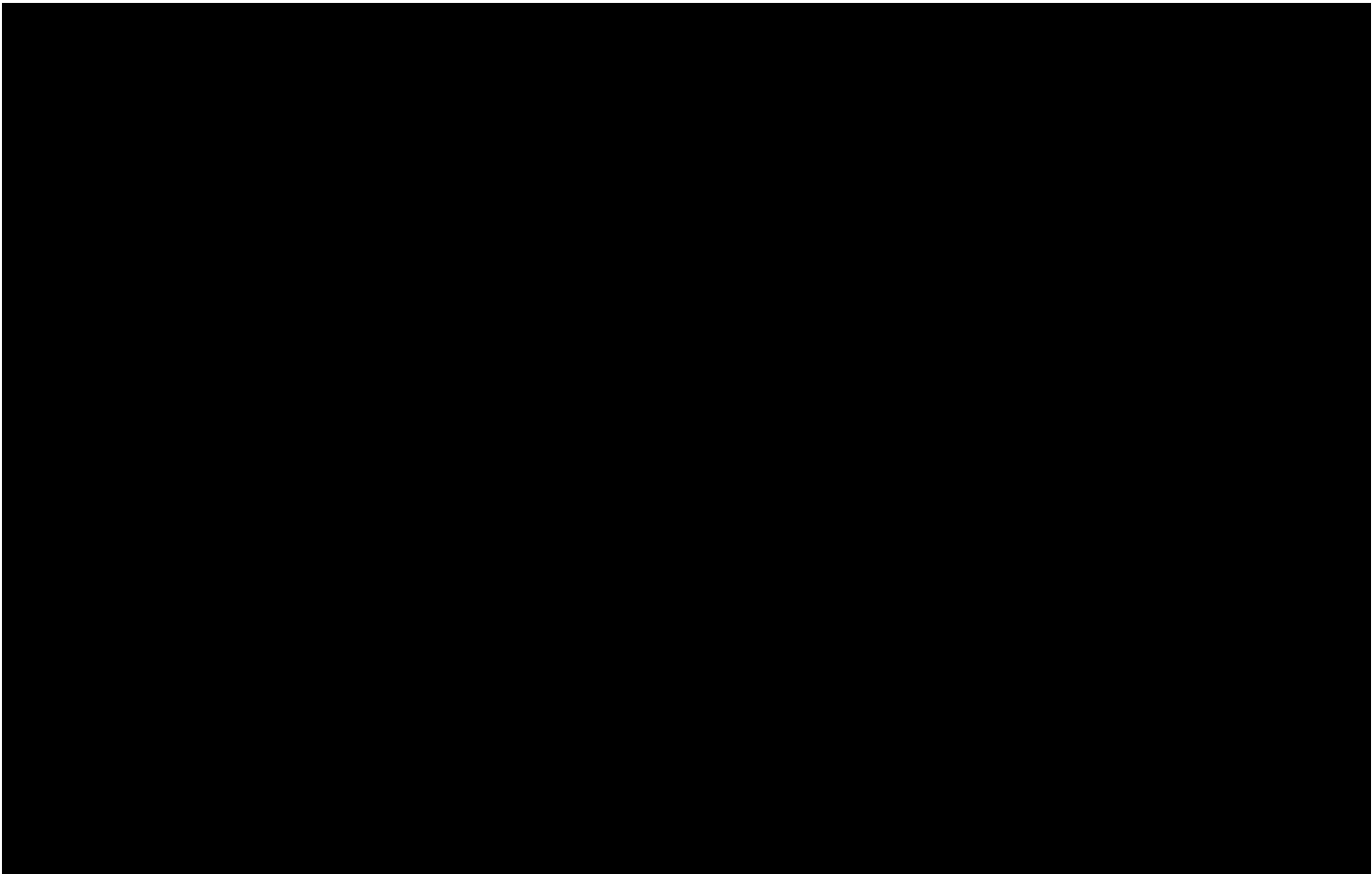






AIU & CTU admission staff both use a custom-built platform to facilitate interactions with students and the database that stores prospective student information. The following are screen shots of systems they use to handle do-not-call compliance:





## PROSPECTIVE STUDENTS INVOLVING OTHERS IN ENROLLMENT PROCESS (¶¶98-99)

98. CEC shall not prevent a Prospective Student from consulting with or obtaining advice from a parent, adult friend, or relative with respect to any issue relevant to enrollment.

99. CEC shall invite Prospective Students under the age of eighteen (18) to bring an adult with them to any interview/meeting on campus prior to enrollment.

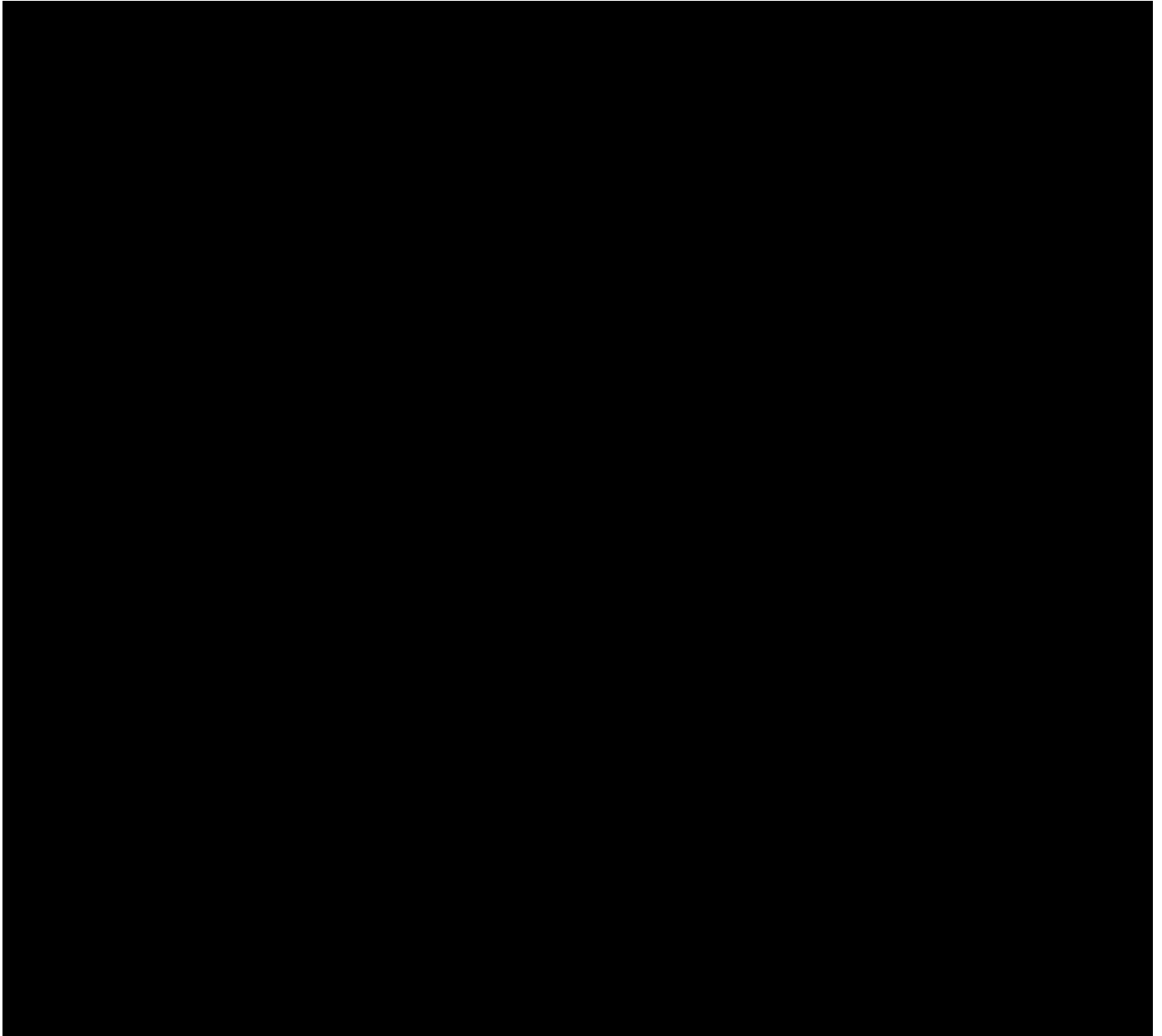
### **Bases.** The Administrator

- Engaged in multiple conversations with the Attorneys General Executive Committee
- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured CEC's campuses and corporate headquarters.
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents, including clinical program materials, accreditation materials, job placement materials, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to CEC's student interactions concerning the enrollment process.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraphs 98-99. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC's compliance.

**Discussion.** Review of training materials, call recordings (including of mystery shoppers) confirms CEC's compliance. For example, CEC includes language in their scripts prepared for Admissions advisors relating to inviting friends and family (including parents or guardians for those under 18).

Documentation is highlighted in the screen shots below which were obtained from the respective admissions scripts.



## **5. Required Orientation and Refund Provisions (§§100-103)**

## AVC ¶100 COLLEGE READINESS

*100. CEC shall require all incoming Students (other than graduate Students and Students who have already obtained twenty-four (24) or more credits at the post-secondary education level) to complete an online and/or in-person orientation program prior to the Student's first class at no cost to the Student. This orientation program shall be approved by the Administrator in consultation with the Attorneys General. This orientation program shall address such topics as study skills, organization, literacy, financial skills, and computer competency. A Student may withdraw from enrollment in a Program of Study at any time during the orientation program without any cost, and any grants or financial aid received directly from a grantor or lender on behalf of the Student shall be returned to the grantor or lender.*

*In the alternative, and in lieu of the orientation described above, CEC may satisfy its obligation by requiring all incoming Students (other than graduate Students and Students who have already obtained twenty-four (24) or more credits at the post-secondary education level) to complete a college readiness course components of which will address the topics referenced above and the content of which will be approved by the Administrator in consultation with the Attorneys General. If CEC elects to offer a college readiness course, CEC shall give Students enrolled in the course a Clear and Conspicuous disclosure of the refund provision contained in paragraph 101 within ten (10) days after the start of the course.*

### **Bases.** The Administrator

- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel.
- Interviewed senior corporate management—including Legal.
- Toured CEC's campuses and corporate headquarters.
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents, including hard copy and online training materials, college readiness course descriptions, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC's websites, CEC's catalog, CEC refund policies, sample Student Refund emails, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to a College Readiness orientation or course.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraph 100. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC's compliance.

**Discussion.** CEC requires all incoming Students (other than graduate Students and Students who have already obtained 24 or more credits at the post-secondary education level) to complete one of the following activities:

1. A college readiness course offered by the university, or
2. An online orientation program (available for incoming students who are eligible for transfer credit for the college readiness course based on a comparable course completed at another institution.)

(See catalog descriptions below). In both cases, the course or program and related communications satisfy the required elements of paragraph 100 (i.e., course components and clear and conspicuous disclosure of the refund provision).

### **College Readiness Courses**

Listed below are the catalog descriptions for the applicable course from each university.

#### **American InterContinental University**

UNIV 103—Academic and Professional Success—4.5 quarter credit hours

This is a course for students who are new to university-level learning. Topics will include the theory and application of setting goals, managing time and money, developing self-awareness, and adhering to the rigorous standards of academic and professional writing. Additionally, students will be prepared to work autonomously and collaboratively in academic and professional settings.

#### **Colorado Technical University**

UNIV 104—Academic and Career Success—4.5 quarter credit hours

UNIV104 is designed to provide students with a foundation for success in CTU's undergraduate academic environment and beyond. This course introduces effective academic strategies and resources integrating them with career planning methods that can be leveraged for future academic, professional, and personal success.

### **Components**

The syllabus (AIU) and course information (CTU) documents which are provided to students at the beginning of the course contain information about the content to be covered in the respective courses. The instructor guide provides similar information but in greater detail. Listed below is an analysis of the course elements required by the AVC and their location within the respective courses.

Topic #	Topics from AVC ¶100	AIU Course: UNIV 103	CTU Course: UNIV 104
1	Study Skills	Unit 1 <i>Note taking, study skills, thinking modes, learning styles, types of intelligences</i> Unit 3 <i>Taking action to maximize potential</i>	Unit 2 <i>Study habits, success strategies</i> Unit 3 <i>Learning styles</i>
2	Organization	Unit 1 <i>Note taking, study skills, academic expectations</i> Unit 2 <i>Prioritization, goal setting, overcoming obstacles, procrastination, time management planning and tools, stress management</i>	Unit 1 <i>Resources and productivity tools, success strategies</i> Unit 2 <i>Time management, motivational strategies, strategies to overcome challenges</i> Unit 3 <i>Strategies to overcome challenges</i>
3	Literacy	Units 1-5 <i>This area is integrated through the student's class assignments, not as a standalone topic.</i>	Unit 4 <i>Written communication</i> Units 1-3,5 <i>This area is also integrated through the student's class assignments, not as a standalone topic</i>
4	Financial Skills	Unit 4 <i>Money management, banking, credit, taxes, budgeting, spending and saving, home, transportation and education costs, long-term financial goals</i>	Unit 5 <i>Money management, credit, taxes, budgeting, spending and saving, education costs, long-term financial goals</i>
5	Computer Competency	Units 1-5 <i>This area is integrated through the student's class assignments which require them to use University-specific technologies (e.g., virtual classroom tools, Intellipath, discussion board, live chat, electronic textbook, mobile app, and messenger)</i>	Unit 4 <i>MS Word, PowerPoint and file management</i> Units 1-5 <i>In addition, this area is integrated through the student's class assignments which require them to use University-specific technologies (e.g., virtual classroom tools, Intellipath, discussion board, live chat, electronic textbook, mobile app, and messenger)</i>

The orientation program is a consolidation of these modules from the UNIV courses which are delivered online without the course assignments. The content and delivery platform is the same, but it is delivered in a shorter timeframe since it is an orientation rather than a course.

### Scheduling

Each university utilizes a prior learning review process to determine if an incoming student has earned sufficient credit to be released from the requirement to take the college readiness course (AIU-UNIV 103, CTU-UNIV 104). Both AIU and CTU meet or exceed the credit hour

requirement required in Paragraph 100. AIU requires a student to successfully complete at least 36 quarter credit hours of college-level coursework; CTU requires a student to successfully complete at least 24 quarter credit hours of college-level coursework.

As a standard practice, all incoming students are scheduled to take the college readiness course. They are removed from this course only if they can demonstrate that they have met the college credit minimums listed above by the cut-off date established by the respective university or if they are eligible for transfer credit for the course. Students who do not provide documents, whose documents do not arrive in time for review prior to the cut-off date, or who do not have enough college experience to meet the credit minimums remain scheduled for UNIV and complete the course.

Each university grants transfer credit to students who have a) taken a course that is determined to be equivalent to UNIV 103/UNIV 104 based on a course to course match, or b) earned an associate degree that qualifies under an articulation agreement with another institution or under a university general education block transfer policy. Students who meet either of these requirements are not required to complete the college readiness class at AIU/CTU. For those students who receive this transfer credit but have not completed 24 credit hours, AIU/CTU provides an orientation program which covers the elements required in the Agreement. If the student does not complete the orientation program by the deadline established by the university, the student will be required to complete UNIV.

To determine if an incoming student has earned sufficient credit to be removed from the college readiness course, the student provides documentation to support courses taken at other institutions and other external sources such as external proficiency exams (e.g., AP, CLEP, DSST), professional certification, workplace training and life experience. These documents are reviewed through the prior learning assessment process according to university policy. Students who are determined to be eligible are not required to take the UNIV course but typically take another course to earn credit hours needed for graduation.

### **Clear and Conspicuous Refund Disclosure**

As part of its compliance with Paragraph 100, AIU and CTU distribute a disclosure of the refund provision contained in paragraph 101 within ten (10) days after the start of the course to all eligible students. [REDACTED] the student data management system, is programmed to deliver these students an email reminder of the refund policy.

## AVC ¶101 Refund Period

101. All Students who are newly enrolled in any fully online Program of Study at CEC institution (other than graduate Students and Students who have already obtained twenty- four (24) or more online credits at the post-secondary education level) shall be permitted to withdraw within the first twenty-one (21) days of the first day of the Student's semester, quarter, or (with respect to students enrolled in a non-term program) payment term at the CEC institution in which the Student enrolled. If a Student's credits are from a university that predominantly offers online programs, CEC can count the Student's credits towards the 24 online credit threshold. All Students who are newly enrolled in any on-ground Program of Study at a CEC institution (other than graduate Students) shall be permitted to withdraw within the first seven (7) days of the first day of the Student's first session, at the CEC institution in which the Student enrolled. CEC shall Clearly and Conspicuously disclose the availability of the refund periods described in this paragraph in the Enrollment Agreement or in a separate written disclosure prior to starting class. CEC shall not hold a qualifying Student who withdraws in accordance with this paragraph liable for any tuition and fees associated with attending classes and shall return to grantors or lenders any grants and financial aid received directly from a grantor or lender for or on behalf of the Student. Under no circumstances shall the time of a Student's attendance in the orientation program required pursuant to paragraph 100 be included in the refund periods required pursuant to this paragraph.

### **Bases.** The Administrator

- Interviewed the CEC's Director of Clinical Education.
- Interviewed CEC's Nursing Coordinator.
- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured CEC's campuses and corporate headquarters.
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents, including student disclosure materials, accreditation materials, job placement materials, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to Refunds.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraph 101. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC's compliance.

**Discussion.** CEC complies with the requirements of paragraph 101, including withdrawal provisions and clear and conspicuous disclosure of refund periods. AIU and CTU each have historically used policies that allow new students a seven day “add/drop” period to withdraw without financial obligation. Pursuant to Section 101 of the AVC, each of AIU and CTU has added a new section to their refund policy discussions to call attention to the additional period of time eligible students may receive to withdraw without financial obligation. This provision is included in the enrollment agreements of both institutions as well as reminder emails at select milestones during the student’s enrollment process.

AIU’s policy states:

**New Online Undergraduate Student** A new undergraduate Student, defined as one entering AIU or an affiliated institution for the first time with less than 24 online college credits that is enrolled in a fully online program, may elect to withdraw from AIU at any time during the first 21 days of the first quarter without incurring any tuition or fees by withdrawing from AIU in accordance with the requirements set forth in the catalog. Specifically, an eligible Student intending to withdraw must submit a written notice that s/he is withdrawing from AIU to AIUStudentAdvising@aiuniv.edu. An eligible Student is considered conditionally enrolled during this 21-day period. For a Student who intends to utilize financial aid funds to cover tuition and fees, all eligible federal and institutional financial aid funds will be applied to the Student’s account after the 21-day conditional enrollment period has expired.

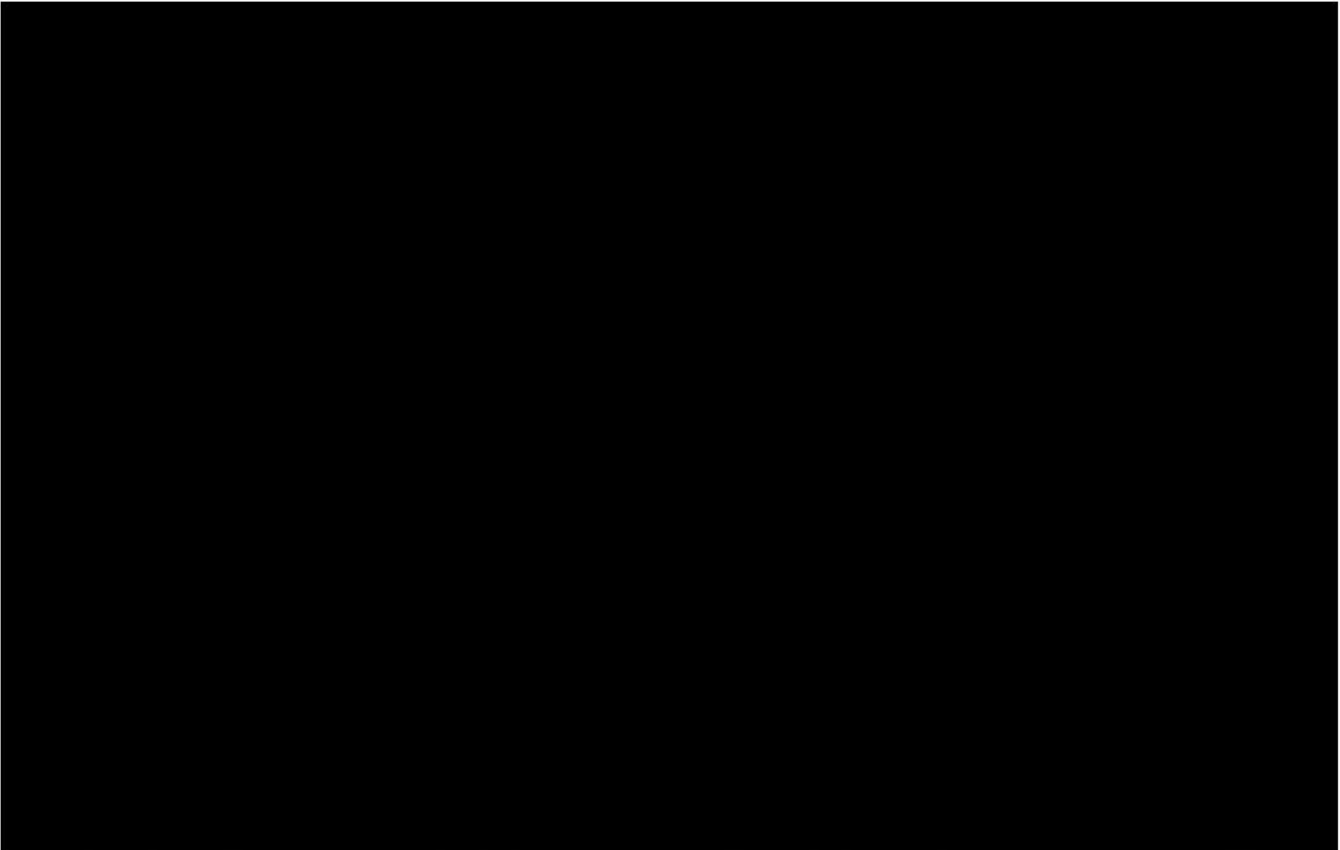
CTU’s policy states:

**New Online Undergraduate Student** A new undergraduate Student, defined as one entering CTU or an affiliated institution for the first time with less than 24 online college credits that is enrolled in a fully online program, may elect to withdraw from CTU at any time during the first 21 days of the first quarter without incurring any tuition or fees by withdrawing from CTU in accordance with the requirements set forth in the catalog. Specifically, an eligible Student intending to withdraw must submit a written notice that s/he is withdrawing from CTU to the appropriate campus: Colorado Springs CTUSuccess@coloradotech.edu or Denver AURSuccess@coloradotech.edu. An eligible Student is considered conditionally enrolled during this 21-day period. For a Student who intends to utilize financial aid funds to cover tuition and fees, all eligible federal and institutional financial aid funds will be applied to the Student’s account after the 21-day conditional enrollment period has expired.

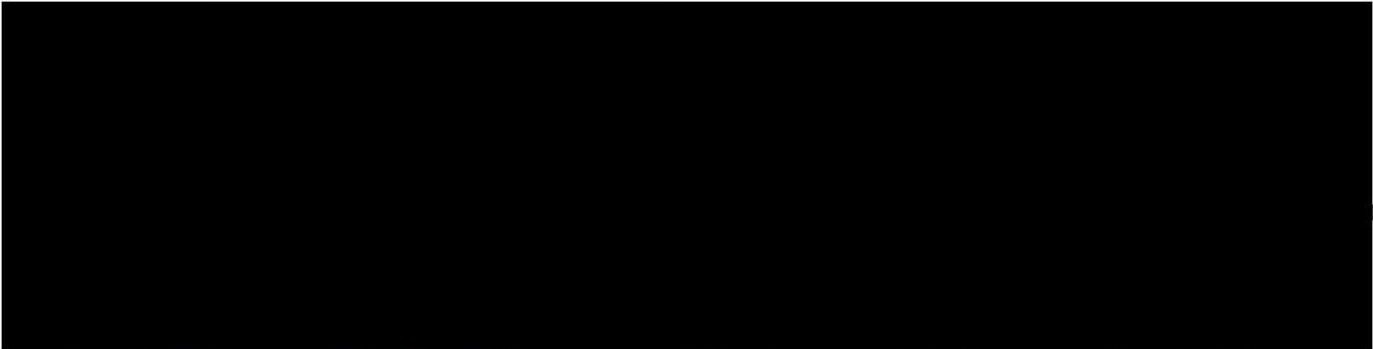
For purposes of determining student eligibility, AIU and CTU rely on student responses during the application process to a question about their educational history:

<b>*Have you obtained twenty-four (24) or more credits from an online college or institution?</b>	
<input type="radio"/> Yes	<input type="radio"/> No

As students proceed through the application process, the response to this question is stored in the master student database and used to determine eligibility for and the timing of different refund policy reminder communications. Additionally, financial aid and student accounts staff will be able to appropriately apply the correct refunds to eligible students.



Staff workflow sites have also been updated to ensure they can properly communicate to students about the applicability of their refund eligibly.



As noted in Section 101 of the AVC, the period of time runs from the beginning of the first term and does not include any period of time a student may have spent in orientation.

## AVC ¶¶102-103

### Refund Policies

102. *Except for qualifying Students who withdraw during the new Student orientation program required pursuant to paragraph 100 or the applicable refund period established by paragraph 101, when a Student withdraws from a Program of Study, CEC may retain or be entitled to payment for a percentage of any tuition and fees and other educational costs earned, based on the percentage of the enrollment period attended by the Student, subject to the CEC institution's internal refund policies and applicable law; provided, however, that where a student has not attended sixty (60) percent of the academic term as calculated in accordance with 34 CFR 668.22, CEC shall not retain or be entitled to payment for a percentage of any tuition and fees or other educational costs for a class that was scheduled to be taken during the relevant academic term but was not attended because the student withdrew from school prior to the commencement of the class. Except as mandated by changes to federal or state laws or regulations, no CEC institution shall change its internal policy with respect to calculating the percentage of tuition and fees and other educational costs that a Student remains obligated to pay upon withdrawal in a manner that results in the policy becoming less favorable to Students unless CEC obtains the prior approval of the Administrator or, if the Administrator's term has expired, the Executive Committee. CEC shall comply with all state and federal record-keeping requirements for documenting Student attendance and determining dates of withdrawal.*

103. *CEC shall comply with applicable state and federal law specifying the amounts owed by or to be refunded to Students to the extent their application would result in a greater refund or lower cost for a Student than is otherwise required herein.*

#### **Bases.** The Administrator

- Interviewed the CEC's Director of Clinical Education.
- Interviewed CEC's Nursing Coordinator.
- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured CEC's campuses and corporate headquarters.
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
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- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents, including student disclosure materials, accreditation materials, job placement materials, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to Refunds.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraphs 102-103. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC's compliance.

**Discussion.** AIU and CTU each have standard published institutional refund policies that take into consideration the obligations set forth in Section 102 and 103 of the AVC. These policies are available in the enrollment agreements, catalog and in separate email disclosures made to students pursuant to commitments in the AVC.

A student who cancels his/her enrollment prior to the student's first day of class attendance will receive a refund of all monies paid. If the Enrollment Agreement is not accepted by the University or if the University cancels the enrollment prior to the first day of class attendance, all monies paid will be refunded. Students not participating in the new student 21-day refund period are subject to the University's Institutional Refund Policy.

With respect to the obligation in paragraph 102 that CEC "comply with all state and federal record keeping requirements for documenting Student attendance and determining dates of withdrawal," and the obligation in paragraph 103 that CEC "comply with applicable state and federal laws specifying the amounts owed by or to be refunded to Students....", CEC has represented to the Administrator that it is in compliance with all such state and federal laws. The Administrator is not independently aware of any information that contradicts CEC's representations. CEC's internal compliance programs survey, track, and update its obligations under such laws, which are communicated to the business personnel responsible for such record keeping and compliance. Tuition refund calculations are the subject of frequent external reviews and audits and are supported by attendance record-keeping that is used for initial financial aid eligibility and tuition refund calculations. CEC's centralized student database maintains all records of student attendance.

Below are the refund policies of AIU and CTU.

### **Institutional Refund Policy—AIU**

#### **Add/Drop Period**

The course add/drop policy is defined as the timeframe during which students may seek to make changes to their schedule by adding and or dropping course(s). This timeframe is the first week of the session (five-week courses) or quarter (ten-week courses) as published in the academic calendar. For example, if a course starts on Wednesday the 1st, students have until the end of the day the following Tuesday the 7th to request to add or drop a course.

After the last day of the add/drop period for each quarter no refunds or adjustments will be made for students who drop individual classes but are otherwise enrolled at AIU.

### **Withdrawal Date**

The withdrawal date used to determine when the student is no longer enrolled at AIU is the date indicated in written communication by the student to appropriate University designee. If a student does not submit written notification, the school will determine the student's withdrawal date based upon federal regulations and institutional records.

### **Tuition Refund Policy**

Tuition refunds are made for students who withdraw or are withdrawn from AIU prior to the completion of their program and are based on the tuition billed for the quarter in which the Student withdraws, according to the schedules set forth below. Refunds will be based on the total charge incurred by the student at the time of withdrawal, not the amount the Student has actually paid. Tuition attributable to any quarter beyond the quarter of withdrawal will be refunded in full. When a student withdraws from AIU, s/he must give notice in writing to [AIUStudentAdvising@aiuniv.edu](mailto:AIUStudentAdvising@aiuniv.edu). The date from which refunds will be determined is the last date of recorded attendance. Refunds will be made within 30 calendar days of the notification of an official withdrawal or date of determination of withdrawal by AIU.

An academic quarter is ten weeks in length and may consist of either two five-week sessions or a single ten-week academic term. In the event that a student withdraws or is dismissed from all classes during the quarter, the date from which tuition adjustments will be calculated is the last date of attendance. Refunds are calculated based on the smallest distinct segment of the academic program. For example, for students who withdraw or are dismissed from all classes during the quarter in which a ten-week course(s) are taken, the percentages of completion will be applied to the ten-week course. For students who withdraw or are dismissed from all classes during the quarter in which a five-week course(s) are taken, the percentages of completion will be applied to the five-week course.

In the event the student does not post attendance in courses scheduled in the second five-week session, students are eligible for 100% refund of tuition and fees associated to that five-week session.

### **Institutional Refund Schedule—Online campus enrollment**

Week of the Quarter	Students Enrolled in 5-week Sessions		Students Enrolled in 10-week courses
Student's Last Date of Attendance	First Session Tuition Refund	Second Session Tuition Refund	Quarter Refund
During the first week of instruction of the program*	100%	100%	100%
During the first academic week	80%	100%	90%
During the second academic week	60%	100%	75%
During the third academic week	40%	100%	50%
During the fourth academic week	0%	100%	50%
During the fifth academic week	0%	100%	50%
During the sixth through tenth academic week	0%	0%	0%

*\*This applies to a new student's right to cancel in the first week of their program quarter of attendance only.*

### **Institutional Refund Schedule—Atlanta campus**

Tuition will be adjusted according to the following schedule:

- During the first seven calendar days\*, AIU will refund 100% of the tuition and fees.
- Refunds are determined based on the proration of tuition and percentage of the smallest distinct segment of the academic program at withdrawal, up to 50% of the quarter or 5-week session.
- There will be no refund after a student has completed more than 50% of the quarter or 5-week session.

*\*This applies to a new student's right to cancel in the first week of their program quarter of attendance only*

### **Institutional Refund Schedule—Houston campus**

Week of the Quarter	Students Enrolled in 5-week Sessions		Students Enrolled in 10-week courses
Student's Last Date of Attendance	First Session Tuition Refund	Second Session Tuition Refund	Quarter Refund
During the first week of instruction of the program*	100%	100%	100%
During the first academic week	80%	100%	100%
During the second academic week	60%	100%	70%
During the third academic week	40%	100%	50%
During the fourth academic week	0%	100%	25%
During the fifth academic week	0%	100%	0%
During the sixth through tenth academic week	0%	0%	0%

*\*This applies to a new student's right to cancel in the first week of their program quarter of attendance only*

## **Institutional Refund Policy—CTU**

### **Add/Drop Period**

The course add/drop policy is defined as the timeframe during which students may seek to make changes to their schedule by adding and or dropping course(s). This timeframe is the first week of the session (five and a half week courses) or quarter (eleven-week courses) as published in the academic calendar. For example, if a course starts on Wednesday the 1st, students have until the end of the day the following Tuesday the 7th to request to add or drop a course.

### **Withdrawal Date**

The withdrawal date used to determine when the student is no longer enrolled at CTU is the date indicated in written communication by the student to appropriate University designee. If a student does not submit written notification, the school will determine the student's withdrawal date based upon federal regulations and institutional records.

### **Tuition Refund Policy**

Tuition refunds are made for a Student who withdraws or is withdrawn from CTU prior to the completion of his/her program and is based on the tuition billed for the quarter in which the Student withdraws, according to the schedules set forth below. Refunds will be based on the total charges incurred by the Student at the time of withdrawal, not the amount the Student has actually paid. Tuition and fees attributable to any quarter beyond the quarter of withdrawal will be refunded in full.

When a Student withdraws from CTU, s/he must give written notice to [OfficeofStudentAdvising@coloradotech.edu](mailto:OfficeofStudentAdvising@coloradotech.edu). The date from which refunds will be determined is the last date of recorded attendance. Refunds will be made within 30 calendar days of the notification of an official withdrawal or date of determination of withdrawal by CTU.

An academic quarter is 11 weeks in length and may consist of either two 5 ½-week sessions or a single 11-week academic term. In the event a student withdraws or is dismissed from all classes during the quarter, the date from which tuition adjustments will be calculated is the last date of attendance. Refunds are calculated based on the smallest distinct segment of the academic program. For example, for students who withdraw or are dismissed from all classes during the quarter in which a 11-week course(s) are taken, the percentages of completion will be applied to the 11-week course. For students who withdraw or are dismissed from all classes during the quarter in which a 5 ½ -week course(s) are taken, the percentages of completion will be applied to the 5 ½ -week course.

In the event the student does not post attendance in courses scheduled in the second 5 ½-week session, students are eligible for 100% refund of tuition and fees associated to that 5 ½-week session.

## **Institutional Refund Calculation—Online campus**

### **11-week courses**

Students who withdraw from CTU while taking only 11-week courses are eligible for a tuition refund calculated according to the following schedule:

Week 1 (day 1 – 7)*	100%
Week 1 (day 1 – 7)	90%
Week 2 (day 8 – 14)	80%
Week 3 (day 15 – 22)	70%
Week 4 (day 23 – 29)	60%
Week 5 (day 30 – 38)	50%
Week 6	0%

\*This applies to a new student right to cancel in the first week of their program quarter of attendance only

### **5½-week courses (First Session of Quarter)**

Students who withdraw from CTU while taking only 5 ½-week courses are eligible for a tuition refund. Students with a last date of attendance between the beginning of the course and the end of the fifth week of the first session will have a tuition refund calculated according to the following schedule:

	<u>First Session</u>	<u>Second Session</u>
Week 1 (day 1 – 7)*	100% of first session	100% of second session
Week 1 (day 1 – 7)	80% of first session	100% of second session
Week 2 (day 8 – 14)	60% of first session	100% of second session
Week 3 (day 15 – 22)	40% of first session	100% of second session
Week 4 (day 23 – 29)	0% of first session	100% of second session
Week 5 (day 30 – 38)	0% of first session	100% of second session
Week 6	0% of first session	0% of second session

\*This applies to a new student right to cancel in the first week of their program quarter of attendance only.

Students attending both 11-week and 5 ½-week courses within the same term will have the applicable refund policy applied to each applicable course.

### **5½-week courses (Second Session of Quarter)**

There is no refund due for students who withdraw from CTU after attending one or more classes in the second session of a quarter.

## **Institutional Refund Calculation—Colorado Springs / Denver campus**

### **11-week courses**

- 1) If the student's last date of attendance is during the first week of the course, 100% of tuition and course related fees will be refunded.
- 2) If the student's last date of attendance is during the second week of the course, 75% of tuition will be refunded.
- 3) If the student's last date of attendance is during or after the third week of the course, no refund will be given.

**5 ½-week courses (First and Second Session)**

- 1) If the student's last date of attendance is during the first week of the course, 100% of tuition and course related fees will be refunded.
- 2) If the student's last date of attendance is during or after the second week of the course, no refund will be given.

## **6. Third-Party Vendor Requirements (§§104-111)**

## AVC ¶104

### Third-Party Vendors

104. CEC shall require that all contracts with Third-Party Lead Vendors who provide it with lead generation services include each of the following:

- (a) a provision requiring that the Third-Party Lead Vendor comply with:
  - (i) CEC's lead aggregator guidelines in effect at the time of contracting or as may be modified subsequently, subject to approval by the Administrator;
  - (ii) all applicable state and federal consumer protection laws;
  - (iii) if and when applicable to CEC, all provisions in the Code of Conduct referenced in paragraph 105; and
  - (iv) all provisions of the Telephone Consumer Protection Act, 47 U.S.C. § 227;
- (b) a prohibition on attracting Students or obtaining leads by misleading advertising suggesting available employment opportunities rather than educational opportunities;
- (c) a prohibition on representing that a Student or Prospective Student is guaranteed to receive "free" financing from the federal or a state government; provided, however, that CEC may permit its Third-Party Lead Vendors to represent that grants and scholarships may be available and would not need to be repaid; years.
- (d) a prohibition on representing that loans are grants that do not carry with them an obligation to be repaid;
- (e) a provision prohibiting Third-Party Lead Vendors from transferring a Prospective Student inquiry to a CEC institution unless the Prospective Student has expressly informed the Third-Party Lead Vendor that he or she is interested in educational opportunities. Prior to transferring a Prospective Student to a CEC institution, Third-Party Lead Vendors shall be required to ask the Prospective Student if they are interested in educational opportunities. Should the Prospective Student say "no," or otherwise provide a clear negative response as to their interest in pursuing educational opportunities, the Prospective Student cannot be directed to a CEC institution. Should the Prospective Student say "I'm not sure," or otherwise provide an equivocal response as to their interest in pursuing educational opportunities as opposed to job opportunities, the Third-Party Lead Vendor shall be permitted to describe the advantages an education may provide in creating additional job opportunities, but in so doing, the Third-Party Lead Vendor shall be prohibited from referencing any specific salary amounts. The Third-Party Lead Vendor shall then again ask the Prospective Student if they are interested in educational opportunities. Should the Prospective Student respond by providing a clear and affirmative indication that they are interested in educational opportunities, the Third-Party Lead Vendor shall be permitted to continue transferring the Prospective Student to a CEC institution; otherwise, the Prospective Student cannot be transferred to a CEC institution. In all events, prior to transferring any Prospective Student to a representative of any CEC institution, Third-Party Lead Vendors shall be required to confirm the Prospective Student's interest in pursuing educational opportunities; and
- (f) a requirement that all Third-Party Lead Vendors begin calls made on behalf of CEC with the following statement immediately after the Prospective Student answers the phone, "This is [insert company], this call may be recorded for quality assurance and training purposes," or words to that effect. Should the Prospective Student that answers the phone transfer the call to another Prospective Student, the preceding statement must be repeated for this Prospective Student and any other Prospective Student that may be later connected to the call. Additionally, the Third-Party Lead Vendor will clearly state that "this call may be recorded for quality assurance and training purposes" before transferring a call to CEC. is otherwise required herein.

#### **Bases.** The Administrator

- Interviewed the CEC's Director of Clinical Education.
- Interviewed CEC's Nursing Coordinator.
- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured CEC's campuses and corporate headquarters.

- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents, including Third Party Vendor Contracts, student disclosure materials, accreditation materials, job placement materials, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC’s websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to Third Party Vendors.

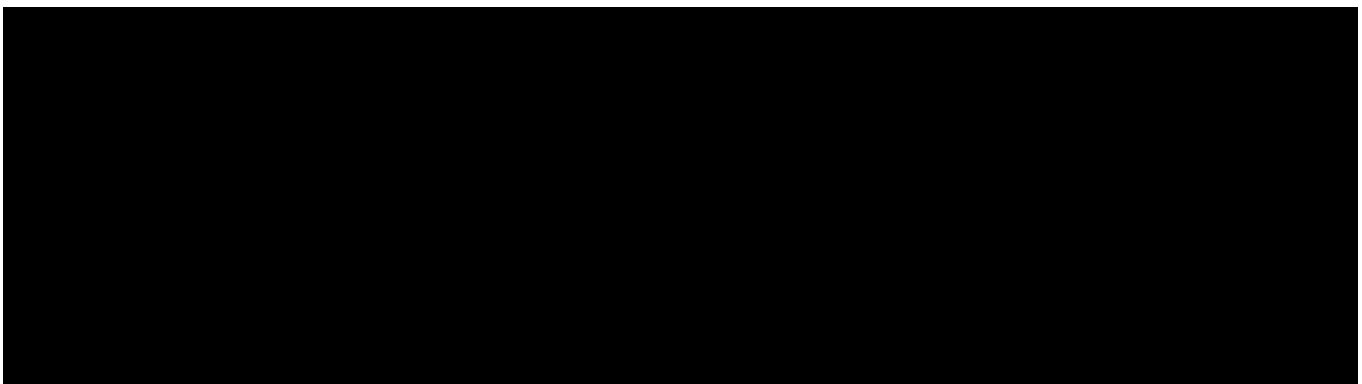
**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraphs 104. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC’s compliance.

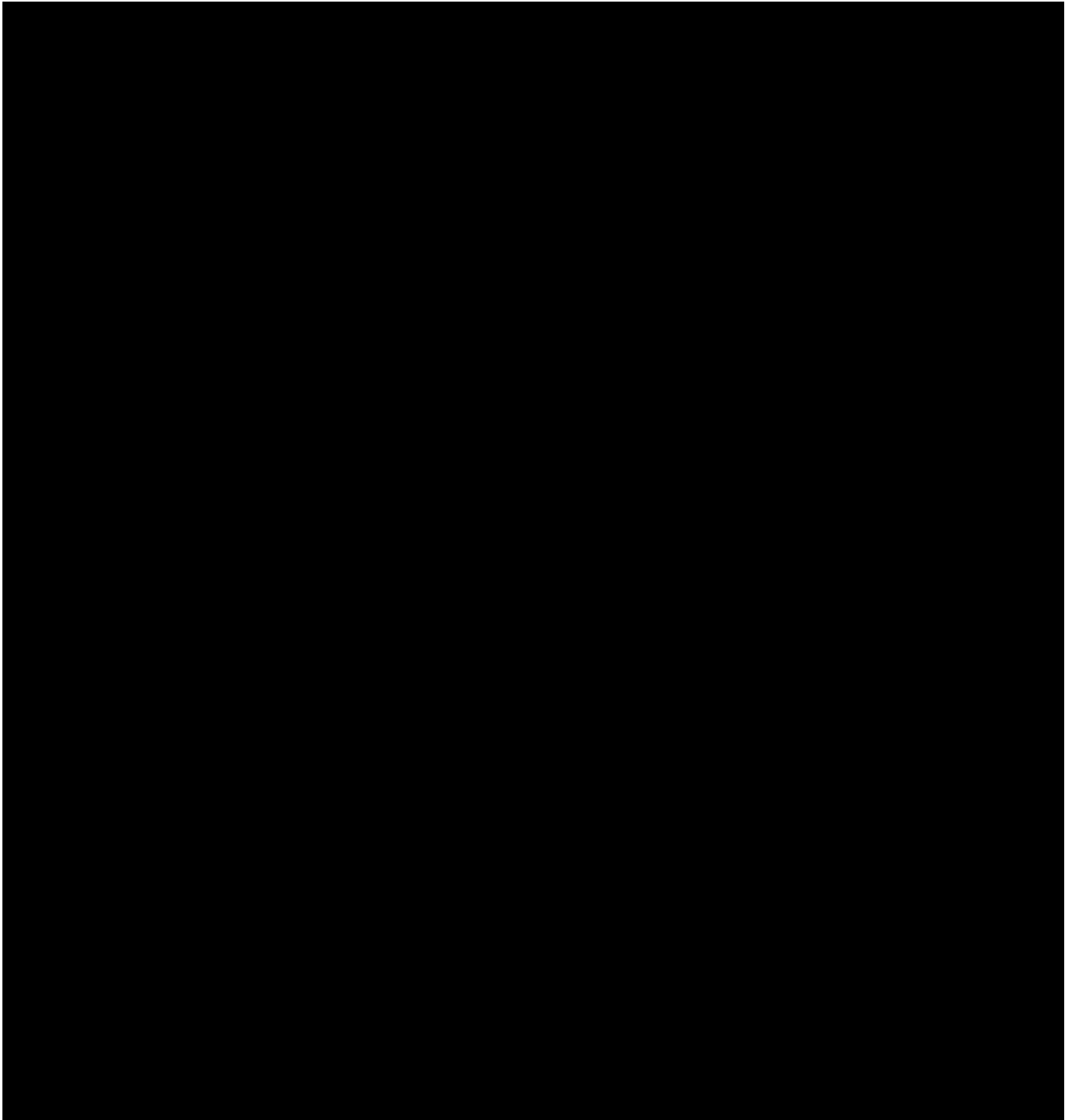
**Discussion.** Each of the requirements, prohibitions and provisions required by paragraph 104 are in CEC’s contracts with its Third-Party Lead Vendors with the exception that the contracts require each call be preceded by the statement that “this call may be recorded” but does not state the purpose is for “quality assurance and training purposes” as set forth in 104(f).

CEC has several methods in which it monitors its inquiry aggregators and their sub affiliates to ensure compliance with CEC standards as detailed in the Inquiry Aggregator Guidelines. These guidelines are a combination of industry best practices, consumer protection standards and CEC internal policies.

#### *Guidelines*

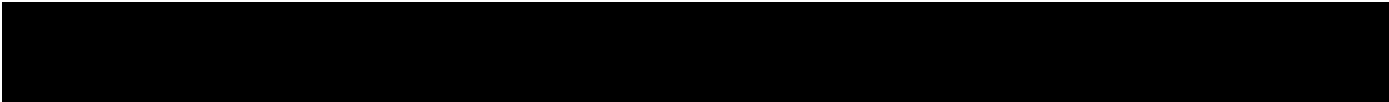
In March of this year, CEC updated the guidelines. CEC required every inquiry aggregator to acknowledge receipt of the updated Inquiry Aggregator Guidelines. Some of the updates included the following:

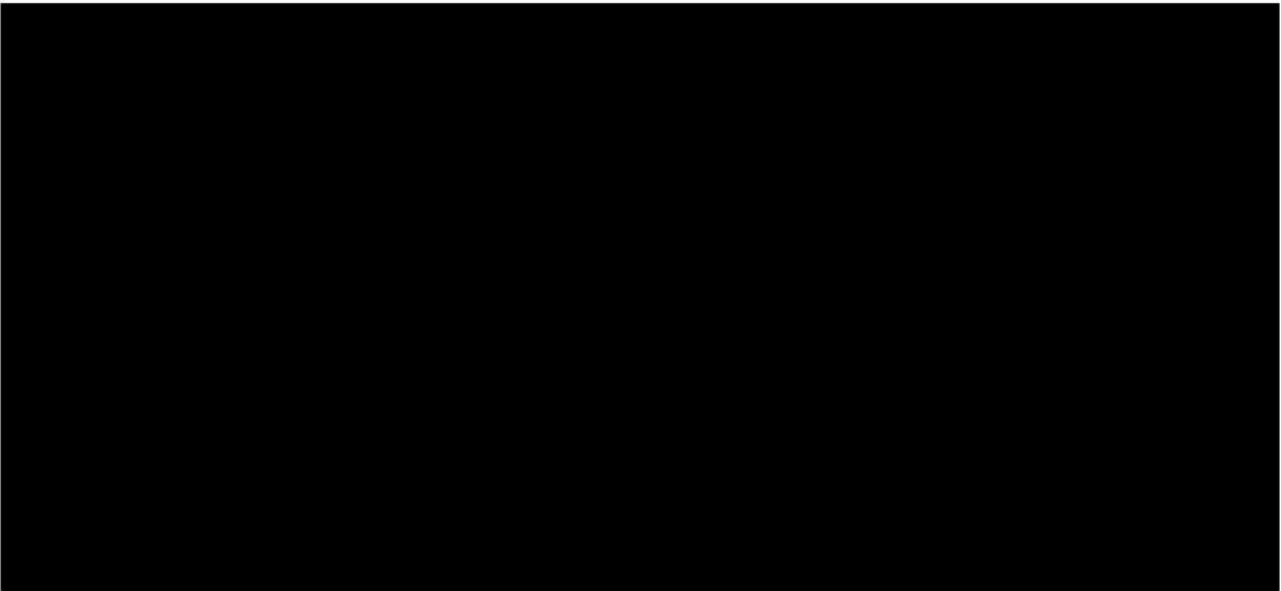




Simultaneously with the release of the updated guidelines, CEC also communicated the process of enforcement of the guidelines per the AVC.

CEC provided the inquiry aggregators with additional detailed guidelines specific to job flows in March 2019. These guidelines included applicable standards from the Inquiry Aggregator Guidelines as well as additional detail such as:







*Omniangle Monitoring*

CEC has partnered with [REDACTED] which provides a comprehensive review of inquiry aggregator activities. [REDACTED] monitors three channels for CEC which include, Web Traffic or Lead Flows, Content Review and Call Center Monitoring.

*Web Traffic or Lead flows* are the pathways that a consumer follows online to complete a lead form requesting information. Omniangle's technology audits online marketing activity from web traffic and identifies activity or messaging that may not comply with CEC's rule set. [REDACTED]



[REDACTED]

### *Contact Center Monitoring*

A third type of monitoring that [REDACTED] is conducting for CEC is Contact Center Monitoring. This is a new channel and CEC is in the pilot phase of this initiative. All lead aggregators that

[REDACTED]

[REDACTED]

[REDACTED]

In addition to the partnership with [REDACTED] CEC has additional measures to ensure lead aggregator activity is compliant. CEC has an internal process where the admissions team provides marketing with any concerning feedback obtained from inquiries. Marketing remediates any issues identified directly with the aggregator. CEC uses [REDACTED] (formerly [REDACTED] to capture EWC/TCPA compliance. Finally, CEC provides aggregators with approved language related to CEC's programs and accreditation that has been reviewed by Compliance.

As part of the resolution with the FTC, CEC discussed with the FTC what additional mechanisms, beyond its existing program and what was already committed to in the AVC, were available to assist in monitoring content on the internet. Among other things, the FTC was interested in a review of upstream content that may not specifically mention CEC schools or their programs but could at some point after intervening steps result in a request from a prospective student for information from a CEC school.

Working with [REDACTED] CEC developed a means of reviewing the content viewed by prospective students before CEC acquires a prospective student inquiry from the advertising party.

[REDACTED]

This is an enhancement to CEC's historical process of review. Historically, CEC has not had visibility prior to receiving prospective student information into all of the content a prospective student may have encountered prior to reaching sites focused on its institution and programs. Instead, its review has been a process of audits and reviews of websites and mystery shopping

that did not review or include the entirety of content prospective students see at earlier stages of the process (*i.e.*, prior to requesting information about CEC schools and their program)s.

The new process requires that each prospective student inquiry go through a review that looks for content that violates specific prohibited content restrictions prior to CEC schools receiving the inquiry or contacting the prospective student.

## AVC ¶105

### Industry Code of Conduct

105. *In addition, CEC shall negotiate in good faith with the Attorneys General and other post- secondary educational institutions with the goal of codifying a Code of Conduct that may be amended from time to time, for the recruitment of Students through Third-Party Lead Vendors. The Code of Conduct shall include provisions to help ensure that Third-Party Lead Vendors do not make misleading claims or use misleading solicitation strategies when generating leads for post-secondary educational institutions. CEC shall be bound to abide by the provisions of the Code of Conduct that post-secondary educational institutions agree to follow and implement as long as those provisions do not conflict with any other requirement of this AVC. CEC shall not be obligated to abide by the Code of Conduct provisions unless and until the Code of Conduct becomes effective as to industry participants representing (together with CEC) at least 50% of students enrolled in for-profit schools, with such percentage to be calculated using the most recent available data from The Integrated Postsecondary Education Data System regarding student enrollments at four-year and two-year post-secondary educational institutions that award degrees at the associate's degree level or above. All parties shall use reasonable efforts to encourage the participation of Third-Party Lead Vendors in the Code of Conduct.*

#### **Bases.** The Administrator

- Interviewed the CEC's Director of Clinical Education.
- Interviewed CEC's Nursing Coordinator.
- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured CEC's campuses and corporate headquarters.
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents, including Third Party Vendor Contracts, student disclosure materials, accreditation materials, job placement materials, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to Third Party Vendors.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraph 105. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC's compliance.

**Discussion.** The Administrator understands that CEC and the Attorneys General have discussed the goal of codifying a code of conduct with post-secondary educational institutions. But at this time the goal of codifying a code of conduct with post-secondary institutions is not achievable. CEC's advertising guidelines set forth in Exhibit B of its Inquiry Purchase Agreements have been re-enforced and adopted by its third-party lead vendors, however a separate code of conduct applicable to other institutions has not been adopted by anyone to date.

## AVC ¶¶106-107

### Third-Party Lead Vendor Compliance Program

106. If CEC learns that a Third-Party Lead Vendor or a sub-vendor, which for the purposes of this paragraph shall mean a third-party utilized by a Third-Party Lead Vendor to assist it in providing Prospective Student inquiries to CEC, that provides services to the Third-Party Lead Vendor has failed to materially comply with the contractual terms set forth in paragraphs 104(a)(ii) through 104(f), or has failed to materially comply with any of CEC's Lead Aggregator Guidelines that would give rise to a violation of paragraphs 104(a)(ii) through 104(a)(iv) ("a Violation"), CEC shall retain a record of such Violation (which record shall be available to the Administrator and the Attorneys General upon request) for a period of two (2) years and shall address such Violation by taking corrective action against the segment of the Third-Party Lead Vendor's business in which the Violation occurred (for example, if the Third-Party Lead Vendor commits a Violation related to a webpage, electronic solicitation, or other online advertisement, CEC shall not be required to take corrective action against that Third-Party Lead Vendor with respect to any call center, that the Third-Party Lead Vendor may be providing to CEC) or by demanding corrective action against the sub-vendor as follows:

a. First Violation within any rolling 12-month period: CEC shall notify the Third-Party Lead Vendor of the Violation and the steps it must take to correct the Violation. If, within five (5) business days, the Third-Party Lead Vendor does not document that it is actively engaged in making the required changes, the Violation shall be escalated to CEC's Compliance Department, which shall inform the Third-Party Lead Vendor and pause the campaign, or if the Violation was committed by a sub-vendor, demand that the Third-Party Lead Vendor pause the sub-vendor's participation in the campaign, until the Violation is corrected;

b. Second Repeated Violation within any rolling 12-month period: CEC shall notify the Third-Party Lead Vendor of the Violation and the steps it must take to correct the Violation. If, within five (5) business days, the Third-Party Lead Vendor does not document that it is actively engaged in making the required changes, the Violation shall be escalated to CEC's Compliance Department, which shall inform the Third-Party Lead Vendor and pause the campaign, or if the Violation was committed by a sub-vendor, demand that the Third-Party Lead Vendor pause the sub-vendor's participation in the campaign, for thirty (30) days or until the Violation is corrected, whichever is longer; and

c. Third Repeated Violation within any rolling 12-month period: CEC shall notify the Third-Party Lead Vendor of the Violation and the steps it must take to correct the Violation. If, within five (5) business days, the Third-Party Lead Vendor does not document that it is actively engaged in making the required changes, the Violation shall be escalated to CEC's Compliance Department, which shall inform the Third-Party Lead Vendor that the segment of the Third-Party Lead Vendor's business in which the Violations occurred shall be removed from CEC's vendor list for a period of at least one (1) year, or if the Violation was committed by a sub-vendor, that the Third-Party Lead Vendor must cease using the sub-vendor for CEC's account for a period of at least one (1) year; provided, however, that nothing in this paragraph shall be deemed to limit or otherwise affect CEC's obligations under paragraph 107 of this AVC.

107. Termination Violations.

(a) For purposes of this paragraph, a "Termination Violation" means any one of the following occurrences:

(i) Third-Party Lead Vendor's webpage, electronic solicitation, or other online advertisement references both a post-secondary educational opportunity and an employment opportunity, and the webpage, electronic solicitation, or online advertisement (1) uses a substantially smaller font size to present the educational opportunity as compared with the employment opportunity or (2) represents the educational opportunity as a "want ad" or employment application;

(ii) a Third-Party Lead Vendor's webpage, electronic solicitation, or other online advertisement states that the Prospective Student (1) is eligible for a scholarship, grant, or financial aid as the result of having already won a drawing or raffle, (2) has been specially selected to receive a scholarship, grant, or financial aid, or (3) is entitled to receive compensation to fund his or her education in exchange for completing a form; or

(iii) a Third-Party Lead Vendor's webpage, electronic solicitation, or other online advertisement states that a Prospective Student will receive compensation to fund his or her post-secondary education that will not need to be repaid, unless the statement refers to grants that are expressly stated to be subject to eligibility.

(b) Notwithstanding anything in paragraph 106 to the contrary, in the event that a Third-Party Lead Vendor incurs three Termination Violations within a 180-day period, CEC shall, within thirty (30) days of discovering the third such Termination Violation, terminate any outstanding insertion orders to the segment of the Third-Party Lead Vendor's business in which the Termination Violations occurred and not issue any new insertion orders to that business segment for at least ninety (90) days if the Termination Violations were attributable to the Third-Party Lead Vendor, or if the Termination Violations were attributable to a sub-vendor, demand that the Third-Party Lead Vendor must cease using the sub-vendor for CEC's account a period of at least ninety (90) days; provided, however, that the requirements of this subparagraph shall not apply if the CEC and/or the Third-Party Lead Vendor document to the reasonable satisfaction of the Administrator that the three Termination Violations

*that would otherwise have triggered the requirements of this subparagraph represented, in the aggregate, no more than 1% of the total Prospective Student leads from the Third-Party Lead Vendor during the relevant period.*

**Bases.** The Administrator

- Interviewed the CEC's Director of Clinical Education.
- Interviewed CEC's Nursing Coordinator.
- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured CEC's campuses and corporate headquarters.
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents, including Third Party Vendor Contracts, student disclosure materials, accreditation materials, job placement materials, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to Third Party Vendors.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraphs 106-107. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC's compliance.

**Discussion.** CEC has incorporated the information contained in paragraphs 106-107 into its contracts with Third-Party Lead Vendors. CEC has informed the Administrator that no Third-Party Lead Vendor has failed to materially comply with the contractual terms set forth in paragraphs 104(a)(ii)-104(f) or with any of CEC's Lead Aggregator Guidelines that would give rise to a violation of paragraphs 104(a)(ii)-104(a)(v). The Administrator is not independently aware of any information that contradicts CEC's representation.

## AVC ¶¶108-109

### Lead Vendor Monitoring

108. Upon written notice from the Attorneys General or Administrator that a Third-Party Lead Vendor has failed to comply with the contractual terms set forth in paragraph 104 of this AVC, or any provision of an applicable state consumer protection law, CEC shall conduct an investigation of the Third-Party Lead Vendor practice and report the results of that investigation to the Attorneys General and to the Administrator within thirty (30) days, unless the Attorneys General agree otherwise.

109. CEC shall maintain policies and procedures and take appropriate action, including but not limited to exercising any rights available to it under a contract, to require Third-Party Lead Vendors to comply with this AVC. Appropriate action shall be determined by the nature and circumstance of the alleged Violation, including but not limited to the pattern or severity of the alleged conduct.

#### **Bases.** The Administrator

- Interviewed the CEC's Director of Clinical Education.
- Interviewed CEC's Nursing Coordinator.
- Interviewed current and former CEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other CEC employees with student facing responsibilities.
- Interviewed CEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured CEC's campuses and corporate headquarters.
- Listened to multiple call recordings between CEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between CEC Student Advisors and Prospective Students.
- Engaged in an online walk/listen through of the Admissions call process/protocol—Unified Enrollment Site.
- Conducted its own Mystery Shopping Program that included Admissions and Financial Aid questions as part of the focus.
- Reviewed relevant documents, including Third Party Vendor Contracts, student disclosure materials, accreditation materials, job placement materials, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, CEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, CEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to Third Party Vendors.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraphs 108-109. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC's compliance.

**Discussion.** No written notice has been provided to CEC that a Third-Party Vendor has failed to comply with the contractual terms set forth in paragraph 104 or any provision of a state consumer protection law. CEC has maintained policies and procedures and taken appropriate action to require Third-Party Lead Vendors to comply with paragraphs 108-109. See also discussion in Interim Compliance Determination for paragraphs 104-109.

## AVC ¶110

### ED Approved Lead Payment Model

*110. Subject to the prior approval of the U.S. Department of Education, CEC shall work in good faith to develop and implement a system of paying Third-Party Lead Vendors based on the actual quality of leads produced by the particular vendor.*

**Bases.** The Administrator

- Interviewed CEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Reviewed relevant Department of Education regulations and statements.

**Interim Compliance Determination.** The Administrator believes that CEC is in substantial compliance with paragraph 110. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC’s compliance.

**Discussion.** The U.S. Department of Education has not issued approval of a payment system for Third-Party Vendors. It has publicly stated that it does not intend to provide further guidance or approvals.

## **7. Institutional Receivables (¶¶116-117)**

## AVC ¶¶116-117 INSTITUTIONAL RECEIVABLES

116. For purposes of this paragraph and paragraph 117, a “Qualifying Former Student” means any former student whose last known address at the time of the Effective Date is in a state that is a party to this AVC and either (a) attended a CEC institution which was closed prior to the Effective Date or is currently scheduled to close before December 31, 2018; or (b) whose final day of attendance at AIU or CTU occurred on or before December 31, 2013. As partial consideration for the release set forth in paragraph 131, without any admission of wrongdoing, CEC agrees to forgo any and all efforts to collect any amounts that are owed to CEC by such Qualifying Former Students (hereinafter “Institutional Receivables”) on the first day of the month following after the Effective Date which amounts totaled, as of December 1, 2018, approximately \$556,465,189. The parties agree that issuance of 1099s is not required, and that 1099s will not be issued to Qualifying Former Students. For the avoidance of doubt, Institutional Receivables shall not include any amounts that are owed to non-CEC entities, such as, for example, federal student loans owed to the United States government. In the event that any Qualifying Former Student or a co-signer for a Qualifying Former Student attempts to make a payment to CEC after the first day of the month following thirty (30) days after the Effective Date that relates to Institutional Receivables, CEC shall use all reasonable efforts to refuse such payment and return the payment. CEC shall request that any and all trade line information related to amounts covered by this paragraph be deleted from Qualifying Former Students’ credit reports, to the extent that such trade line information exists, at CEC’s own expense. For the avoidance of doubt, it is not the Parties’ intent to allow Qualifying Former Students to recover the amounts CEC is foregoing collection of pursuant to this paragraph in any other forum.

117. On or before sixty (60) days after the Effective Date, CEC shall send a letter by U.S. mail to each Qualifying Former Student at his or her last known mailing address notifying such former students that CEC are forgoing collection on their Institutional Debt, including all interest and fees. The notice shall state that due to a recent settlement with the Attorneys General the student’s account balance owing to CEC is \$0 and shall encourage the student to advise any and all co-signers that the student’s account balance owing to CEC has been reduced to \$0. The notice shall also inform the student that CEC will send a copy of the notice to each of the credit reporting agencies (i.e., TransUnion, Equifax, and Experian). The notice shall further inform the student that if the student finds that the amounts owed to CEC by the student are still erroneously appearing on the student’s credit report after one hundred and twenty (120) days and notifies CEC, then CEC, at its own expense, shall promptly and properly notify the appropriate credit reporting agency, whether directly or indirectly, of any change(s) to be made to the credit reporting resulting from the application of the terms of this AVC. The notice shall provide CEC’s contact information for making a request to correct a credit report and for any additional inquiries about the student’s account.

### 116. Institutional Receivables

#### **Bases.** The Administrator

- Reviewed relevant documents relating to Institutional Receivables including sample notification letters and the student list.
- Interviewed CEC senior management and compliance personnel—including legal—with respect to the specific process and protocols.

**Interim Compliance Determination.** The Administrator believes that CEC is currently in substantial compliance with the requirements of paragraphs 116-117. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor CEC’s compliance.

**Discussion.** All collection activities related to institutional balances owed by Qualifying Former Students were ceased effective January 31, 2019. This includes activities performed internally, as well as CEC’s third-party collection agencies and servicers.

Any payments received on these former balances after 1/31/19 have been returned directly to the former student. To minimize these returns, CEC, as well as its third-party vendors have stopped accepting payments on balances from Qualifying Former Students; however, there are certain payment methods where CEC is unable to block the payment at the time it was made, such as paper checks mailed to lock boxes. Lock box payments are automatically deposited and credited to the students account. That activity generates a credit balance on the student's account, and that credit balance is returned to the student through CEC's standard credit balance clearing processes.

Credit reporting on overdue accounts has only been pursued by CEC's third-party collection agencies. On February 14, 2019, CEC received confirmation emails from each collection agency confirming their closure of the accounts. As accounts are closed and returned by the Collection Agency, the accounts are removed from the credit reporting agencies.

CEC has established a phone number and an email address for former students to contact CEC with questions. To date, CEC has not received any questions or concerns pertaining to credit reporting information continuing to be reported. The majority of questions raised in calls relate to questions around the student's Federal loans or private loans they may have.

#### **117. Notification Letters to Qualifying Former Students**

Notification Letters were mailed out to each Qualifying Former Student, notifying them that their former institution is forgoing collection on their remaining institutional balances. On February 21, CEC's print vendor, Automated Information Systems (AIS), mailed out an initial 172,241 letters to Qualifying Former Students. CEC subsequently identified an additional group of 437 Qualifying Former Students that were not previously included in the mailing, and a second set of letters were mailed out on February 28, 2019. CEC used the last known address Career Education Corporation had on file for each former student in its student management database.

## **8. Payment to the States (¶118)**

## AVC ¶118

### Payment to the States

118. CEC shall pay \$5 million (the "Payment Amount") to the Attorneys General. CEC and the Attorneys General agree that CEC shall make this payment according to instructions communicated to CEC by the Attorneys General of the State of Connecticut and the State of Iowa, including allocated distributions to the Attorneys General as determined by the Executive Committee and a payment of \$500,000 to the National Association of Attorneys General Financial Services and Consumer Protection Fund and \$250,000 to the State Center. The XYZ Attorney General shall receive a payment of \$XXXX which shall be deposited in the General Fund. Payment by CEC shall be made no later than thirty (30) days after the Effective Date of this AVC and after CEC's receipt of such payment instructions. The Executive Committee shall, in its sole discretion, determine the amount to be allocated to each Attorney General from the Payment Amount. Each Attorney General may, at his or her sole discretion, use such allocation for any purpose or expenditure permitted by law, including but not limited to attorneys' fees and other costs, and/or for any other consumer protection purpose. However, no portion of the Payment Amount or such allocation shall be characterized as the payment by CEC of a fine, civil penalty, or forfeiture.

#### **Bases.** The Administrator

- Interviewed CEC senior management and compliance personnel—including Legal.
- Confirmed payment with Attorneys General Executive Committee.

**Interim Payment Determination.** The Administrator believes that CEC is in substantial compliance with paragraph 118. The Administrator is not aware of substantial patterns or practices of non-compliance.

**Discussion.** CEC initiated 41 payments to those states that had provided payment instructions January 18, 2019. Thereafter, eight additional states provided payment instructions and CEC initiated a second set of payments on January 28, 2019. Each participating state that formally signed and approved the AVC in January 2019 was paid within thirty (30) days of the Effective Date of the AVC. Subsequently, Wisconsin finalized and approved the AVC in February and was promptly paid on February 28, 2019. Alaska finalized and approved the AVC in April and was paid on April 22, 2019. Below is a grid of the respective payments that were made to each state pursuant to the payment instructions they provided.

STATE	WIRE/ CHECK	AMOUNT	CHECK PAYABLE TO	CHECK MAIL TO	WIRING INSTRUCTIONS
Alabama	check	\$50,000.00	State of Alabama - Office of the Attorney General 501 Washington Avenue Montgomery, Alabama 36104	State of Alabama - Office of the Attorney General Attn: Laura Jones 501 Washington Avenue Montgomery, Alabama 36104	

<u>STATE</u>	<u>WIRE/ CHECK</u>	<u>AMOUNT</u>	<u>CHECK PAYABLE TO</u>	<u>CHECK MAIL TO</u>	<u>WIRING INSTRUCTIONS</u>
Alaska	wire	\$50,000.00			
Arizona	wire	\$75,000.00			
Arkansas	wire	\$75,000.00			
Colorado	wire	\$50,000.00			
Connecticut	wire	\$264,285.71			
Delaware	wire	\$50,000.00			

<u>STATE</u>	<u>WIRE/ CHECK</u>	<u>AMOUNT</u>	<u>CHECK PAYABLE TO</u>	<u>CHECK MAIL TO</u>	<u>WIRING INSTRUCTIONS</u>
District of Columbia	check	\$75,000.00	DC Treasurer	Benjamin Wiseman Director, Office of Consumer Protection Office of the Attorney General for the District of Columbia 441 4th Street NW, Suite 600S Washington, DC 20001	
Florida	check	\$50,000.00	Department of Legal Affairs Revolving Trust Fund	Scott Hunt Consumer Protection Division Office of the Attorney General The Capitol, PL-01 Tallahassee, Florida 32399	
Georgia	check	\$50,000.00	Department of Law	Attn: David Zisook Georgia Department of Law 2 Martin Luther King, Jr. Drive, SE Suite 356 Atlanta, Georgia 30334	
Hawaii	check	\$75,000.00	State of Hawaii Office of Consumer Protection	State of Hawaii Office of Consumer Protection Attention: Edna Kelley 235 S. Beretania Street #801 Honolulu, HI 96813	
Idaho	wire	\$75,000.00			
Illinois	wire	\$264,285.71			

<u>STATE</u>	<u>WIRE/ CHECK</u>	<u>AMOUNT</u>	<u>CHECK PAYABLE TO</u>	<u>CHECK MAIL TO</u>	<u>WIRING INSTRUCTIONS</u>
Indiana	wire	\$50,000.00			
Iowa	wire	\$264,285.71			
Kansas	check	\$50,000.00	Office of Attorney General	Office of Attorney General Consumer Protection Division ATTN: Robert Reynolds 120 SW 10th Ave., 2nd Floor Topeka, KS 66612	
Kentucky	wire	\$264,285.71			
Louisiana	wire	\$50,000.00			
Maine	check	\$50,000.00	Maine Attorney General	Office of the Attorney GeneralAttn: Linda ContiConsumer r Protection DivisionBurton Cross Building, 6th Floor109 Sewall StreetAugusta, Maine 04333- 00	

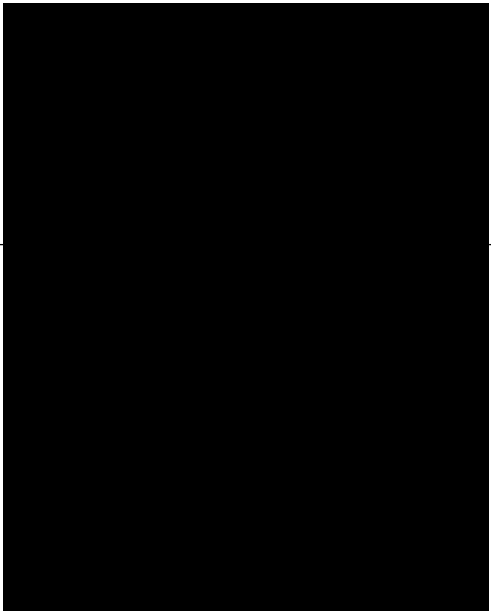
<u>STATE</u>	<u>WIRE/ CHECK</u>	<u>AMOUNT</u>	<u>CHECK PAYABLE TO</u>	<u>CHECK MAIL TO</u>	<u>WIRING INSTRUCTIONS</u>
Maryland	wire	\$264,285.71			
Massachusetts	check	\$50,000.00	Commonwealth of Massachusetts	Office of the Attorney General Insurance and Financial Services Division Attn: Tim Hoitink One Ashburton Pl., 18th Fl. Boston, MA 02108	
Michigan	check	\$50,000.00	State of Michigan	Michigan Department of Attorney General Corporate Oversight Division Attn: D.J. Pascoe 525 W. Ottawa Street, 5th Floor Lansing, MI 48933	
Minnesota	check	\$75,000.00	Minnesota Attorney General's Office	Minnesota Attorney General's Office Attn: Adam Welle 445 Minnesota Street, Suite 1200 St. Paul, MN 55101	
Mississippi	check	\$50,000.00	Mississippi Attorney General's Office	Mississippi Attorney General's Office Attn: Bridgette W. Wiggins P.O. Box 22947 Jackson, MS 39225	
Missouri	wire	\$75,000.00			

<u>STATE</u>	<u>WIRE/ CHECK</u>	<u>AMOUNT</u>	<u>CHECK PAYABLE TO</u>	<u>CHECK MAIL TO</u>	<u>WIRING INSTRUCTIONS</u>
Montana	check	\$50,000.00	Montana Department of Justice - Office of Consumer Protection	Montana Department of Justice Office of Consumer Protection Attn: Kelley L. Hubbard P.O. Box 200151 Helena, MT 59620-0151	
Nebraska	check	\$75,000.00	State of Nebraska	Dana Hoffman Director of Operations 2115 State Capitol Lincoln, NE 68509	
Nevada	wire	\$50,000.00			
New Hampshire	check	\$50,000.00	Treasurer, State of New Hampshire	New Hampshire Department of Justice Attn: Lisa M. English 33 Capitol Street Concord, NH 03301	
New Jersey	check	\$50,000.00	New Jersey Division of Consumer Affairs	Office of the Attorney General Department of Law and Public Safety Division of Law Attn: Monisha A. Kumar 124 Halsey Street, 5th Floor Newark, New Jersey 07101	
New Mexico	wire	\$75,000.00			

<u>STATE</u>	<u>WIRE/ CHECK</u>	<u>AMOUNT</u>	<u>CHECK PAYABLE TO</u>	<u>CHECK MAIL TO</u>	<u>WIRING INSTRUCTIONS</u>
North Carolina	check	\$75,000.00	NC Department of Justice'	North Carolina Department of Justice Consumer Protection Division Attn: Assistant Attorney General Matt Liles 114 W Edenton St Raleigh, NC 27603	
North Dakota	check	\$50,000.00	Office of Attorney General - State of North Dakota	Office of Attorney General Consumer Protection & Antitrust Division Attn: Parrell D. Grossman Gateway Professional Center 1050 East Interstate Ave. Ste. 200 Bismarck, ND 58503-5574	
Ohio	wire	\$50,000.00			
Oklahoma	wire	\$50,000.00			
Oregon	wire	\$264,285.71			

<u>STATE</u>	<u>WIRE/ CHECK</u>	<u>AMOUNT</u>	<u>CHECK PAYABLE TO</u>	<u>CHECK MAIL TO</u>	<u>WIRING INSTRUCTIONS</u>
Pennsylvania	wire	\$264,285.71			
Rhode Island	wire	\$50,000.00			
South Carolina	wire	\$50,000.00			
South Dakota	wire	\$50,000.00			
Tennessee	wire	\$75,000.00			
Texas	wire	\$50,000.00			
Utah	wire	\$50,000.00			

<u>STATE</u>	<u>WIRE/ CHECK</u>	<u>AMOUNT</u>	<u>CHECK PAYABLE TO</u>	<u>CHECK MAIL TO</u>	<u>WIRING INSTRUCTIONS</u>
Vermont	check	\$50,000.00	State of Vermont	Office of the Attorney General Attn: James Layman Assistant Attorney General 109 State Street Montpelier, VT 05609	
Virginia	wire	\$50,000.00			
Washington	wire	\$75,000.00			
West Virginia	check	\$50,000.00	West Virginia Attorney General	West Virginia Attorney General Attn: Norman Googel PO Box 1789 Charleston, WV 25326	
Wisconsin	wire	\$50,000.00			
Wyoming	check	\$50,000.00	State of Wyoming.	Office of the Attorney General Consumer Protection Unit Attn: Benjamin M. Birmingham Senior Assistant Attorney General 2320 Capitol Ave. Cheyenne, Wyoming 82002	
<b>STATES SUBTOTAL</b>		<b>\$4,249,999.97</b>			

<u>STATE</u>	<u>WIRE/ CHECK</u>	<u>AMOUNT</u>	<u>CHECK PAYABLE TO</u>	<u>CHECK MAIL TO</u>	<u>WIRING INSTRUCTIONS</u>
NAAG	wire	\$500,000.03			
State Center	wire	\$250,000.00			
<b>ORGS SUBTOTAL</b>		<u><b>\$750,000.03</b></u>			
<b><u>GRAND TOTAL</u></b>		<u><b>\$5,000,000.00</b></u>			

## **V. FUTURE WORK**

CEC has made substantial progress in implementing necessary structural changes to its operations and culture to fulfill its obligations under the AVC. But this is still very much a work-in-progress, and one which has not yet stood the test of time. Many of the key provisions and related obligations of the AVC have been recently implemented and the information required to assess compliance is incomplete. Next year will be a critical year for CEC. Below we preview what we anticipate will be focus areas of the Administrator team in the next year. Within 60 days of the issuance of this Annual Report the Administrator will solicit input from the Attorneys General as to future work.

### **A. The Electronic Financial Impact Platform (“EFIP”).**

Paragraph 70 of the AVC requires CEC to develop an EFIP that meets the AVC’s personalized disclosure requirements for Prospective Students. A primary purpose of the EFIP is to ensure newly enrolling students understand the financial consequences—both during and after their enrollment—of enrolling in CEC. The EFIP is to be developed in consultation with the Administrator and the Attorneys General. Following consultation with the Administrator and the Attorneys General, CEC introduced its current version of the EFIP in July 2019. CEC, the Administrator and the Attorneys General have continued to discuss and negotiate refinements to the EFIP. Among the changes CEC has made to the tool since its first demonstration to the States are addition of a student feedback feature, to collect input on the tool; addition on the IAR tool near the field related to other education expenses of a statement that, “To the extent you do not need financial assistance (student loans, grants, or other help) to cover these expenses, you should consider entering “0” in these fields”; and addition of a disclosure on the IAR tool regarding the average amount owed by all students (graduates and non-completers) to CEC upon leaving school.

The changes that CEC has agreed to make to the IAR tool in the near future but not implemented as of the date of this Report include: addition of a Program Completion Rate; addition of earnings data for CEC graduates, with the understanding that CEC will use institutional data when programmatic data are unavailable; and addition of disclosures about what the earnings and Program Completion Rate data are and where they come from, provided that CEC will provide such disclosures and related disclaimers to the Administrator in advance for review, and further provided that the Attorneys General have reviewed and assessed CEC’s use of such data in public-facing consumer communications and expressly approved of such use.

CEC introduced the current version of the IAR tool in July 2019. The Administrator will carefully review and assess the implementation of the EFIP by, among other things, reviewing the training related to the EFIP, interviewing CEC personnel involved in the process and reviewing other relevant documentation as well as any complaints that may be lodged by students. Importantly, as noted above, the current EFIP includes a “feedback” provision for Prospective Students which will allow the Administrator to better understand the efficacy of the EFIP—and whether there are any modifications or refinements that could improve the student experience and advance the goals of the AVC.

## B. Training.

CEC has made significant progress in implementing a structure that ensures continual fulfillment of its obligations under the AVC. A lynchpin of this structure and its potential success is a quality training program—a program which includes and furthers the specific disclosure requirements identified in the AVC (e.g., student financing and debt, job placement, salary etc.). The Administrator will carefully review and assess CEC's various training programs by, among other things, reviewing training materials, attending training sessions, interviewing CEC personnel involved in training and reviewing relevant data.

## C. Third-Party Vendors.

CEC has revamped its approach to its use of Third-Party vendors. This includes the entire continuum from selection to retention and termination. CEC has similarly strengthened its enforcement and compliance requirements. The Administrator will carefully review and assess whether CEC's Third-Party Vendor program fulfills the specific obligations of the AVC.

## D. Integration of Trident University.

[REDACTED] The Administrator anticipates CEC will prepare an integration plan that will include compliance with its AVC obligations. The Administrator will carefully review the integration plan and assess whether it fulfills the specific obligations of the AVC.

## E. Complaints.

Complaints by CEC students can be lodged in a number of venues (e.g., with CEC, Attorneys General, Better Business Bureau etc.). The Administrator will continue to review any complaints received and assess AVC's compliance with the AVC, including its compliance with dispute resolution requirements. Further, the Administrator will continue to make recommendations to AVC concerning modifications that could further the goals of the AVC.

## F. Other Issues.

There are several issues and related obligations that the Administrator team will focus on including all aspects of CEC's recruiting, enrollment and financial aid practices. This will include both a qualitative and quantitative review (i.e., data) of these practices.

# EXHIBIT 1

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

CAREER EDUCATION CORPORATION, a  
corporation,

AMERICAN INTERCONTINENTAL  
UNIVERSITY, INC., a corporation,

AIU ONLINE, LLC, a limited liability company,

MARLIN ACQUISITION CORP., a corporation,

COLORADO TECH., INC., a corporation, and

COLORADO TECHNICAL UNIVERSITY,  
INC., a corporation,

Defendants.

Case No. \_\_\_\_\_

**STIPULATED ORDER  
FOR PERMANENT  
INJUNCTION AND  
MONETARY  
JUDGMENT**

Plaintiff, the Federal Trade Commission (“FTC” or “Commission”), filed its Complaint (“Complaint”) for a permanent injunction and other equitable relief, pursuant to Sections 13(b), 19, and 16(a)(1) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b), 57b, and 56(a)(1), and the Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing Act”), 15 U.S.C. § 6101 et seq. Defendants have waived service of the summons and the Complaint. The Commission and Defendants

stipulate to the entry of this Stipulated Final Order for Permanent Injunction and Monetary Judgment (“Order”) to resolve all matters in dispute in this action between them.

THEREFORE, IT IS ORDERED as follows:

### **FINDINGS**

1. This Court has jurisdiction over this matter.
2. The Complaint charges that Defendants violated Section 5 of the FTC Act, 15 U.S.C. § 45, and the Telemarketing Sales Rule (“TSR”), 16 C.F.R. Part 310, in marketing their post-secondary schools.
3. Defendants neither admit nor deny any of the allegations in the Complaint, except as specifically stated in this Order. Only for purposes of this action, Defendants admit the facts necessary to establish jurisdiction.
4. Defendants waive any claim that they may have under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action through the date of this Order, and agree to bear their own costs and attorney fees.
5. Defendants and the Commission waive all rights to appeal or otherwise challenge or contest the validity of this Order.

### **DEFINITIONS**

For the purpose of this Order, the following definitions apply:

A. **“Clear(ly) and Conspicuous(ly)”** means that a required disclosure is difficult to miss (i.e., easily noticeable) and easily understandable by ordinary consumers, including in all of the following ways:

1. In any communication that is solely visual or solely audible, the disclosure must be made through the same means through which the communication is presented. In any communication made through both visual and audible means, such as a television advertisement, the disclosure must be presented simultaneously in both the visual and audible portions of the communication even if the representation requiring the disclosure is made in only one means.
2. A visual disclosure, by its size, contrast, location, the length of time it appears, and other characteristics, must stand out from any accompanying text or other visual elements so that it is easily noticed, read, and understood.
3. An audible disclosure, including by telephone or streaming video, must be delivered in a volume, speed, and cadence sufficient for ordinary consumers to easily hear and understand it.
4. In any communication using an interactive electronic medium, such as the Internet or software, the disclosure must be unavoidable.
5. The disclosure must use diction and syntax understandable to ordinary consumers and must appear in each language in which the representation that requires the disclosure appears.

6. The disclosure must comply with these requirements in each medium through which it is received, including all electronic devices and face-to-face communications.
7. The disclosure must not be contradicted or mitigated by, or inconsistent with, anything else in the communication.
8. When the representation or sales practice targets a specific audience, such as children, the elderly, or the terminally ill, “ordinary consumers” includes reasonable members of that group.

B. **“Covered Information”** means information from or about an individual consumer, including, but not limited to (a) first and last name; (b) a home or other physical address, including street name and name of city or town; (c) an email address or other online contact information, such as an instant messaging user identifier or a screen name; (d) a telephone number; (e) a Social Security number; (f) a driver’s license or other government-issued identification number; (g) a financial institution account number; (h) credit or debit card information; (i) precise geolocation data of an individual or mobile device, including but not limited to GPS-based, WiFi-based, or cell-based location information; or (j) an authentication credential, such as a username and password.

C. **“Defendants”** means all of the Defendants, individually, collectively, or in any combination.

D. **“Established Business Relationship”** means a relationship between the Seller and a person based on: (a) the person’s purchase, rental, or lease of the Seller’s goods or services or a financial transaction between the person and Seller, within the 18 months

immediately preceding the date of the Telemarketing call; or (b) the person's inquiry or application regarding a product or service offered by the Seller, within the 3 months immediately preceding the date of a Telemarketing call.

E. **“Lead Aggregator”** means any Lead Generator from which Defendants directly purchase Covered Information.

F. **“Lead Generation”** means providing, in exchange for consideration, Covered Information to a Seller, Telemarketer, or other marketer, or assisting others in providing such information, including through Telemarketing, but excluding solely hosting or displaying advertising and marketing content created by Defendants.

G. **“Lead Generator”** means any person who provides, in exchange for consideration, Covered Information to a Seller, Telemarketer, or other marketer, or who assists others in providing such information, including through Telemarketing but excluding persons solely hosting or displaying advertising and marketing content created by Defendants.

H. **“Lead Path”** means information sufficient to identify each Lead Source with which a consumer interacted prior to the sale of that consumer's Covered Information to Defendants.

I. **“Lead Source”** means any platform operated by a Lead Generator involving Lead Generation, including a website or call center.

J. **“National Do Not Call Registry”** means the National Do Not Call Registry, which is the “do-not-call” registry maintained by the Commission pursuant to 16 C.F.R. § 310.4(b)(1)(iii)(B).

K. **“Outbound Telephone Call”** means a telephone call initiated by a Telemarketer to induce the purchase of goods or services or to solicit a charitable contribution.

L. **“Seller”** means any person who, in connection with a Telemarketing transaction, provides, offers to provide, or arranges for others to provide goods or services to the customer in exchange for consideration whether or not such person is under the jurisdiction of the Commission.

M. **“Student”** means any natural person who is or was enrolled in a program of study at an institution of higher education operated by Defendants.

N. **“Telemarketer”** means any person who, in connection with Telemarketing, initiates or receives telephone calls to or from a customer or donor, whether or not such person is under the jurisdiction of the Commission.

O. **“Telemarketing”** means a plan, program, or campaign which is conducted to induce the purchase of goods or services or a charitable contribution, by use of one or more telephones and which involves more than one interstate telephone call.

## **ORDER**

### **I. PROHIBITION AGAINST MISREPRESENTATIONS**

IT IS FURTHER ORDERED that Defendants, Defendants’ officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the advertising, marketing, promoting, offering for sale, or sale of any

educational product or service, are permanently restrained and enjoined from misrepresenting or assisting others in misrepresenting, expressly or by implication:

A. That Defendants or Lead Generators acting on their behalf are, represent, are affiliated with, or are endorsed by the United States Department of Defense or its Military Departments, or any other branch or agency of the United States federal government;

B. That the United States Department of Defense or its Military Departments or any other branch or agency of the United States government endorses or recommends a post-secondary school;

C. That Defendants or Lead Generators acting on their behalf are neutral and independent educational advisors that endorse or recommend a post-secondary school;

D. That consumers who submit Covered Information to Lead Generators, acting on Defendants' behalf, are applying for open job positions or government benefits;

E. That Lead Generators, acting on Defendants' behalf, represent prospective employers;

F. With respect to Defendants' products or services, any material benefits, including the likelihood of consumers finding employment, of those products or services; and

G. With respect to Defendants' products or services, the total costs, or any other material restrictions, limitations, or conditions, of those products or services.

## **II. INJUNCTION CONCERNING LEAD GENERATION**

IT IS FURTHER ORDERED that Defendants, Defendants' officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the advertising, marketing, promoting, offering for sale, or sale of any educational product or service, are permanently restrained and enjoined from:

A. Failing to, as a condition of doing business with any Lead Aggregator: (a) provide each such Lead Aggregator a copy of this Order within 7 days of entry of this Order; and (b) either (i) obtain from each such Lead Aggregator a signed and dated statement acknowledging receipt of this Order and expressly agreeing to comply with this Order within 30 days of entry of this Order or (ii) cease purchasing Covered Information from such Lead Aggregator until such time as the Lead Aggregator has provided a signed and dated statement acknowledging receipt of this Order and expressly agreeing to comply with this Order;

B. Failing to, within 14 days of the appearance of a Lead Source in a Lead Path, provide a copy of this Order by a trackable delivery method with return receipt to every Lead Generator associated with such Lead Source;

C. Using or purchasing Covered Information:

1. Unless Defendants have established, implemented, and thereafter maintained a system to monitor and review Lead Sources, which system shall include procedures sufficient to:

- a. Obtain the Lead Path associated with such Covered Information, and information sufficient to permit Defendants to review: (i) copies of all materials created or used by a Lead Generator displayed or contained within a Lead Source in the Lead Path, including text, graphic, video, audio, and photographs; (ii) the location of any Lead Source in the Lead Path; and (iii) the URL of any hyperlink contained in a Lead Source in the Lead Path;
- b. Review, directly or through a non-Lead Generator agent, all materials used to obtain such Covered Information, prior to Defendants' use or purchase of that Covered Information; and
- c. Preclude payment of any amounts to the Lead Aggregator or Lead Generator for such Covered Information and to inform the Lead Aggregator that approval is denied if such material contains a misrepresentation prohibited by this Order or otherwise does not comply with this Order;

2. If Defendants know or should know that any material associated with the Lead Path of the Covered Information, including any material identified in Subsection II.C.1.a, contains a misrepresentation prohibited by this Order or otherwise does not comply with this Order.

D. Failing to promptly and completely investigate any complaints or other information that Defendants receive about whether any Lead Generator is engaging in acts or practices prohibited by this Order. If any Lead Generator is engaging in acts or practices prohibited by this Order, Defendants shall inform the Lead Aggregator that

approval is denied and shall not pay any amounts to the Lead Aggregator or Lead Generator for such Covered Information.

### **III. PROHIBITION AGAINST ABUSIVE TELEMARKETING PRACTICES**

IT IS FURTHER ORDERED that Defendants, Defendants' officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with Telemarketing are permanently restrained and enjoined from engaging in, or assisting and facilitating others in engaging in, any of the following practices:

A. Initiating any Outbound Telephone Call to any person at a telephone number on the National Do Not Call Registry unless the Seller or Telemarketer proves that:

1. The Seller has obtained the express agreement, in writing, of such person to place calls to that person. Such written agreement shall clearly evidence such person's authorization that calls made by or on behalf of that Seller may be placed to that person, and shall include the telephone number to which the calls may be placed and the signature of that person. Such written agreement shall fully disclose the identity of the Seller and must be obtained prior to the Seller or Telemarketer placing a call to a telephone number on the National Do Not Call Registry; or

2. The Seller has an Established Business Relationship with such person, and that person has not stated that he or she does not wish to receive Outbound Telephone Calls made by or on behalf of the Seller.

B. Initiating any Outbound Telephone Call to a person when that person has previously stated that he or she does not wish to receive an Outbound Telephone Call:

1. Made by or on behalf of the Seller whose goods or services are being offered; or
2. Made on behalf of a charitable organization for which a charitable contribution is being solicited.

C. Initiating any Outbound Telephone Call that delivers a prerecorded message, unless the Seller or Telemarketer can demonstrate that:

1. Prior to making any such call to induce the purchase of any good or service, the Seller has obtained from the recipient of the call an express agreement, in writing, that:

- a. The Seller obtained only after a Clear and Conspicuous disclosure that the purpose of the agreement is to authorize the Seller to place prerecorded calls to such person;

- b. The Seller obtained without requiring, directly or indirectly, that the agreement be executed as a condition of purchasing any good or service;

- c. Evidences the willingness of the recipient of the call to receive calls that deliver prerecorded messages by or on behalf of the specific Seller; and

- d. Includes such person's telephone number and signature; and

2. In any such call to induce the purchase of any good or service, or to induce a charitable contribution from a member of, or previous donor to, a non-profit charitable organization on whose behalf the call is made, the Seller or Telemarketer:

a. Allows the telephone to ring for at least fifteen (15) seconds or four (4) rings before disconnecting an unanswered call; and

b. Within two (2) seconds after the completed greeting of the person called, plays a prerecorded message that promptly and in a Clear and Conspicuous manner discloses to the person receiving the call: (i) the identity of the Seller or the charitable organization; (ii) that the purpose of the call is to sell goods or services or solicit a charitable donation; and (iii) if the purpose of the call is to sell goods or services, the nature of the goods or services, followed immediately by a disclosure of one or both of the following:

i. In the case of a call that could be answered in person by a consumer, that the person called can use an automated interactive voice and/or keypress-activated opt-out mechanism to assert a Do Not Call Request at any time during the message. The mechanism must:

(a) Automatically add the number called to the Seller's Entity-Specific Do Not Call List;

(b) Once invoked, immediately disconnect the call; and

(c) Be available for use at any time during the message; and

ii. In the case of a call that could be answered by an answering machine or voicemail service that the person called can use a toll free-number

to assert a Do Not Call Request. The number provided must connect directly to an automated interactive voice or keypress-activated opt-out mechanism that:

- (a) Automatically adds the number called to the Seller's Entity-Specific Do Not Call List;
- (b) Immediately thereafter disconnects the call; and
- (c) Is accessible at any time throughout the duration of the Telemarketing campaign.

D. Initiating any Outbound Telephone Call to a telephone number within a given area code unless the Seller, either directly or through another person, has paid the annual fee for access to the telephone numbers within that area code that are included in the National Do Not Call Registry;

E. Initiating any Outbound Telephone Call in which the Telemarketer fails to disclose truthfully, promptly, and in a clear and conspicuous manner to the person receiving the call:

- 1. the identity of the Seller whose goods or services are being offered for sale or the charitable organization on behalf of which a request for a charitable contribution is being made;
- 2. that the purpose of the call is to sell goods or services or solicit a charitable contribution; and
- 3. if the purpose of the call is to sell goods or services, the nature of the goods or services.

F. Initiating any Outbound Telephone Call in which the Seller or Telemarketer fails to transmit or cause to be transmitted to any Caller Identification Service in use by a recipient of a Telemarketing call either:

1. the Telemarketer's telephone number and, when made available by the Telemarketer's carrier, the name of the Telemarketer making the call; or
2. the name of the Seller or charitable organization on behalf of which a telemarketing call is placed, and that Seller's or charitable organization's customer or donor service telephone number, which is answered during regular business hours.

G. Violating the Telemarketing Sales Rule, 16 C.F.R. Part 310, attached as Appendix A.

#### **IV. MONETARY JUDGMENT FOR EQUITABLE MONETARY RELIEF**

IT IS FURTHER ORDERED that:

A. Judgment in the amount of Thirty Million Dollars (\$30,000,000) is entered in favor of the Commission against Defendants, jointly and severally, as equitable monetary relief, including for the purposes of restitution subject to Section V.

B. Defendants are ordered to pay the Commission Thirty Million Dollars (\$30,000,000), which, as Defendants stipulate, their designated agent holds in escrow for no purpose other than payment to the Commission. Such payment must be made within 7 days of entry of this Order by electronic fund transfer in accordance with instructions previously provided by a representative of the Commission.

**V. ADDITIONAL MONETARY PROVISIONS**

IT IS FURTHER ORDERED that:

A. Defendants relinquish dominion and all legal and equitable right, title, and interest in all assets transferred pursuant to this Order and may not seek the return of any assets.

B. The facts alleged in the Complaint will be taken as true, without further proof, in any subsequent civil litigation by or on behalf of the Commission in a proceeding to enforce its rights to any payment or monetary judgment pursuant to this Order, such as a nondischargeability complaint in any bankruptcy case.

C. The facts alleged in the Complaint establish all elements necessary to sustain an action by the Commission pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral estoppel effect for such purposes.

D. Defendants acknowledge that their Taxpayer Identification Numbers (Social Security Numbers or Employer Identification Numbers) may be used for collecting and reporting on any delinquent amount arising out of this Order, in accordance with 31 U.S.C. §7701.

E. All money paid to the Commission pursuant to this Order may be deposited into a fund administered by the Commission or its designee to be used for equitable relief, including consumer redress and any attendant expenses for the administration of any redress fund. If a representative of the Commission decides that direct redress to

consumers is wholly or partially impracticable or money remains after redress is completed, the Commission may apply any remaining money for such other equitable relief (including consumer information remedies) as it determines to be reasonably related to Defendants' practices alleged in the Complaint. Any money not used for such equitable relief is to be deposited to the U.S. Treasury as disgorgement. Defendants have no right to challenge any actions the Commission or its representatives may take pursuant to this Subsection.

## **VI. CUSTOMER INFORMATION**

IT IS FURTHER ORDERED that Defendants are permanently restrained and enjoined from directly or indirectly:

A. failing to provide sufficient customer information to enable the Commission to efficiently administer consumer redress, to the extent permitted by and in compliance with the Family Educational Rights and Privacy Act of 1974, 20 U.S.C. § 1232g, and its implementing regulations, 34 C.F.R. Part 99 ("FERPA"). If a representative of the Commission requests in writing any information related to redress, Defendants must provide such information to the extent permitted by and in compliance with FERPA, in the form prescribed by the Commission, within 14 days; and

B. disclosing, using, or benefiting from customer information, including the name, address, telephone number, and email address, obtained from Edutrek, LLC, Day Pacer, LLC, SoftRock, Inc., Sunkey Publishing, Inc.; Sun Key Publishing, LLC; Wheredata, LLC; or Fanmail.com, LLC prior to entry of this Order in connection with the advertising, marketing, promoting, offering for sale, or sale of any educational

product or service, unless (i) the customer information is associated with a Student, or (ii) Defendants also received the same consumer information from another source.

## **VII. COOPERATION**

IT IS FURTHER ORDERED that Defendants shall cooperate with representatives of the Commission in this case and in any investigation related to or associated with the transactions or the occurrences that are the subject of the Complaint. Defendants shall provide truthful and complete information, evidence, and testimony. Defendants shall, upon a reasonable request from a Commission representative with a minimum of 10 days notice, cause their officers, employees, representatives, or agents to appear for interviews, discovery, hearings, trials, and any other proceedings at such reasonable places and times as a Commission representative may designate, without the service of a subpoena.

## **VIII. ORDER ACKNOWLEDGMENTS**

IT IS FURTHER ORDERED that Defendants obtain acknowledgments of receipt of this Order:

A. Each Defendant, within 7 days of entry of this Order, must submit to the Commission an acknowledgment of receipt of this Order sworn under penalty of perjury.

B. For 20 years after entry of this Order, each Defendant must deliver a copy of this Order to: (1) all principals, officers, directors, and LLC managers and members; (2) all employees having managerial responsibilities for advertising, marketing, promoting, offering for sale, or sale of any educational product or service, and all agents and representatives who participate in the advertising, marketing, promoting, offering for sale, or sale of any educational product or service; and (3) any business entity resulting

from any change in structure as set forth in the Section titled Compliance Reporting.

Delivery must occur within 7 days of entry of this Order for current personnel. For all others, delivery must occur before they assume their responsibilities.

C. From each individual or entity to which a Defendant delivered a copy of this Order pursuant to this Section VII, that Defendant must obtain, within 30 days, a signed and dated acknowledgment of receipt of this Order.

### **IX. COMPLIANCE REPORTING**

IT IS FURTHER ORDERED that Defendants make timely submissions to the Commission:

A. One year after entry of this Order, each Defendant must submit a compliance report, sworn under penalty of perjury. Each Defendant must: (a) identify the primary physical, postal, and email address and telephone number, as designated points of contact, which representatives of the Commission may use to communicate with Defendant; (b) identify all of that Defendant's businesses by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; (c) describe the activities of each business, including the goods and services offered, the means of advertising, marketing, and sales, and the involvement of any other Defendant; (d) describe in detail whether and how that Defendant is in compliance with each Section of this Order; and (e) provide a copy of each Order Acknowledgment obtained pursuant to this Order, unless previously submitted to the Commission.

B. For 20 years after entry of this Order, each Defendant must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the

following: (a) any designated point of contact; or (b) the structure of any Defendant or any entity that Defendant has any ownership interest in or controls directly or indirectly that may affect compliance obligations arising under this Order, including: creation, merger, sale, or dissolution of the entity or any subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order.

C. Each Defendant must submit to the Commission notice of the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by or against such Defendant within 14 days of its filing.

D. Any submission to the Commission required by this Order to be sworn under penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746, such as by concluding: “I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on: \_\_\_\_\_” and supplying the date, signatory’s full name, title (if applicable), and signature.

E. Unless otherwise directed by a Commission representative in writing, all submissions to the Commission pursuant to this Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin: FTC v. Career Education Corporation.

## **X. RECORDKEEPING**

IT IS FURTHER ORDERED that Defendants must create certain records for 20 years after entry of the Order, and retain each such record for 5 years. Specifically, Defendants in connection with Telemarketing or the advertising, marketing, promoting, offering for sale, or sale of any educational product or service, must create and retain the following records:

- A. accounting records showing the revenues from all goods or services sold, including revenues attributable to consumers whose Covered Information was provided to Defendants by Lead Aggregators, and to the extent practicable, broken down by Lead Generator;
- B. personnel records showing, for each person providing services, whether as an employee or otherwise, that person's: name; addresses; telephone numbers; job title or position; dates of service; and (if applicable) the reason for termination;
- C. records of all consumer complaints and refund requests concerning the subject matter of the Order, whether received directly or indirectly, such as through a third party, and any response;
- D. records identifying all Lead Generators that Defendants use since entry of this Order;
- E. records relating to all websites and marketing materials that have been reviewed to ensure compliance with Section II of this Order;

F. all records necessary to demonstrate full compliance with each provision of this Order, including all submissions to the Commission; and

## **XI. COMPLIANCE MONITORING**

IT IS FURTHER ORDERED that, for the purpose of monitoring Defendants' compliance with this Order and any failure to transfer any assets as required by this Order:

A. Within 14 days of receipt of a written request from a representative of the Commission, each Defendant must: submit additional compliance reports or other requested information, which must be sworn under penalty of perjury; appear for depositions; and produce documents for inspection and copying. The Commission is also authorized to obtain discovery, without further leave of court, using any of the procedures prescribed by Federal Rules of Civil Procedure 29, 30 (including telephonic depositions), 31, 33, 34, 36, 45, and 69.

B. For matters concerning this Order, the Commission is authorized to communicate directly with each Defendant. Defendant must permit representatives of the Commission to interview any employee or other person affiliated with any Defendant who has agreed to such an interview. The person interviewed may have counsel present.

C. The Commission may use all other lawful means, including posing, through its representatives as consumers, suppliers, or other individuals or entities, to Defendants or any individual or entity affiliated with Defendants, without the necessity of identification or prior notice. Nothing in this Order limits the Commission's lawful use

of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.

## **XII. RETENTION OF JURISDICTION**

IT IS FURTHER ORDERED that this Court retains jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order.

**SO ORDERED** this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
UNITED STATES DISTRICT JUDGE

**SO STIPULATED AND AGREED:**

**FOR PLAINTIFF: FEDERAL TRADE COMMISSION**



\_\_\_\_\_  
LEAH FRAZIER, ESQ.  
QUINN MARTIN, ESQ.  
Federal Trade Commission  
600 Pennsylvania, Ave., NW  
Washington, DC 20580  
Telephone: (202) 326-2187 (Frazier)  
Telephone: (202) 326-2080 (Martin)  
Facsimile: (202) 326-3768  
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**FOR DEFENDANTS:**



WILLARD K. TOM, ESQ.

DANIEL S. SAVRIN, ESQ.

DAVID I. MONTEIRO, ESQ.

Morgan, Lewis & Bockius LLP

1111 Pennsylvania Ave., NW

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Telephone: (202) 739-3000

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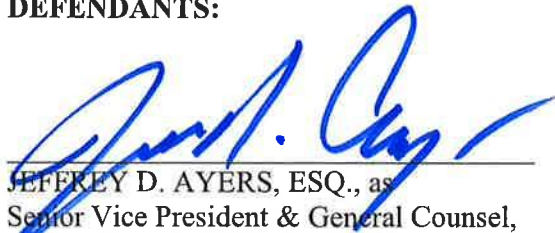
Email: willard.tom@morganlewis.com, daniel.savrin@morganlewis.com,

david.monteiro@morganlewis.com

COUNSEL for Career Education Corp.; American InterContinental University, Inc.; AIU  
Online, LLC; Marlin Acquisition Corp.; Colorado Tech., Inc.; and Colorado Technical  
University, Inc.

Date: July 26, 2019

**DEFENDANTS:**

  
\_\_\_\_\_  
JEFFREY D. AYERS, ESQ., as  
Senior Vice President & General Counsel,  
Career Education Corporation;

Date: July 26, 2019

Vice President, American InterContinental University, Inc.;  
Manager, AIU Online, LLC;  
Vice President, Marlin Acquisition Corp.;  
Vice President, Colorado Tech., Inc.; and  
Vice President, Colorado Technical University, Inc.

# EXHIBIT 2













[REDACTED]