SECOND ANNUAL REPORT OF THE ADMINISTRATOR

UNDER THE ASSURANCE OF VOLUNTARY COMPLIANCE/ASSURANCE OF DISCONTINUANCE WITH

PERDOCEO EDUCATION CORPORATION

OCTOBER 2, 2020

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THIS REPORT CONTAINS
COMMERCIALLY SENSITIVE
AND CONFIDENTIAL INFORMATION
OF PERDOCEO EDUCATION
CORPORATION

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I. INTRODUCTION AND OVERVIEW

This Annual Report, covering the period October 2, 2019-October 1, 2020, is structured as follows:

First, we provide a Summary of our Findings and Conclusions. Next, we provide an overview of PEC's business. Then, we examine PEC'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

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 three) of the Administrator's Oversight and Compliance review.

A. The AVC

In 2019, Career Education Corporation, now known as Perdoceo Education Corporation¹ ("PEC"), American InterContinental University ("AIU") and Colorado Technical University ("CTU")—collectively referred to as PEC—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 PEC students who met certain criteria, the settlement imposes restrictions and certain obligations on the strategies and processes that PEC, 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 PEC's response:

THE STATES' ALLEGATIONS

- 2. At times during the course of offering enrollment in educational programs, PEC 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) PEC misled students about the total costs of enrollment at PEC institutions;

¹ In January 2020, Career Education Corporation changed its name to Perdoceo Education Corporation. All references herein to Career Education Corporation or CEC from a historical perspective are to Perdoceo Education Corporation or PEC.

- (b) PEC misled students about the transferability of credits into PEC from other institutions and out of PEC to other institutions;
- (c) PEC 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) PEC engaged in unfair and deceptive practices in calculating job placement rates, thereby giving prospective students an inaccurate impression of PEC graduates' employment outcomes. PEC's misrepresentations related to job placement rates include but are not limited to:
 - (i) misrepresenting PEC 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 PEC graduates as having been "placed" in fields in which the students trained or in related fields, when in fact, PEC 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 PEC who would not have otherwise enrolled, could not obtain professional licensure, and/or incurred debts that they could not repay nor discharge.

PEC'S RESPONSE TO ALLEGATIONS

PEC 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 (Robert M. McKenna) was jointly appointed to oversee PEC'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 PEC 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 second such report, covering a review period that ended October 1, 2020.

B. The FTC Inquiry

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

On July 26, 2019, PEC 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, PEC 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. PEC 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, was approved by the Commissioners of the FTC and became effective on October 9, 2019, when the United States District Court of the Northern District of Illinois approved and entered the Order as final. The principal provisions of the FTC Agreement will remain in effect for twenty years. (The FTC Agreement is attached as Exhibit 1.)

C. The Veterans Affairs Inquiry

On March 9, 2020, the Department of Veterans Affairs ("VA") notified PEC that, based on the PEC settlements with the FTC and state Attorney General multistate investigation ("Multistate"), it had concluded there was a valid basis to find that PEC had previously violated VA regulations regarding misleading advertising and student recruitment practices. The VA did not assert that there were any current on-going violations. The VA confirmed in subsequent communications that their conclusion relied on information supplied by the FTC related to advertising from 2012-2015 and was based on actions the FTC took against three third-party internet advertisers against whom the FTC was in the process of bringing actions against and from whom PEC had directly or indirectly received prospective student inquiries. The FTC asserted, and therefore the VA also asserted, that PEC was responsible for the alleged conduct of these third-party advertisers. The VA did not identify or assert any deficiencies or violations of VA regulations arising after the date of the AVC. PEC denied improper conduct on its part and provided the VA with several responses documenting its corrective action, including information about its current compliance processes which incorporate enhanced operational and compliance commitments made in the agreements with the FTC and Multistate. On July 2, 2020 the VA informed PEC that it had concluded its review of PEC's responses and determined that adequate remediation had occurred resulting from the compliance efforts of PEC including from the two settlements and compliance enhancements resulting therefrom. No interruption in the

approval and availability of VA benefits to existing or future veteran students of PEC institutions resulted from its inquiry.

II. SUMMARY OF FINDINGS AND CONCLUSIONS

Twenty-one months into PEC's implementation of the AVC, the Administrator has completed over 100 interviews and discussions with present and former PEC employees, including in Admissions and Financial Aid, who are involved in student interactions at all levels—from entry-level Advisors to Managers, Supervisors, Directors and the Presidents of AIU and CTU. The Administrator has separately interviewed PEC Compliance personnel on multiple occasions. The Administrator has also attended two separate three-week training courses for new hires who will become Admissions and Financial Aid Advisors; reviewed thousands of documents relating to training, admissions, recruitment, marketing and job data; reviewed online resources available to Admissions and Financial Aid advisors; reviewed online resources available to Prospective Students; monitored calls recorded in the admissions, financial aid and student services processes; reviewed PEC's mystery shopping reports and arranged two separate mystery shopping programs; reviewed other materials concerning PEC/Prospective Student interactions; reviewed PEC public filings (e.g., SEC filings); reviewed materials related to the FTC inquiry; reviewed materials related to the VA inquiry; visited ground campuses and met in person or by video eight times with PEC officials responsible for AVC compliance. The Administrator has also reviewed compliance issues with the Multistate Executive Committee and has benefitted from their participation and thoughtful comments.

During the years in which PEC and the Multistate Executive Committee were discussing settlement of the Multistate's investigation, and in the time since they executed the AVC, PEC has 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 PEC has developed and implemented, including compliance in employee training, marketing, compliance monitoring, and lead generation. In doing so, PEC 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 neither unfair nor deceptive and that does not involve Unreasonable Recruitment Methods.

Based on PEC's continuing efforts and the Administrator's above-described body of work, the Administrator can report today that PEC has made further progress in its implementation of the AVC. The Administrator finds that PEC is in substantial compliance with a substantial majority of its obligations under the AVC.

The Administrator's finding of substantial compliance does not mean there have been no incidents of noncompliance. A small number of former employees reported incidents of potential recruitment and admissions violations that have occurred during interactions between Prospective Students and Admissions Advisors. More specifically, certain former PEC Admissions Advisors reported they were pressured to enroll prospective students in PEC programs even when it was not in the best interests of the student. The specific examples focused on Admissions Advisors feeling pressured to improperly redirect prospective students from programs not offered by PEC to programs offered by PEC. The reported incidents are

inconsistent with PEC's training program and other written rules and directives. In addition, PEC's compliance program, including reviews of recorded calls, demonstrates that PEC has imposed consistent and appropriate discipline when Admissions Advisors are not in strict compliance with PEC's rules and directives. Although we do not have evidence that the reported incidents have risen to the level of systemic practices or patterns of substantial noncompliance, they are of substantial concern to the Administrator. The Administrator believes that PEC should devote appropriate resources, including Manager and Supervisor training and oversight, to ensure there is no pressure put on student-facing advisors by their supervisors to engage in potentially Unreasonable Recruitment Methods. PEC has agreed to work with the Administrator to identify and implement additional training opportunities and other efforts in this area. Throughout this Report, the Administrator includes examples of the types of conduct reviewed in order to better describe the bases for the Administrator's evaluation to date.

In addition, even with respect to certain of the AVC obligations in which PEC is in substantial compliance, PEC's compliance efforts are in process. The AVC became effective on January 2, 2019, and many critical compliance elements are currently in their early stages of implementation as set forth in the AVC and are under continued review. Now that the implementation periods have all been triggered and operations are underway, PEC's overall progress can continue to be subjected to a "test of time."

For example, in its First Annual Report the Administrator identified several compliance elements that were very much inchoate. This included one key aspect of the AVC compliance regime, the EFIP, that was implemented in 2019 and last year was awaiting further refinements that were under discussion between the parties. The EFIP went live in July 2019 and further changes, importantly including a student feedback mechanism, have been made to it since then as the result of continuing discussions between PEC, the Administrator and the Multistate Executive Committee. The EFIP provides greater transparency concerning a Prospective Student's financial obligations and exposure. The student feedback mechanism should allow a more comprehensive evaluation in the future of its effectiveness in enhancing Prospective Students' understanding of the financial impacts of enrolling with PEC. However, the Multistate Executive Committee has expressed concern that student utilization of the EFIP is quite low, resulting in PEC agreeing to send students a reminder notification that the EFIP is available to them. Additional changes made to the EFIP since July 2019 are discussed below in the Report section addressing Paragraphs 70 and 71 of the AVC.

As another example of compliance developments since the AVC took effect, PEC 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. At the time the First Annual Report was issued, PEC was 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 PEC-owned school. PEC has now fully implemented the third-party lead vendor process along with the FTC processes and it appears—at least at this stage—to be a positive step toward addressing certain Unreasonable Recruitment Methods that the Multistate identified and alleged in the AVC.

Although PEC is in its second 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 PEC has completed several critical steps in this process. PEC has been consistently cooperative and generally receptive to the Administrator's requests for information as well as his suggestions of ways in which PEC's compliance activities and its students' experience could be improved (e.g., certain student facing disclosures; training activities etc.).

The Administrator intends to work with PEC going forward on opportunities for further improvement and refinement of PEC's compliance structure and processes. Examples include ensuring undue pressure is not placed upon Admissions Advisors to enroll students and that PEC employees are otherwise responsibly interacting with and supporting students. Also, 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 or deceptive statements or Unreasonable Recruitment Methods. Again, these areas or opportunities for improvement do not, at this point in PEC's implementation of the AVC, necessarily amount to substantial non-compliance. Although PEC has responded appropriately to other implementation and operational 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 on an ongoing basis.

It is important to note that PEC acquired the assets of Trident University International in March 2020. Trident will be part of AIU but will maintain its independent brand. The integration of Trident with AIU and PEC is ongoing, and the Administrator has expanded his work program to incorporate AVC compliance by Trident. To date, this has included document review and interviews of Trident employees and supervisors.

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

III. PERDOCEO EDUCATION CORPORATION

A. Overview

PEC is a for-profit education corporation that includes two academic institutions: Colorado Technical University ("CTU") and American InterContinental University ("AIU"). AIU now encompasses Trident University International's programs ("Trident" or "Trident at AIU"). PEC'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. PEC's two regionally-accredited universities—CTU and AIU (including Trident)—provide degree programs through the master's or doctoral level as well as associate and bachelor's levels. The universities predominantly serve students online. PEC 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 PEC faculty member is greater than six years.

Many of PEC'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

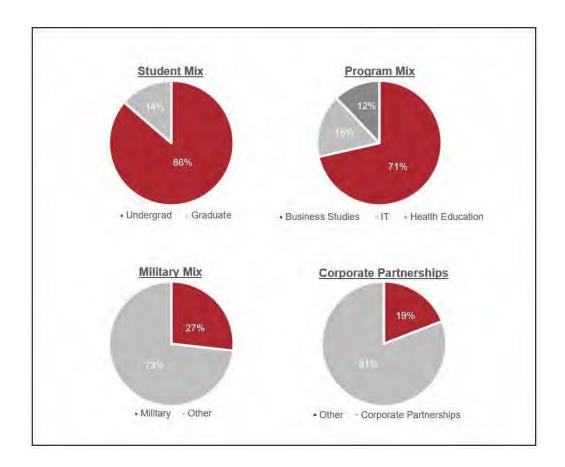
CTU was founded in 1965; PEC acquired CTU in 2003. Today, CTU operates campuses in Aurora and Colorado Springs as well as at CTU Online, which launched in 2002.

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, 2019, CTU had approximately 1800 employees and 23,600 students (approximately 94% of whom are entirely online). Substantially all the students reside in the United States of America.

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

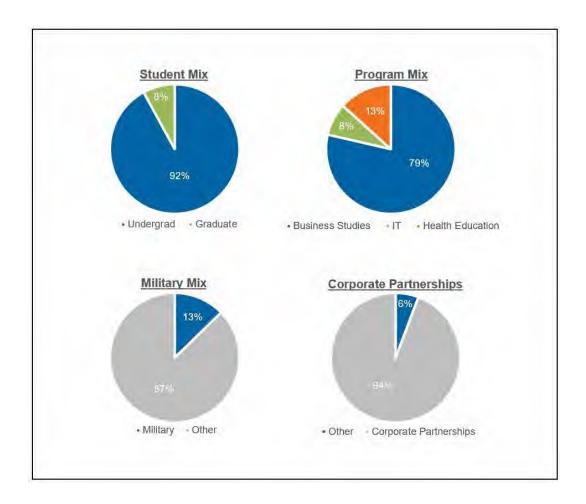


AIU

AIU was founded in Europe in 1970; PEC 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, 2019, AIU had approximately 1400 full-time employees and 13,000 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:



Trident at AIU

Trident University International was founded in 1998; American InterContinental University acquired the assets of Trident in March 2020. When acquired, Trident operated as part of AIU and continues to operate and offer its programs fully online. It offers classes in the following disciplines: business studies, health studies, information technologies; education; and homeland security. Trident was previously institutionally accredited by the Western Association of Schools and Colleges and is now accredited as part of AIU through the Higher Learning Commission. As of March 2020, Trident had approximately 235 full-time employees and approximately 5000 total students (all of which are entirely online). Substantially all the students reside within the United States of America.

PEC Student Enrollment Statistics

Combined PEC student enrollments as of December 31, 2019 and 2018 were approximately 36,600 students and 34,400 students, respectively. Included in total student enrollments were approximately 34,400 students and 32,100 students, respectively, enrolled in fully online

academic programs. Related student enrollment demographic information as of December 31, 2019 and 2018 was as follows:

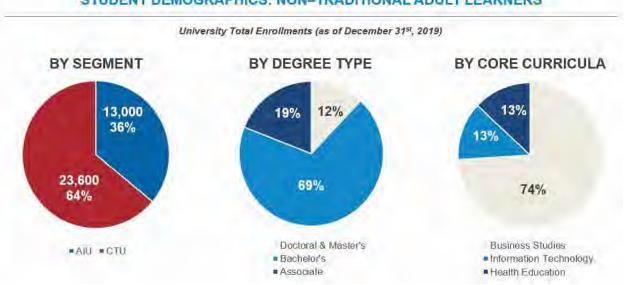
University Group Student Entollments by Age Group		
uffb.	As a Percentage of Total University Group Student Enrollments as of December 31,	
0	2019	2018
Over 30	61%	61%
21 to 30	35%	35%
Under 21	49a	4%
University Group Student Enrollments by Core Curricula		
	As a Percentage of Total University Group Student Enrollments as of December 31.	
	2019	2018
Business Studies	74%	74%
Information Technology	13%	14%
Health Education	13%	12%
University Group Student Enrollments by Degree Granting Program		
	As a Percentage of Total University Group Student Enrollments as of December 31,	
Commence of the commence of th	2019	2018
Doctoral and Master's Degree	12%	13%
Bachelor's Degree	69%	71%
Associate Degree	19%	16%

Perdoceo Education Corporation STUDENT AND STAFF INFORMATION

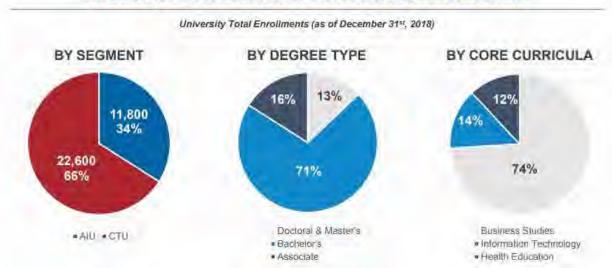
Data as of 12/31/2019 as published in Form 10K and earnings calls

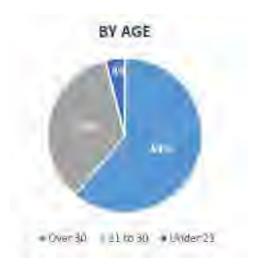
FOR ALL PEC STUDENTS

STUDENT DEMOGRAPHICS: NON-TRADITIONAL ADULT LEARNERS



STUDENT DEMOGRAPHICS: NON-TRADITIONAL ADULT LEARNERS





As of 12/31/19

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

AIU represented 36% of all PEC students (13,000 students) CTU represented 64% of all PEC students (23,600 students)

EMPLOYEE INFORMATION

As of December 31, 2019, PEC had approximately 4,000 employees, of which approximately 1,800 work for CTU and approximately 1,400 work for AIU, with the remainder being corporate employees. PEC's employees include approximately 1,600 part-time adjunct faculty members and approximately 120 full-time faculty members. Other than part-time adjunct faculty members, PEC has fewer than 150 part-time employees, some of whom are student employees under the federal work-study program.

IV. REVIEW OF PEC'S COMPLIANCE WITH AVC OBLIGATIONS

A. History of the AG Multistate Investigation and PEC's Compliance Program

A brief discussion of the history and evolution of PEC and PEC's compliance program provides a helpful context for this Report's focus on those compliance policies and procedures.

The Multistate investigation into PEC (then Career Education Corporation, or "CEC") began in or around 2015. The Multistate investigation focused on whether PEC schools had 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 protection laws. At that time, the company and its schools looked different than at present. Until 2015, PEC had operated a variety of colleges and universities constituting approximately 100 campuses throughout the United States. These included the national-accredited schools Sanford Brown College and Institute, Briarcliffe College, Brooks Institute, Missouri College, Le Cordon Bleu Colleges of Culinary Arts, and Harrington College of Design, in addition to regionally-accredited American InterContinental University ("AIU") and Colorado Technical University ("CTU"). The Multistate investigated practices at the nationally accredited schools during the period 2012 through 2015.

As PEC and the Multistate Executive Committee continued their dialog over the course of the next few years, PEC underwent structural changes. In May 2015, PEC announced its decision to sell or teach-out all the nationally accredited schools in order to focus on AIU and CTU, both regionally accredited universities. That process was mostly completed by the end of 2017. After May 2015, the company introduced new leadership in a number of positions relevant to advertising, sales and enrollment: Chief Executive Officer, Chief Financial Officer, Chief Digital and Marketing Officer, and Chief Compliance Officer.

1. PEC's Compliance Procedures Prior to the AVC

By 2015, PEC was in the process of modifying the centralized compliance structure that the company uses to execute, implement, and monitor adherence to institutional policies relating to advertising, recruitment, and enrollment. It adopted a "functional" approach to its compliance program with a greater emphasis on addressing the entirety of a student's interactions with its schools. This framework, which remains in place today, includes oversight from the initial contact with prospective students through graduation and extends to interactions with prospective and current students as well as alumni.

PEC's Ethics and Compliance Department ("Compliance Department") reports directly to the President and CEO, with an indirect report to the Board of Directors' Compliance and Risk Committee, and it provides independent evaluations with respect to risk and compliance issues. The Compliance Department oversees the interactions with prospective students across all significant channels of communications, including calls, web chats, and two-way messaging, all of which are recorded. The Compliance Department also reviews the methods and manner in which PEC and its schools communicate with prospective and current students, alumni, and others. All marketing materials used during these contacts, such as Admissions scripts or brand

marketing and promotional material, are subject to a compliance review and are approved before they are shared with current or prospective students.

As detailed further in this Report, a critical aspect of the Compliance Department's responsibilities is developing and administering policies and related trainings and monitoring compliance with these policies and trainings. These policies and trainings, including *Admissions Rules of the Road, Admissions Compliance Course, Media Compliance Handbook, and Financial Aid Rules of the Road*, are relevant to employees' responsibly interacting with and supporting prospective students. The Compliance Department administers an annual ethics training course that *every* employee must complete. The course provides a framework for making ethical decisions in daily responsibilities and serves as a reminder of the important roles ethics and integrity play at PEC. The ethics course also reminds employees of their obligation to report ethical concerns. Additionally, PEC utilizes call monitoring and its own "mystery shopping" program to monitor and reinforce compliance. Calls to prospective students are recorded and can be reviewed and monitored at any time. PEC also mandates contractual provisions and associated "Lead Aggregator Guidelines" in each of its contracts with third-party lead aggregators, all of which are relevant to consumer protection and telemarketing compliance, including whether lead aggregators "are using any unfair, false, misleading, deceptive, or abusive acts or practices."

In sum, the leadership and number of schools comprising PEC have changed since 2015. In addition, PEC's policies and procedures evolved between 2015 and the effective date of the AVC in January 2019. This includes policies and procedures relevant to PEC's compliance with its legal and regulatory obligations under the AVC.

2. PEC's Compliance Procedures Subsequent to the AVC

PEC supplemented its pre-AVC compliance policies and procedures by providing additional information to prospective students as well as introducing measures relevant to ensuring compliance by lead aggregators under contract to PEC. These measures, further detailed in this Report, consist of:

- A Single-Page Disclosure Sheet provided to prospective students that collects in one place information regarding the costs and length of their program of study, information regarding the transferability of credits, and metrics including median earnings and median debt;
- An Electronic Financial Impact Platform of which students are informed when they receive their financial aid award letter, and which allows them to estimate the full cost of their education and the repayment of student loans;
- Protocols governing PEC's relationship with third-party lead aggregators, including for monitoring and taking corrective action against lead aggregators who violate their contractual or compliance responsibilities; and
- As a result of the FTC settlement, a "prior-review" monitoring system which conducts a compliance review of the various sources with which a prospective student interacts prior to PEC's purchase and use of the prospective student contact information.

B. The Administrator's Review

The AVC charges the Administrator to conduct an independent review of PEC'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 PEC representative and a prospective student;
- review training materials used to train Admissions Advisors and Financial Aid Advisors;
- review complaints made to PEC, its accreditors, the Attorneys General, the Better Business Bureau, or any state or federal governmental body relating to any of PEC's recruitment, admissions, Student financial aid, or career services practices or decisions;
- review PEC'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 PEC's calculation of any job placement rate;
- review PEC'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 PEC's compliance with its refund policy;
 - review PEC's compliance with data reporting requirements;
 - review PEC's complaint resolution practices;
 - review reports related to PEC's monitoring of Third-Party Vendors;
- review PEC's institutional and programmatic accreditation status to verify compliance with the AVC;
- review PEC's records to verify PEC'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 also has made additional and significant efforts to meet its compliance review mandate. For example, this year the Administrator attended a three-week Financial Aid Training course offered to new Financial Aid Advisors. The Administrator also attended a three-week Admissions Training Course offered to new Admissions Advisors. The Administrator attended the Zoom classes, reviewed the course materials, listened to mock and real calls with prospective students and interviewed the Trainers.

As it did last year, the Administrator again directed his own mystery shopping program, using PEC's mystery shopping vendor, to test the various issues relating to PEC/Prospective Student interactions. In doing so, the Administrator designed and tailored questions and background scenarios to specifically assess certain areas of concern (e.g., transfer of credit, predictions of salary upon graduation, likelihood of employment, financial debt, etc.). In this way, the mystery shops were designed to enable the Administrator to better assess PEC's implementation of and compliance with specific aspects of the AVC.

In addition, the Administrator continued to request and review documents and data that might reflect on PEC's compliance with the AVC. All told, the Administrator has reviewed over 3GB of materials. The Administrator receives regular reports regarding consumer complaints received by PEC and the Attorneys General and PEC's resolution of those complaints. He has access to PEC's policies and procedures repository. The Administrator also has reviewed PEC's other training materials and training sessions, SEC filings and FTC- and VA-related documents. The Administrator has met with and interviewed current and former PEC employees at all levels, including twelve Supervisors overseeing Admissions and Financial Aid advising at AIU, CTU and Trident. The Administrator has also viewed the paired computer process prospective students experience as part of the admissions process.

In its compliance review mandate, the AVC requires the Administrator to make a good faith effort to leverage PEC's existing compliance mechanisms when reviewing PEC's compliance with the AVC. Consistent with the AVC, the Administrator has made use of PEC's own compliance efforts as part of its review. For example, PEC provided the Administrator with data from its own call monitoring program. PEC's call monitoring is critical for ensuring its advisors' ongoing compliance with the AVC. PEC 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 two years 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 PEC could address them as quickly as possible and prevent patterns or practices of noncompliance. The Administrator has been proactive and assertive in suggesting procedural and substantive changes that he believes would further compliance with the AVC and/or better the student experience. Where issues were identified, PEC 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 PEC in a number of areas to improve policies and compliance efforts. The Administrator has substantially benefitted

from the continuous, thoughtful and helpful involvement of the Multistate Executive Committee.

The Administrator expects that PEC will improve in each year of the AVC. The Administrator has and will continue to focus on working with PEC to implement compliance structures that will last beyond the AVC. The Administrator believes that, at the highest levels, PEC 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 next year's report.

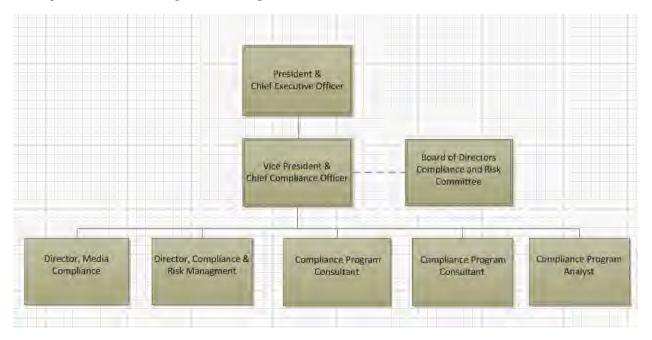
Finally, it is worth noting what the Administrator has *not* reviewed under the terms of the AVC. The Administrator has not reviewed the nature and quality of the courses offered by PEC's educational systems, an inquiry that is the province of accreditation organizations. Nor has he reviewed PEC's compliance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

C. Overview of PEC Risk and Compliance Operations

1. PEC Ethics and Compliance Organization

PEC uses a centralized compliance structure to implement and monitor compliance with institutional policies relating to recruitment, enrollment and financial aid. PEC'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 PEC'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.

The Compliance Department consists of six individuals who together have an average tenure at PEC of approximately 14 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 PEC's management, for ensuring PEC's compliance with the AVC.



2. Compliance Department Framework

PEC 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 PEC. Although high-level risk areas were continuously monitored, PEC shifted to an "umbrella" approach to oversee its student interactions by integrating compliance with each functional area that interacts with students. PEC'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 PEC 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.

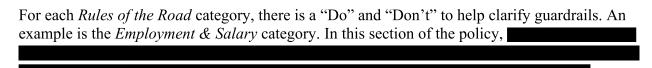
3. Compliance Policies and Training

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, PEC maintains a set of policies that govern each department's interactions with students. In 2004, PEC 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, student 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.



These rules are key to PEC's compliance programs as they illustrate the policies on which Compliance relies 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 PEC 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. Because of COVID-19, the training this year has been conducted remotely using Zoom. The Admissions teams also go through a certification process that requires advisors to demonstrate proficiency in specific skills, techniques and behaviors and in their ability to address compliance issues, questions and concerns. The admissions advisors must 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 must correctly answer of the questions to pass. Advisors may attempt the quiz up to three times but are only allowed one attempt per day to successfully pass. If an advisor does not pass the quiz after a 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, and 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 PEC marketing teams are knowledgeable and compliantly market PEC 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, CTU and Trident.

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 PEC's behalf, or partnering with PEC. Adherence to these guidelines is enforced regardless of where these materials appear—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 PEC'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 PEC 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 PEC, 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 PEC 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

PEC 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 PEC 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 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, except for 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 PEC'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 that ethics and integrity play at PEC. 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. 32 below).

4. Monitoring Student Interactions

PEC 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. PEC'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 regular 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 student 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.

Like the Media Compliance review process, Admissions counseling materials are submitted for review and approval using a ticketing system called _______. 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.

PEC has been utilizing a mystery shopping program as part of its compliance efforts for several years and has been using its current provider, since 2013. acts as an independent third-party evaluator to conduct Mystery Shopping on the AIU, Trident and CTU Admissions departments. is focused exclusively in the higher education sector and is well versed on industry standards. PEC has provided and discussed in detail with its internal Admissions <i>Rules of the Road</i> policy. This provides insight into the expectations that have been set for AIU, Trident and CTU Admissions Advisors and assists
them in training their shoppers so they provide relevant feedback as it relates to PEC's standards. PEC also partnered with 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.
conducts over 125 mystery shops per year for PEC. The institutions are not aware of when the mystery shops may occur. The shops cover all 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 sonce the interaction is complete. These materials are then returned to the PEC Compliance team.
Once a shopper has completed their interaction with an Admissions Advisor, 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 PEC's Admissions Rules of the Road policy. Each topic on the Admissions Rules of the Road policy has its own section of

once a shopper has completed their interaction with an Admissions Advisor, 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 PEC'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, PEC 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, PEC 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. Because of COVID-19 the training this year has been conducted remotely using Zoom. 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. Three 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 however, they must receive in order to maintain employment. In the final week of training, employees are assigned a workstation 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 is expected and they must receive in order to maintain employment. During the second week, employees are assigned a workstation and are provided the 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 can 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 conducts the training for Compliance-focused topics such as, Financial Aid Rules of the Road, FERPA, and Identity Protection and Confidentiality. The 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. Over 200 calls are selected at random and evaluated by Compliance annually. In addition to the Financial Aid Advisor calls, Compliance conducts a "Monitor the Monitor" program and evaluates the managers of the Financial Aid Advisors. For the Monitor the Monitor program, Compliance selects 40 calls annually 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 PEC's *Financial Aid Rules of the Road* guidelines by an independent team of seven Quality Assessment Evaluators. Quality Assessment Evaluators are expected to review over 11,000 financial aid calls per year. Each Financial Aid Advisor is subject to random call monitoring approximately seven to ten times each month. This ensures that each advisor has approximately

80 to 100 calls evaluated per year. During the second half of 2019 (H2), the Quality Assessment Team reviewed 4,655 calls. During the first half of 2020 (H1), the Quality Assessment Team reviewed 6,945 calls. Additionally, Student Finance Managers are expected to review financial aid advisor calls monthly.

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, 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.

The Compliance Department also completes a bi-annual audit program reviewing 100 two-way messaging conversations in total conducted between Financial Aid Advisors and their students. The messages are evenly selected at random between AIU and CTU (Trident does not utilize this platform). The conversations are reviewed for compliance with the *Financial Aid Rules of the Road*.

Similar to the Admissions counseling material review process, Financial Aid Counseling materials are submitted for review and approval using the same ticketing system, 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

Similar to the Financial Aid Counseling program, CTU's Student Advising calls are monitored by both the Compliance Department and PEC's Quality Assessment Team.

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

D. AVC Compliance Obligations

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

AVC ¶52 NON-RETALIATION CLAUSE

52. Non-Retaliation Clause: PEC 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 PEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed current PEC Admissions Supervisors.
- Interviewed current PEC Financial Aid Supervisors.
- Interviewed other PEC employees with student facing responsibilities.
- Interviewed PEC compliance personnel.
- Interviewed senior corporate management—including Legal.
- Toured PEC's campuses and corporate headquarters.
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between PEC 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 PEC's non-retaliation policy and clauses, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, PEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to retaliatory conduct.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC 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 PEC's compliance.

Discussion. PEC 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 PEC. 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.

PEC non-retaliation policy:

NON-RETALIATION

PEC 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 wolation of the Code and will not be tolerated. If you feel that you or any PEC 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.

AVC ¶53 COMPLIANCE HOTLINE

53. Compliance Hotline: It is understood that PEC is operating a compliance hotline, which permits employees to lodge concerns with PEC anonymously. PEC shall continue to maintain this hotline or a reasonable equivalent. PEC 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 PEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed current PEC Admissions Supervisors.
- Interviewed current PEC Financial Aid Supervisors.
- Interviewed other PEC employees with student facing responsibilities.
- Interviewed PEC compliance personnel—including Legal and Employee Relations personnel responsible for the Compliance Hotline.
- Interviewed senior corporate management.
- Toured PEC's campuses and corporate headquarters.
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between PEC 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, PEC's websites including Single Page Disclosure and Programmatic Disclosure Forms, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to the Compliance Hotline.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC 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 PEC's compliance.

<u>Discussion</u>. PEC operates a compliance hotline—which permits employees to lodge concerns with PEC anonymously. PEC 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 _______, an independent, third-party firm specializing in managing corporate ethics hotlines. This creates a separation between PEC 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 hotline are entered directly on reverse server to prevent security breaches. These reports are available only to a limited group of people at PEC who are responsible for evaluation and investigation. PEC 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, 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 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 third and fourth quarter of 2019 and first and second quarter of 2020 are included below:



Corrective Action by Substantiated Allegation



Allegation Subcategory



2. Required Disclosures (¶¶54-71)

a. General Disclosures (¶¶54-60)

AVC ¶¶54-58 GENERAL DISCLOSURES

- 54. PEC 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, PEC 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. PEC 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 PEC'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 PEC itself to disclose figures that are unavailable from the Department.

- 56. Specifically, PEC 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) PEC 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, PEC shall Clearly and Conspicuously disclose to the Student the Single-Page Disclosure Sheet for that Program of Study. Additionally, PEC 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. PEC 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 PEC's Director of Clinical Education.
- Interviewed PEC's Nursing Coordinator.
- Interviewed current and former PEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.

- Interviewed current PEC Admissions Supervisors.
- Interviewed current PEC Financial Aid Supervisors.
- Interviewed other PEC employees with student facing responsibilities.
- Interviewed PEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured PEC's campuses and corporate headquarters.
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between PEC 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, PEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to General Disclosures.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC 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 PEC'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 early adoption of the regulations by institutions. PEC complied with the terms of 34 CFR 668.412(e) on July 1, 2019. After preparing staff, each of AIU and CTU elected early adoption of 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, PEC institutions implemented systems updates to comply with 34 CFR 668.412(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, PEC updated its enrollment process to instead include the Single Page Disclosures for the program a student was enrolling into. As of July 1, 2020, three defined data elements for the Single Page disclosure ceased to exist with the elimination of the defining regulation (i.e., Median Earnings, Median Debt and Program Completion Rate). Thereafter, PEC agreed to continue providing AIU and CTU students with program-level information on the Single Page Disclosure in the form of data originating from the Department of Education's College Scorecard with respect to median program earnings and median program debt and calculation of a program completion rate through July 1, 2021. We note that since Trident's

programs are all considered new programs within AIU, College Scorecard data is unavailable for Trident's programs.

The form of the Single-Page Disclosure Sheet ("SPDS") was negotiated with and approved by the Attorneys General, as reflected in Exhibit B to the AVC. The online Application Center for AIU, Trident, 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 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. PEC 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 PEC'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 PEC's Director of Clinical Education.
- Interviewed PEC's Nursing Coordinator.
- Interviewed current and former PEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed other PEC employees with student facing responsibilities.
- Interviewed PEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured PEC's campuses and corporate headquarters.
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between PEC 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, PEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to the Disclosure of Student Income.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC 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 PEC's compliance.

<u>Discussion</u>. PEC does not calculate nor disclose student income information. Review of training materials and call recordings (including of mystery shoppers) confirms PEC'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 PEC aggregated or calculated or used by PEC 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 PEC institution elects to disclose that it has articulation agreements for the transferal of credits to other schools, then, in addition to the foregoing, the PEC institution shall also Clearly and Conspicuously: (a) list any school(s) with articulation agreements with that PEC 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 PEC's Director of Clinical Education.
- Interviewed PEC's Nursing Coordinator.
- Interviewed current and former PEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed current PEC Admissions Supervisors.
- Interviewed current PEC Financial Aid Supervisors.
- Interviewed other PEC employees with student facing responsibilities.
- Interviewed PEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured PEC's campuses and corporate headquarters.
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between PEC 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, PEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to the Articulation Agreements.

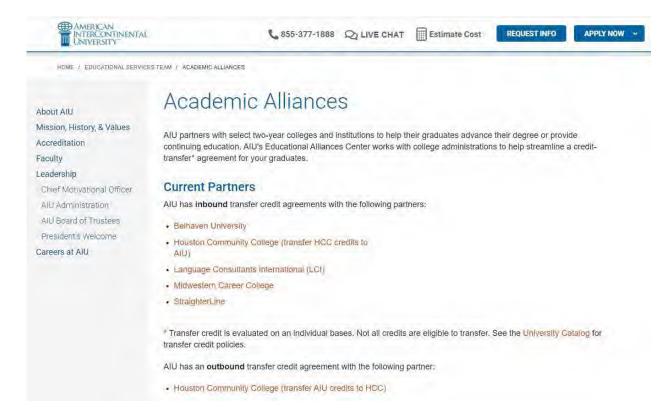
<u>Interim Compliance Determination</u>. The Administrator believes that PEC is in substantial compliance with paragraph 60. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor PEC's compliance.

<u>Discussion</u>. PEC 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



AVC ¶¶61-69 JOB PLACEMENT RATE DISCLOSURES

- 61. For any Program of Study at a PEC 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, PEC 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 PEC institution voluntarily calculates a job placement rate for any Program of Study offered at a PEC 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 PEC 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 PEC's institutions shall be considered a "campus." Notwithstanding the foregoing, PEC shall not be required to calculate Job Placement Rates for any Program of Study that PEC is teaching out (i.e., that is not accepting new Students).
- 62. If PEC 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 PEC shall disclose to Prospective Students on the Single Page Disclosure Sheet that: "[PEC institution] does not calculate a job placement rate for students who completed this program."
- 63. PEC 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 PEC calculates after the Effective Date, PEC 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. PEC must comply with any state regulations in addition to the requirements of this AVC.
- 65. Notwithstanding anything to the contrary in this AVC, PEC 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, PEC 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 PEC relies on a third party for verifying and/or calculating Job Placement Rates, PEC 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. PEC shall monitor such third party's compliance with these requirements.
- 68. PEC 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. PEC 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 PEC'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 PEC'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 PEC, the name and title of the person(s) at PEC who received and recorded the information, and the date the information was provided. PEC shall maintain a copy of the above information for a period no less than three (3) years.

Bases. The Administrator

- Interviewed current and former PEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed current PEC Admissions Supervisors.
- Interviewed current PEC Financial Aid Supervisors.
- Interviewed other PEC employees with student facing responsibilities.
- Interviewed PEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured PEC's campuses and corporate headquarters.
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between PEC 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, PEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to job placement.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC 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 PEC's compliance.

<u>Discussion</u>. PEC is not subject to paragraphs 61-69 because AIU (including Trident at 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.



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, PEC 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, PEC 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, PEC 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, PEC 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 PEC legal counsel regarding Interactive Award Review (PEC's EFIP).
- Interviewed current and former PEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed current PEC Admissions Supervisors.
- Interviewed current PEC Financial Aid Supervisors.
- Interviewed other PEC employees with student-facing responsibilities.
- Interviewed PEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured PEC's campuses and corporate headquarters.
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between PEC 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, PEC's websites, Single Page Disclosure and Programmatic Disclosure Forms,

complaint and complaint resolution materials, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to PEC's EFIP.

<u>Interim Compliance Determination</u>. The Administrator is not aware of substantial patterns or practices of non-compliance in connection with paragraphs 70-71 and, as explained below, the Administrator believes that PEC is in substantial compliance with paragraphs 70 and 71. Because maintaining the EFIP is an ongoing obligation, the Administrator will continue to monitor PEC'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, PEC 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 paragraphs 70 and 71, 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 in the letter to complete the IAR tool at the same time they receive their financial aid award. 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, PEC 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, PEC has continued to make changes to the tool including the addition of disclosures arising from the elimination of ED regulations defining program median earnings, program median debt and completion rates.

Among the changes PEC has made to the tool since its first demonstration to the States and at the request of the Attorneys General 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";

- addition of a disclosure on the IAR tool regarding the average amount owed by all students (graduates and non-completers) to PEC upon leaving school;
- the inclusion of College Scorecard median earnings information;
- the inclusion of College Scorecard median program debt information; and
- the inclusion of an updated program completion rate disclosure.

Also, at the request of the Attorneys General, PEC has agreed to send students a second notification regarding the IAR tool, encouraging students to "take advantage of this additional informational resource" and providing another explanation of how the interactive tool works and the information it provides when completed. The content of the second notification was developed with input from Executive Committee members and, at the Executive Committee's request, is sent to students within one week of their receiving their financial aid award letter which includes a link and instructions to the IAR tool. Images of the second notification are provided below.²

The EFIP/IAR tool and link process was implemented for new students enrolling at Trident on September 2, 2020. Although the technology systems at Trident are different from those used by AIU and CTU, the timelines, document format, and content of the email communications are identical to those previously approved by the Administrator.

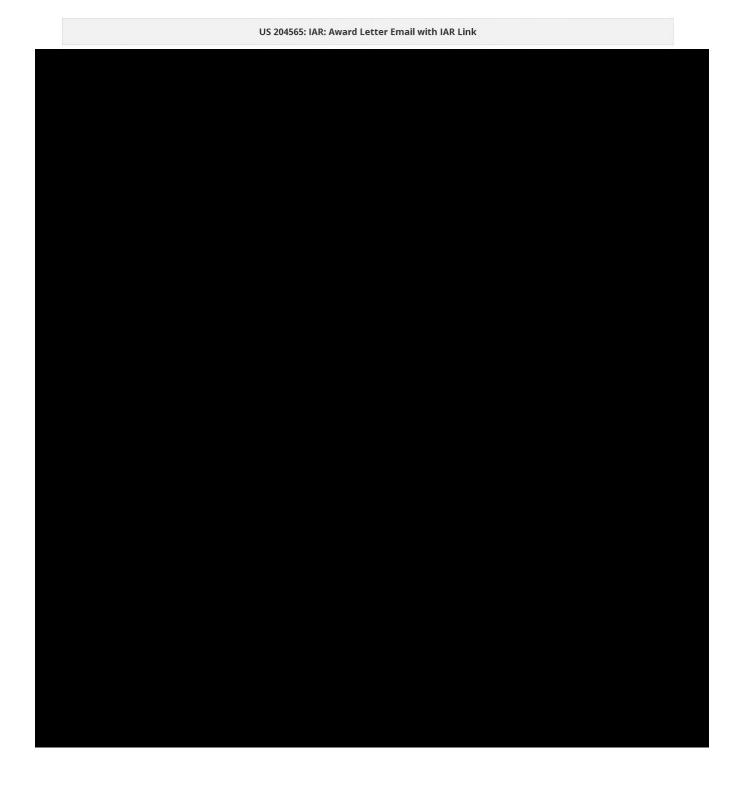
Potential Refund Notifications Related to IAR Link

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 19th day of their first session.

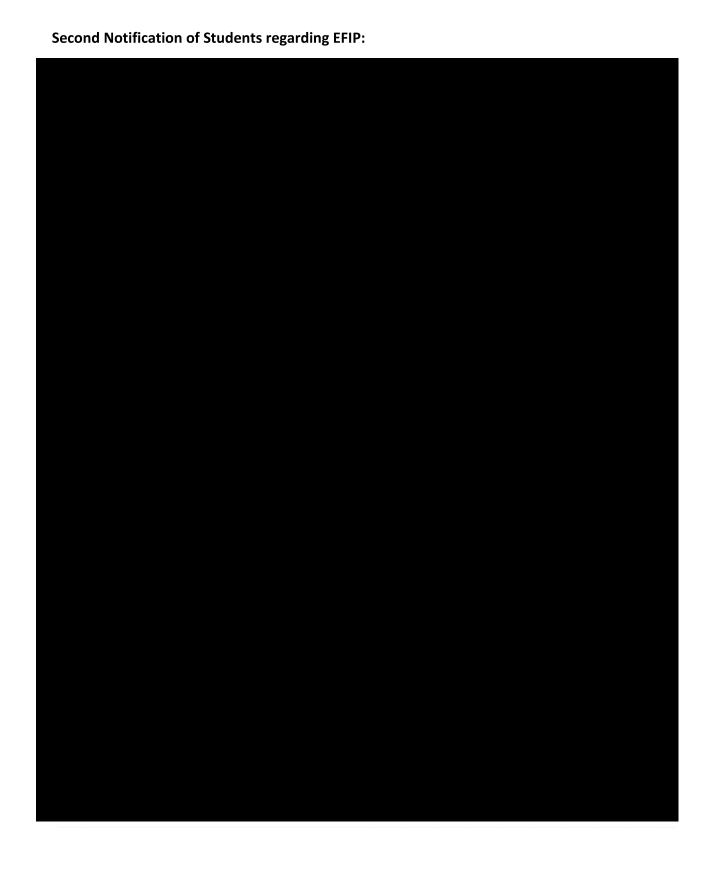
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² The Attorneys General and the Administrator both expressed concern about the utilization level by students of the EFIP/IAR tool. This second notification of students is intended to increase that utilization level by the students of the EFIP/IAR tool. The Administrator now receives quarterly usage figures for the tool which are forwarded to the Executive Committee.

First Notification of Students regarding EFIP:

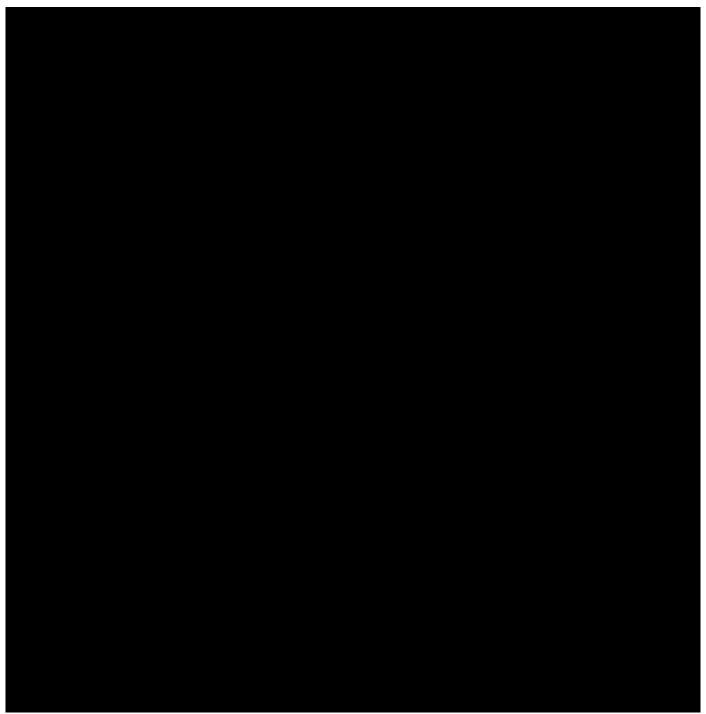




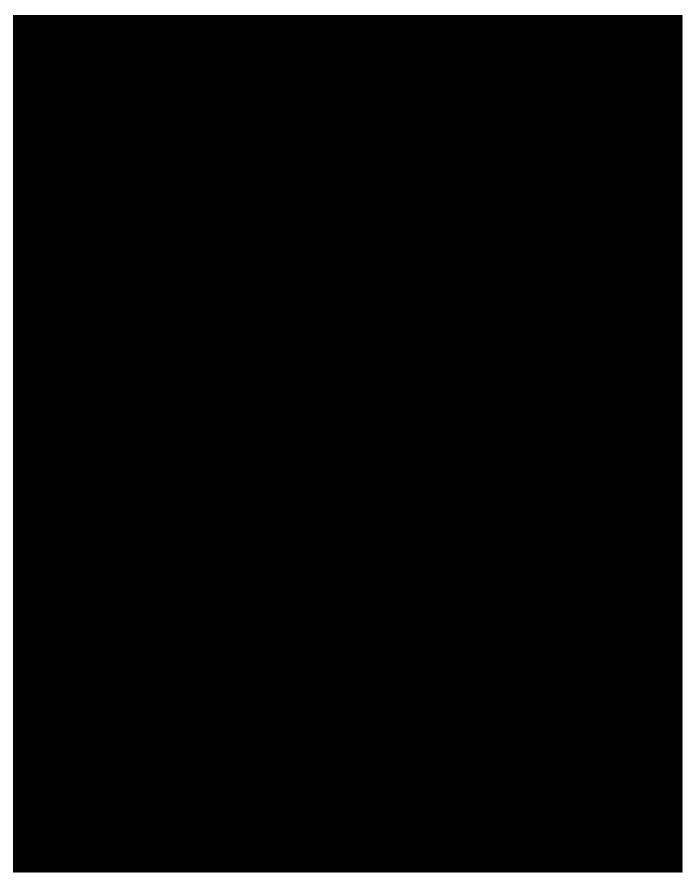


Student Refund Policy Email

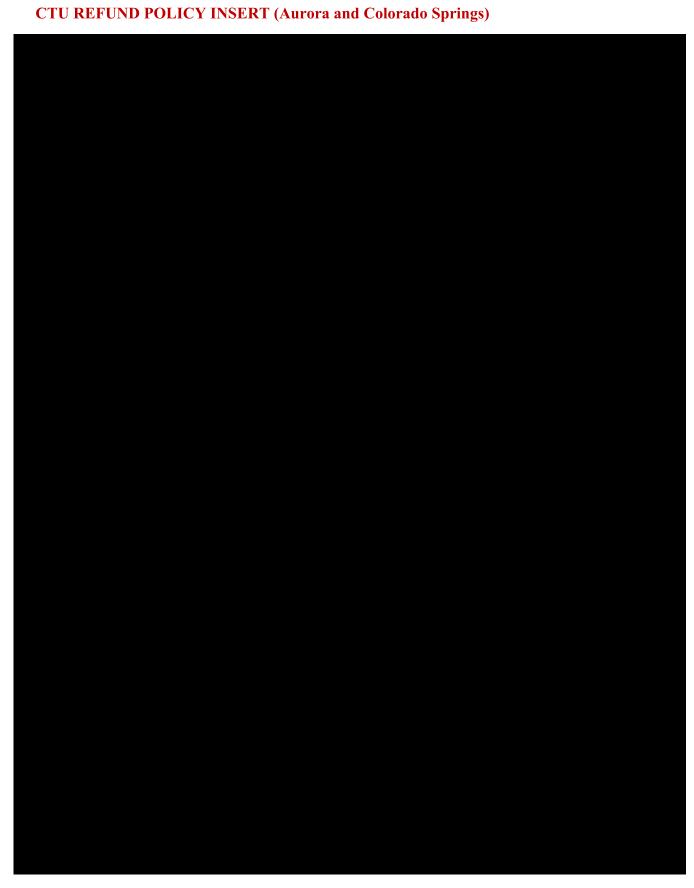
This sample is prepared using AIU Online information. CTU uses the same content updated to reflect their contact information. The CTU refund policy insert is provided at the end of this document; the CTU example is for the Aurora and Colorado Springs campuses.









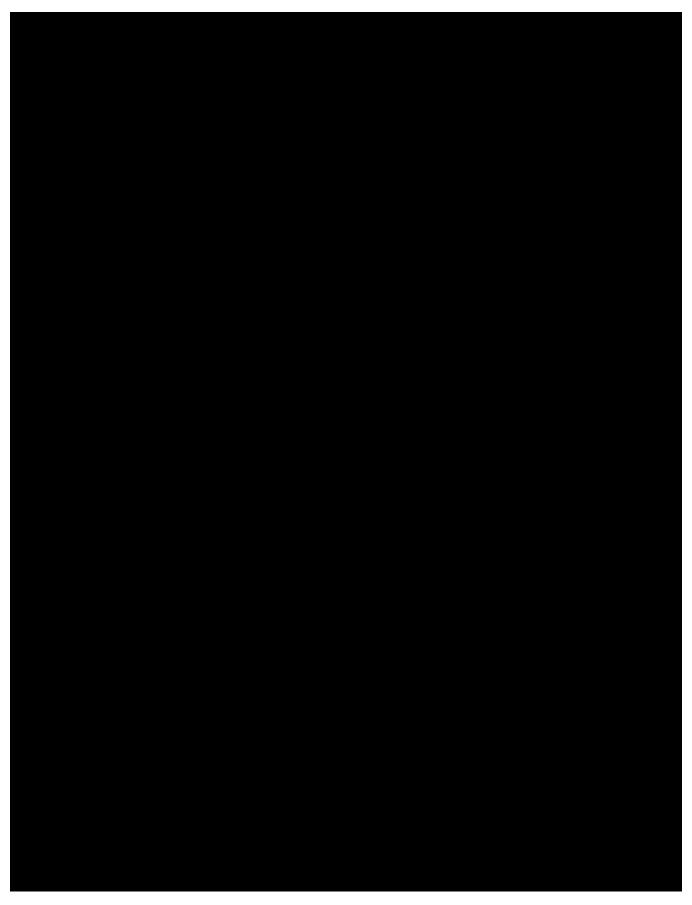


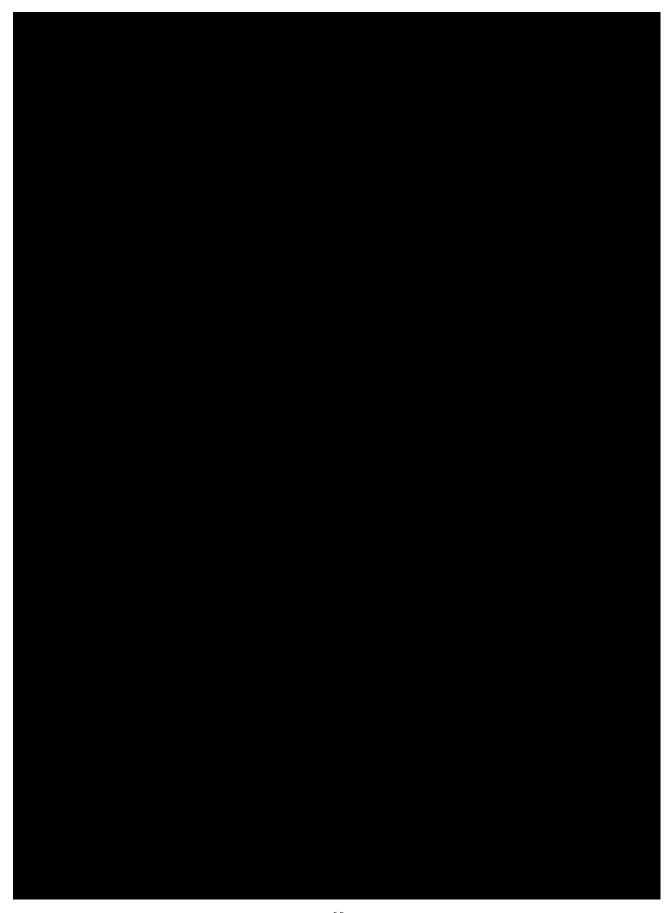


TRIDENT AT AIU SAMPLE

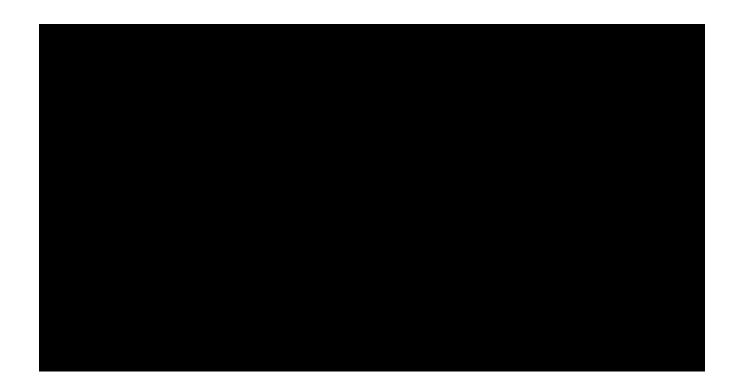
Trident's notice has essentially the same information as AIU and CTU, but its content has been modified slightly to be consistent with resources available to Trident students. Trident enrolls a large number of military students who often cannot receive email attachments through their military email addresses, so Trident provides required documents via a document link (within the email message) to ensure that students can access information.











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, PEC 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 PEC 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, PEC 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, PEC 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 PEC 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), PEC 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 PEC institution.

- 75. In connection with any communication with Students or Prospective Students concerning financial aid, PEC 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), PEC 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. PEC 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. PEC 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 PEC 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. PEC 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. PEC 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 PEC institution and for all credits from a PEC institution for which the Student may wish to receive credit from another school, provided however, that PEC 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 PEC 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;
 - 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. PEC 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 PEC employees.
- Interviewed current PEC Admissions Supervisors.
- Interviewed current PEC Financial Aid Supervisors.
- Interviewed PEC employees with student facing responsibilities.
- Interviewed PEC compliance personnel.
- Interviewed senior corporate management—including Legal.
- Toured PEC's campuses and corporate headquarters.
- Reviewed PEC programs and related requirements including disclosure of "factors affecting employment."
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC Financial Aid Advisors and Prospective Students.

- Listened to multiple call recordings between PEC 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, PEC catalog, PEC's websites, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, PEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, PEC employee certifications, and documents concerning quality assurance monitoring and reviews and other documents related to potential misrepresentations and prohibited conduct.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC is in substantial compliance with paragraphs 72-80. 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 PEC's compliance.

<u>Discussion</u>. PEC 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 PEC'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. PEC shall provide all Admissions Advisors and Student Financial Aid Advisors with the information reasonably necessary to inform Prospective Students about PEC and its Programs of Study, including but not limited to the Single-Page Disclosure Sheet, and if a representative of PEC 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 PEC 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

- Attended two separate three-week courses for new employees, one for Admissions Advisors and one for Financial Aid Advisors.
- Interviewed current and former PEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed current PEC Admissions Supervisors.
- Interviewed current PEC Financial Aid Supervisors.
- Interviewed other PEC employees with student facing responsibilities.
- Interviewed PEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured PEC's campuses and corporate headquarters.
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC 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, PEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to Admissions and Financial Aid Training.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC 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 PEC's compliance.

<u>Discussion</u>. PEC's training involves the following: Each of Trident, AIU, CTU and PEC 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 Trident's, 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 PEC and its Programs of Study. (See Overview of PEC'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, PEC 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, PEC 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 PEC 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 PEC 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 PEC 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 PEC 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 PEC has complied with the disclosure and acknowledgement requirements of paragraph 87.

Bases. The Administrator

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

- Listened to multiple call recordings between PEC 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, PEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to State Licensure or Authorization.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC 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 PEC's compliance.

Discussion. PEC 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 PEC'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 PEC's Programs of Study, including those of the recently acquired Trident, are in general fields (e.g., 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). PEC 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 (including Trident at 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.

Trident at AIU

Trident offers three education programs, a Master of Arts, a Doctor of Education, and a Doctor of Philosophy. Each is an advanced level program that does not lead to licensure, endorsement, or certification. This information is communicated to prospective students via the Enrollment Agreement and Disclosure ("EAD") document that is signed by the prospective student prior to enrollment. Given the differences between state regulatory requirements, the EAD advises students that they may not be able to continue in the program if they move to another state.

4.3(a) – Programs Offered through the College of Education — The College of Education does not offer certificate, licensure, or credentialing programs: Unident cannot guarantee that a graduate will be able to obtain state licensure or any other credential that may be required to secure employment in the field upon graduation or at any time in the future. Trident cannot grant or certify any student for a credential as a teacher or administrator. As the requirements for certification, licensure, or credentialing vary from state to state, students are urged to contact their state of residence for employment information on specific requirements/criteria.

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 postlicensure 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. PEC 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 PEC 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 PEC's Director of Clinical Education.
- Interviewed PEC's Nursing Coordinator.
- Interviewed current and former PEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed current PEC Admissions Supervisors.
- Interviewed current PEC Financial Aid Supervisors.
- Interviewed other PEC employees with student facing responsibilities.
- Interviewed PEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured PEC's campuses and corporate headquarters.
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between PEC 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, PEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to clinical placement.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC 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 PEC's compliance.

<u>Discussion</u>. PEC 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. 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. The College of Nursing also utilizes a Nursing Coordinator, who is a Master's prepared nurse, to work with students through the clinical placement process. The College of Nursing has secured and continues to obtain Affiliation Agreements based on course objectives, geographical location of students, and student preference.

through interviews with the Director of Clinical Education and the Nursing Coordinator and a
review of relevant documents).

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
- 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
- Collaborate with faculty and preceptor to attain course/practicum objectives
- Evaluate the experience







AVC ¶86 PROGRAMMATIC ACCREDITATION

86. PEC 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). PEC shall make reasonable efforts to assess employer requirements in states where they enroll Students.

Bases. The Administrator

- Interviewed the PEC's Director of Clinical Education.
- Interviewed PEC's Nursing Coordinator.
- Interviewed current and former PEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed current PEC Admissions Supervisors.
- Interviewed current PEC Financial Aid Supervisors.
- Interviewed other PEC employees with student facing responsibilities.
- Interviewed PEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured PEC's campuses and corporate headquarters.
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between PEC 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, PEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to State Licensure or Authorization or Programmatic Accreditation.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC 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 PEC's compliance.

Discussion. PEC 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 PEC's representation. Regarding PEC's obligation that it make "reasonable efforts to assess employer requirements in states where they enroll students," the Program Deans who oversee PEC'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 PEC 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. None of the programs offered by Trident hold programmatic accreditation at this time.

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	Agency
	Accr	
Business and	Yes	Accreditation Council for Business Schools and Programs (ACBSP)
Management		
Engineering and	Yes	Engineering Accreditation Commission of ABET
Computer Science		
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



BACHELOR OF BUSINESS ADMINISTRATION PROGRAM DISCLOSURE FORM

PRESERAMINIATIC ACCREDITATION

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, except for Technology Management program, at AIU is programmatically accredited by the Accreditation Council for Business Schools and Programs (ACBSP). The BBA with a specialization in Technology Management program is NOT programmatically accredited.

AIU—without programmatic accreditation



INTERCONTINENTAL BACHELOR OF FINE ARTS IN MEDIA PRODUCTION UNIVERSITY PROGRAM DISCLOSURE FORM

PROGRAMMATIC ACCREDITATION

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.

CTU—with programmatic accreditation

COLORADO TECHNICAL UNIVERSITY COLORADO SPRINGS, COLORADO BACHELOR OF SCIENCE IN COMPUTER ENGINEERING PROGRAM DISCLOSURE FORM

PROGRAMMATIC ACCREDITATION

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), www.abet.org.

CTU—without programmatic accreditation

COLORADO TECHNICAL UNIVERSITY BACHELOR OF SCIENCE IN CYBER SECURITY PROGRAM DISCLOSURE FORM

PROGRAMMATIC ACCREDITATION

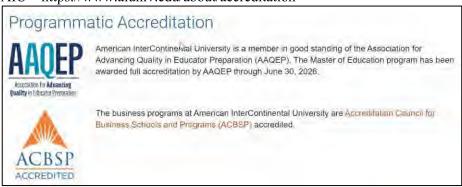
An additional form of accreditation that a school may undertake to obtain is a specific, individual accreditation of certain programs (programmatic accreditation). Institutional accreditation is not the same as or a substitution for programmatic accreditation. Although programmatic accreditation is not 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.

Trident at AIU – disclosure contained in the EAD (highlight added for reference)

4.1 Accreditation - Accreditation is a voluntary process, which may be undertaken by schools to demonstrate compliance with specific standards designed to indicate a level of educational quality. Trident is part of American InterContinental University, an institution that is institutionally accredited by the Higher Learning Commission (HLC), a regional accrediting agency recognized by the United States Department of Education. Additional information is available at www.information.org or (512) 263-0456. The recognition of institutional accreditation by HLC indicates that the University substantially meets or exceeds the stated criteria of education quality established by HLC and entitles the University to offer Title IV Financial Assistance to those who qualify. Current information about this accreditation status is available of the University website of https://www.tridem.edu/why-tridem/accreditation. At this tune, the programs offered by Trident are not programmatically accredited.

Programmatic accreditation information is also provided on the institutional website.

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



CTU—https://www.coloradotech.edu/about/accreditations



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, https://www.abel.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.

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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.coneaccreditation.org).

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

The Doctor of Nursing Practice degree program at Colorado Technical University is accredited by the Commission on Collegiate Nursing Education (http://www.coneaccreditation.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 PEC 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 PEC 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 PEC 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 PEC 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 PEC employees.
- Interviewed PEC employees with student facing responsibilities.
- Interviewed PEC compliance personnel.
- Interviewed senior corporate management—including Legal.
- Toured PEC's campuses and corporate headquarters.
- Reviewed PEC programs and related requirements including disclosure of "factors affecting employment."
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between PEC 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, PEC catalog, PEC's websites, hard copy and online training materials, scripts used by Admissions Advisors and Student Financial Aid Advisors, PEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, PEC 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 PEC is in substantial compliance with paragraph 87. PEC includes the required "information" in several of its materials (e.g., Enrollment Agreement, Student Disclosure Form, Programmatic Student Disclosure Form and Catalog), and previously made updates at our request to ensure its disclosure meets the AVC's definition of "clear and conspicuous." Because this is an ongoing obligation, the Administrator will continue to monitor PEC's compliance. Included in this ongoing review is determining whether PEC's disclosure of the potential effect on employment of a criminal record meets the definition of "Clearly and Conspicuously" found in the AVC.

<u>Discussion</u>. 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. Trident utilizes the Enrollment Agreement and Disclosure document and the Academic Catalog.

- 1. Enrollment Agreement (signed by student—same language for AIU and CTU)
 - 7. Employment: AIU 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. Applicants with factors such as a prior criminal background or personal bankruptcy or 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. Graduates of some programs may require additional education, licensure, drug testing and/or certification for employment in some positions.
 - 7. Employment: 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 CTU. Graduates of some programs may require additional education, licensure, drug testing and/or certification for employment in some positions.
- 2. <u>Enrollment Agreement and Disclosure (signed by student combines enrollment agreement</u> and student disclosure form language used by AIU and CTU)
- 4.4 Factors Affecting Employment Employers, industries, and jurisdictions (federal, state, local) are largely free to set their own requirements for employment and advancement, and these requirements are not controlled by Trident and may change at any time without notice to me or to Trident. Employers may favor applicants who have prior experience, and/or obtain voluntary certifications, continuing education and/or professional development in the field. Applicants with factors such as a prior criminal background or personal bankruptcy or failed drug test may not be considered for employment in some positions. I acknowledge that it is my responsibility to investigate any such requirements, before starting my program and throughout my education at Trident, and my responsibility to confirm that I will be able to pursue my goals upon graduating from the program.
- 3. Student Disclosure Form (signed by student—same language for AIU and CTU)
 - 9. 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.

4. Programmatic Student Disclosure Form (signed by student – AIU and CTU)

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) 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.

5. <u>Catalog</u>

AΙU

Career Services

The AIU Career Services Department provides students and alumni individualized career guidance and career research assistance. While AIU makes no guarantee relative to securing employment, career search assistance is available orice the students are active in their program as well as throughout the student life cycle and graduate career.

Agencies and institutions that accept our students for internship apportunities 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.

AIU does not guarantee employment or salary.

Records from a student's file are not shared with employers. Only employers requesting information regarding a student's completion or dates of attendance can receive verification from the University Registrar Department.

Trident at AIU

Student: Interested in any Professional Certificate program must note that many profession and a military is activity including medemeanor convictions may diminish or provide apportunities for employment in a chosen field. Further, any previous fellow convictions will most likely profibility employment in a chosen or related field. Students interested in the professional certificate program are urgest to candidative; ithemselves with the various requirements for certification and eligibility time is for an inflative; it is felled. For more information alease contact the birector of the longern

CTU

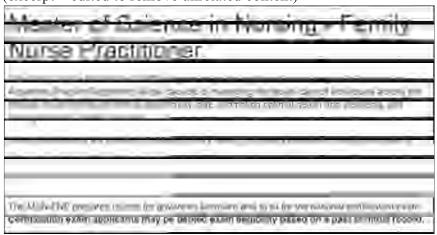
College of Criminal Justice

Specialized Admission and Graduation Requirements

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.

College of Nursing – MS in Nursing – Family Nurse Practitioner (excerpt – edited to remove unrelated content)



AVC ¶88 ARBITRATION

88. Arbitrations between PEC and any Student shall not be protected or treated as confidential proceedings, unless confidentiality is required by law or the Student requests confidentiality. PEC 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 PEC 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 PEC's properly designated trade secrets or proprietary information that appear in arbitration materials.

Bases. The Administrator

- Interviewed current and former PEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed current PEC Admissions Supervisors.
- Interviewed current PEC Financial Aid Supervisors.
- Interviewed other PEC employees with student facing responsibilities.
- Interviewed PEC compliance personnel.
- Interviewed senior corporate management—including Legal.
- Toured PEC's campuses and corporate headquarters.
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between PEC 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, PEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents relating to Arbitration.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC 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 PEC's compliance.

<u>Discussion</u>. PEC has represented to the Administrator that there have been no arbitration cases between PEC, AIU or CTU and any AIU or CTU student since this Agreement was signed on

January 2, 2019. There have been no arbitration cases involving Trident since PEC completed the acquisition of Trident's assets on March 2, 2020. The Administrator is not independently aware of any information that contradicts PEC's representation.

AVC ¶89 COMPLAINTS AND GRIEVANCE POLICY

89. PEC shall not adopt any policy or engage in any practice that delays or prevents Students with complaints or grievances against PEC 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, PEC shall be permitted to encourage Prospective Students and Students to file any complaint or grievance with PEC in the first instance, so long as PEC does not represent or imply that Students are required to file their complaints or grievances with PEC 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 PEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed current PEC Admissions Supervisors.
- Interviewed current PEC Financial Aid Supervisors.
- Interviewed other PEC employees with student facing responsibilities.
- Interviewed PEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured PEC's campuses and corporate headquarters.
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between PEC 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, PEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to PEC's grievance procedure.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC 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 PEC's compliance.

<u>Discussion</u>. AIU (including Trident) 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. PEC Recruiting Practices (¶¶90-99)

AVC ¶¶92-94 CALL AND CHAT RECORDING AND MONITORING PROGRAM

- 92. PEC 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 PEC 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 PEC 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, PEC 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. PEC 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, PEC 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 PEC 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 PEC 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 PEC's Director of Clinical Education.
- Interviewed PEC's Nursing Coordinator.
- Interviewed current and former PEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed current PEC Admissions Supervisors.
- Interviewed current PEC Financial Aid Supervisors.
- Interviewed other PEC employees with student facing responsibilities.
- Interviewed PEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured PEC's campuses and corporate headquarters.
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between PEC 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, PEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to PEC's Call and Chat Recording and Monitoring Program.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC 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 PEC's compliance.

Discussion. PEC 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. PEC 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. PEC 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 PEC's call and chat recording systems and related monitoring.

Phone Call Recordings	

PEC is in the middle of transitioning from a legacy phone system provided by IPEC's Inquiry Response IPEC's Inquiry Response Center staff have transitioned and are using the IPEC's Inquiry Response In phases to using the IPEC's Inquiry Response I
Calls made using the phones are recorded using technology provided by and are accessible through an interface provided by for a period of at least 90 days. PEC currently uploads older calls from the system into separate cloud storage that PEC manages. PEC 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 expected to remain on the legacy platform with recording through the platform for the near future. The timing for complete transition to has been placed on hold as the campuses transitioned to working remotely during the COVID pandemic.

Online Chat Recordings

PEC similarly employs a Compliance Monitoring Program that regularly reviews online chat exchanges. PEC 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. PEC has worked with 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 pre-approved responses, a transition is made to a live chat advisor.

AVC ¶95 RECORDED LINE DISCLOSURE

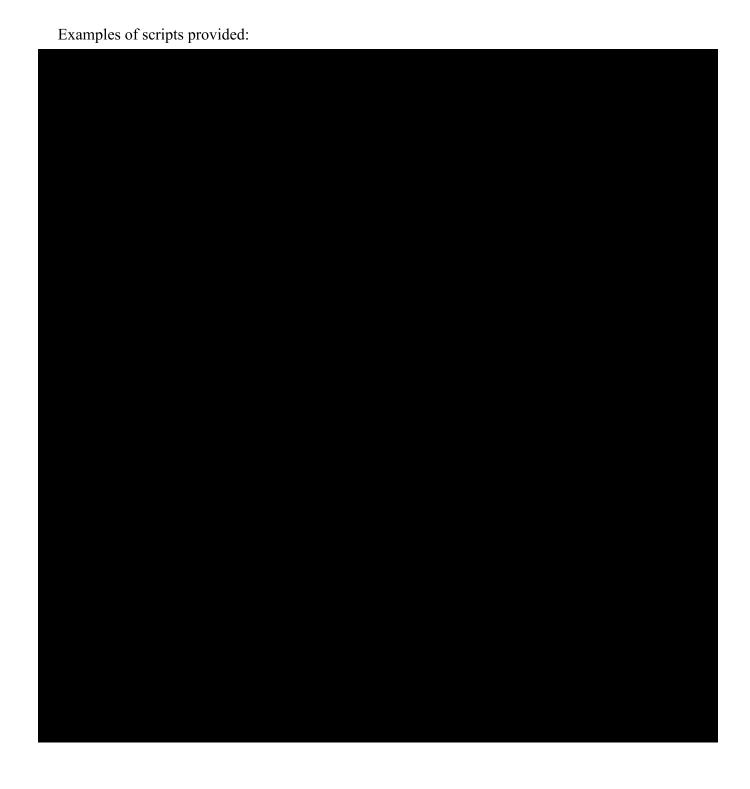
95. PEC shall inform a Prospective Student at the outset of any telephone call after the initial greeting that the call may be recorded. PEC shall be permitted to make this disclosure in pre-recorded form.

Bases. The Administrator

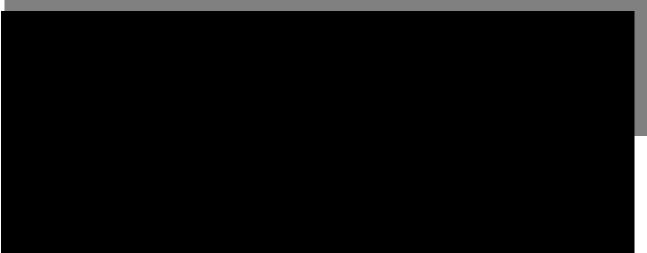
- Interviewed current and former PEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed current PEC Admissions Supervisors.
- Interviewed current PEC Financial Aid Supervisors.
- Interviewed other PEC employees with student facing responsibilities.
- Interviewed PEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured PEC's campuses and corporate headquarters.
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between PEC 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, PEC's websites, complaint and complaint resolution materials, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to the Recorded Line Disclosure.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC 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 PEC's compliance.

<u>Discussion</u>. PEC 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.



Inquiry Response Center (IRC):



AVC ¶¶96-97 TELEMARKETING COMPLIANCE

96. PEC shall not initiate unsolicited telephone calls to a Prospective Student's telephone number that appears on any current Do Not Call Registry. PEC shall keep an accurate record of and comply with any request to not receive further telephone calls. PEC shall not initiate any outbound telephone calls to a person who has previously stated to PEC that he or she does not wish to receive telephone calls from PEC, or who has expressed a desire not to be contacted anymore by PEC, or who has requested that they be placed on PEC'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 PEC.

97. PEC 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 PEC institution.

Bases. The Administrator

- Interviewed the PEC's Director of Clinical Education.
- Interviewed PEC's Nursing Coordinator.
- Interviewed current and former PEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed current PEC Admissions Supervisors.
- Interviewed current PEC Financial Aid Supervisors.
- Interviewed other PEC employees with student facing responsibilities.
- Interviewed PEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured PEC's campuses and corporate headquarters.
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between PEC 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, PEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to Telemarketing Law Compliance and Do Not Call procedures.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC is in substantial compliance with paragraphs 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 PEC's compliance.

<u>Discussion</u>. 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 PEC's compliance. For example, as part of their training PEC'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 PEC employees received training on the proper process relating to Telemarketing Compliance. PEC 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 , 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. PEC engaged t 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, donot-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, PEC contracts with the parent company of , to manage its state and federal annual telemarketing registration filings and do-not-call list purchases. maintains current state and federal do-not-call lists updated regularly for its national client base and PEC maintains a direct to access these lists to ensure it has the most current lists. PEC also consults on compliance matters with the attorneys at that specialize in telemarketing law.

In conjunction with its consultants and attorney advisors, PEC 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 PEC'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, PEC also accesses certain lists prior to making phone calls. PEC contracts with 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. PEC also maintains a Restricted List that it builds from a list acquired from 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, PEC 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. obtains records from third-party websites and is used to collect information on PEC 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 PEC's Rules of the Road policy for its IRC and admissions staff.

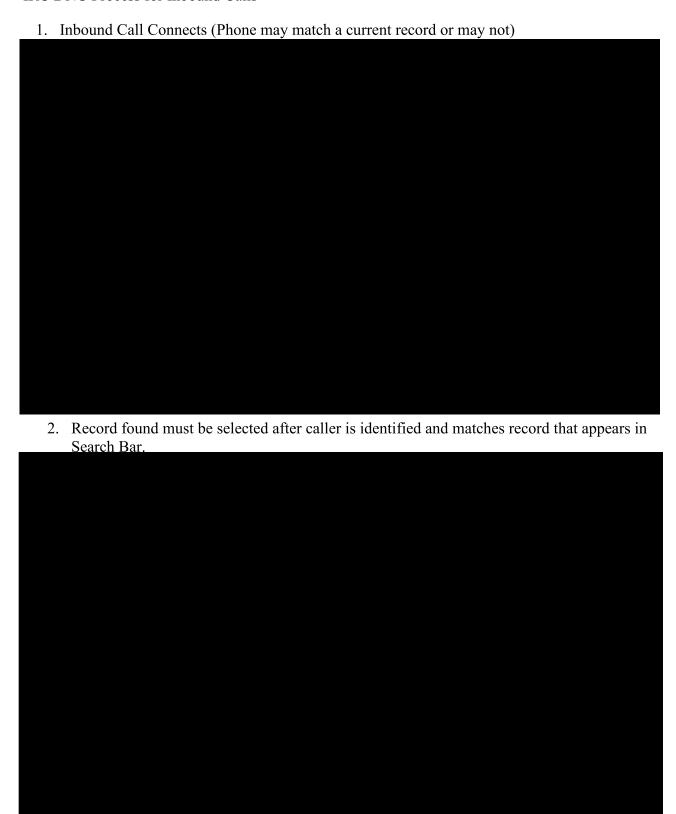
For IRC, the following are screen shots of systems used by staff to handle Do Not Call ("DNC") compliance:

IRC DNC Process for Outbound Calling

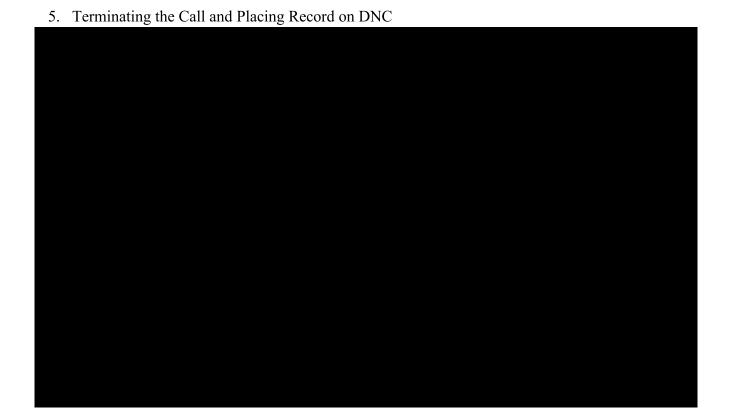
1. Call Connects



2. DNC Confirmation is Stated 3. Terminating the Call and Placing Record on DNC



<i>J</i> .	followed
4.	DNC Confirmation is Stated



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:

1. Any inquiry that is assigned to the admissions advisor can have the "trash can" selected to place a number or multiple numbers on AIII or CTII's brand DNC list

to place a number or multiple numbers on AIU or CTU's brand DNC list.

select to add to a phone number to the AIU brand DNC list. This is used for example if someone calls in to make a DNC request and any admissions advisor receives the call.

2. All admissions advisors can search for inquiries that are not assigned to them and still

AVC ¶¶98-99 PROSPECTIVE STUDENTS INVOLVING OTHERS IN ENROLLMENT PROCESS

98. PEC 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. PEC 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 PEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed current PEC Admissions Supervisors.
- Interviewed current PEC Financial Aid Supervisors.
- Interviewed other PEC employees with student facing responsibilities.
- Interviewed PEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured PEC's campuses and corporate headquarters.
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between PEC 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, PEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to PEC's student interactions concerning the enrollment process.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC 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 PEC's compliance.

<u>Discussion</u>. Review of training materials, call recordings (including of mystery shoppers) confirms PEC's compliance. For example, PEC 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.

American InterContinental University	
Colorado Technical University	

5. Required Orientation and Refund Provisions (¶¶100-103)

AVC ¶100 COLLEGE READINESS

100. PEC 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 inperson 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, PEC 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 PEC elects to offer a college readiness course, PEC 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 PEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed current PEC Admissions Supervisors.
- Interviewed current PEC Financial Aid Supervisors.
- Interviewed other PEC employees with student facing responsibilities.
- Interviewed PEC compliance personnel.
- Interviewed senior corporate management—including Legal.
- Toured PEC's campuses and corporate headquarters.
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between PEC 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, PEC's websites, PEC's catalog, PEC refund policies, sample Student Refund emails, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to a College Readiness orientation or course.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC 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 PEC's compliance.

<u>Discussion</u>. PEC 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.

Trident at American InterContinental University

Trident offers two college readiness courses that apply to undergraduate students who have completed less than 24 credits at the post-secondary education level. TUX 101 is a required course for students transferring with fewer than 24 semester hours; TUX 105 is only available for associate degree students. Listed below are the catalog descriptions for these Trident courses.

TUX 101 Trident University Experience – 4 semester credit hours

The purpose of this course is to assist busy adult students who have limited experience in higher education by providing them with the tools necessary to be successful in achieving their bachelor's degree in an online educational environment. Various subject areas will be covered to help students understand the benefits of a higher education, the learning process, goal setting, study and research techniques, financial decision-making, along with fundamentals of writing an academic paper. How the bachelor's degree fits in with their career expectations and life goals will also be discussed.

TUX 105 Introduction to Online Education and Learning Technology – 4 semester credit hours. The purpose of this course is to assist students who have limited experience in higher education by providing them with the tools necessary to be successful in achieving their associate degree in

an online educational environment. Students will explore their learning style and gain an understanding of the importance of general education. Educational goal setting, academic integrity, writing, study techniques, financial decision-making, and using educational technology and library research skills will also be covered.

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), course guide (Trident), 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.

AIU and CTU

AIU and			
Topic	Topics from	AIU	CTU
#	AVC ¶100	Course: UNIV 103	Course: UNIV 104
1	Study Skills	Unit 1 Note taking, study skills, thinking modes, learning styles, types of intelligences Unit 3	Unit 2 Study habits, success strategies Unit 3 Learning styles
2	Organization	Taking action to maximize potential Unit 1 Note taking, study skills, academic expectations Unit 2 Prioritization, goal setting, overcoming obstacles, procrastination, time management planning and tools, stress management	Unit 1 Resources and productivity tools, success strategies Unit 2 Time management, motivational strategies, strategies to overcome challenges Unit 3 Strategies to overcome challenges
3	Literacy	Units 1-5 This area is integrated through the student's class assignments, not as a standalone topic.	Unit 4 Written communication Units 1-3,5 This area is also integrated through the student's class assignments, not as a standalone topic
4	Financial Skills	Unit 4 Money management, banking, credit, taxes, budgeting, spending and saving, home, transportation and education costs, long-term financial goals	Unit 5 Money management, credit, taxes, budgeting, spending and saving, education costs, long-term financial goals
5	Computer Competency	Units 1-5 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)	Unit 4 MS Word, PowerPoint and file management Units 1-5 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)

Trident at AIU

Trident at A		1	
Topic #	Topics from	Trident	Trident
	AVC #100	Course: TUX 101	Course: TUX 105
1	Study Skills	Module 1 Success strategies, academic integrity; research skills	Module 1 Success strategies, academic integrity; research skills
		Module 2 High-level thinking, learning theories and styles, holistic self-development	Module 2 Higher-level thinking, learning theories and styles, holistic self- development
2	Organization	Module 1 Academic expectations, success strategies	Module 1 Academic expectations, success strategies
		Module 2 Educational planning and academic decision making, goal setting, overcoming obstacles, higher level thinking and critical thinking skills	Module 3 Educational planning and academic decision making, goal setting, overcoming obstacles, data analysis, and critical thinking skills
		Module 3 Time management, strategies to overcome challenges	Module 4 Time management, strategies to overcome challenges
		Module 4 Career planning, goal setting	Module 4 Career planning, goal setting
3	Literacy	Module 1-4 This area is integrated through the student's class assignments, not as a standalone topic.	Module 1-4 This area is integrated through the student's class assignments, not as a standalone topic.
4	Financial Skills	Module 3 Money management, banking, credit, taxes, budgeting, spending and saving, educational cost, long-term financial goals	Module 3 Money management, banking, credit, taxes, budgeting, spending and saving, educational cost, long-term financial goals
5	Diversity	Module 3 Defining diversity and terminology, stereotyping, enhancing education through diverse mindsets	Module 4 Defining diversity and terminology, stereotyping, enhancing education through diverse mindsets
6	Computer Competency	Module 1-4 MS Word Module 1-4 This area is integrated through the student's class assignments which require them to use University-specific technologies (e.g., virtual classroom tools, D2L/TLC, discussion board, electronic textbook, Quizlets and online quizzes)	Module 1-4 MS Word Module 2 Word Processing, Module 3 MS Excel Module 1-4 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, D2L/TLC, discussion board, electronic textbook, Quizlets and online quizzes)

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 are the same, but the program is delivered in a shorter timeframe since it is an orientation rather than a course.

Scheduling

AIU and CTU

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.

Trident at AIU

All incoming students are scheduled to take a college readiness course. Students who transfer in fewer than 24 semester hours complete TUX 101 and those enrolled in an associate degree program complete TUX 105.

Clear and Conspicuous Refund Disclosure

As part of its compliance with paragraph 100, AIU, Trident, 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. The applicable 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 PEC 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 PEC institution in which the Student enrolled. If a Student's credits are from a university that predominantly offers online programs, PEC 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 PEC 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 PEC institution in which the Student enrolled. PEC 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. PEC 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 PEC's Director of Clinical Education.
- Interviewed PEC's Nursing Coordinator.
- Interviewed current and former PEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed current PEC Admissions Supervisors.
- Interviewed current PEC Financial Aid Supervisors.
- Interviewed other PEC employees with student facing responsibilities.
- Interviewed PEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured PEC's campuses and corporate headquarters.
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between PEC 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, PEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to Refunds.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC 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 PEC's compliance.

Discussion. PEC 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; Trident has an "add/drop" period but manages its refund policy differently. Pursuant to Section 101 of the AVC, AIU, Trident, and CTU have 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 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

@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.

Trident's policy states:

New Online Undergraduate Student - A new undergraduate Student, defined as one entering Trident 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 Trident at any time during the first 21 days of the first quarter without incurring any tuition or fees by withdrawing from Trident 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 Trident to trident.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 (Coloradotech.edu or Denver (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, Trident, and CTU rely on student responses during the application process to a question about their educational history:

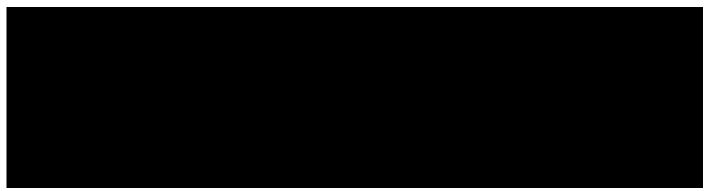
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As students proceed through the application process, the response to this question is stored in the master student database and used to determine eligibility for and the timing of different refund policy reminder communications. Additionally, financial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

AIU and CTU Student Database Systems



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



Trident Student Database System

If a student is eligible, a "21 day" eligibility flag included in the student's database record. Eligibility info is displayed in all Student Summary pages under the Financial section.



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, PEC 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 PEC 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, PEC 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 PEC 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 PEC obtains the prior approval of the Administrator or, if the Administrator's term has expired, the Executive Committee. PEC shall comply with all state and federal record- keeping requirements for documenting Student attendance and determining dates of withdrawal.

103. PEC 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 PEC's Director of Clinical Education.
- Interviewed PEC's Nursing Coordinator.
- Interviewed current and former PEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed current PEC Admissions Supervisors.
- Interviewed current PEC Financial Aid Supervisors.
- Interviewed other PEC employees with student facing responsibilities.
- Interviewed PEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured PEC's campuses and corporate headquarters.
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
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- Listened to multiple call recordings between PEC 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, PEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to Refunds.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC 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 PEC's compliance.

Discussion. AIU, Trident, 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 PEC "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 PEC "comply with applicable state and federal laws specifying the amounts owed by or to be refunded to Students....", PEC 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 PEC's representations. PEC'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. PEC's centralized student databases maintain all records of student attendance.

Below are the refund policies of AIU, Trident, 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

@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.

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

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

Institutional Refund Policy—Trident at AIU

Trident will refund tuition to the student or payer (where applicable) according to the following refund policies based on session length. If using Title X Tuition Assistance (TA), the Return of Military Tuition Assistance policy shall apply. Refunds will be provided to students within 45 days after all applicable charges, such as Title IV returns, have been calculated.

New Online Undergraduate Student

12-Week Session Refund Schedule

Drop/Withdrawal Request Date	Prorated Tuition Charge	Tuition Refund (if applicable)
Before start of the session	0%	100%
Day 1-4	25%	75%
Day 5-8	50%	50%
Day 9-12	75%	25%
After Day 12	100%	0%

8-Week Session Refund Schedule

Drop/Withdrawal Request Date	Prorated Tuition Charge	Tuition Refund (if applicable)
Before start of the session	0%	100%
Day 1-3	25%	75%
Day 4-5	50%	50%
Day 6-8	75%	25%
After Day 8	100%	0%

4-Week Session Refund Schedule

If the student withdraws from the program after the period allowed for cancellation of the Enrollment Agreement and Disclosure, Trident will calculate whether a refund of tuition and fees is due for the payment period up to sixty (60) percent. If student withdraws after sixty (60) percent, it is deemed that the student has earned one hundred (100) percent of the payment period. The refund amount will be the difference between earned charges and unearned charges for the payment period. Earned charges are calculated by dividing the number of calendar days completed by the total number of calendar days in the payment period.

Return of Aid Based on Withdrawal

Students receiving financial aid under Title IV of the Higher Education Act, or benefits under any Veterans Affairs Programs, or Federal Tuition Assistance (TA) under Title X will be notified of any applicable return of financial aid or tuition assistance funds required as a result of any withdrawal. If the return of funds creates a balance due on the student's account, the student will be solely responsible for the account balance and will be required to remit payment to Trident.

Return of Title IV Funds Policy

Trident follows the federal Return of Title IV Funds Policy to determine the amount of Title IV aid the Student has received and the amount, if any, which needs to be returned at the time of withdrawal. Under current federal regulations, the amount of aid earned is calculated on a pro rata basis through 60% of the term. After the 60% point in the term, a Student has earned 100% of the Title IV funds. Trident may adjust the Student's account based on any repayments of Title IV funds that Trident was required to make. For details regarding this policy, please see the Trident catalog.

Return of Veterans Affairs Benefits

Students using Veterans Affairs (VA) benefits, who withdraw, will be responsible for all applicable tuition and fees. Trident is required to submit notification to the Department of Veteran Affairs for any course withdrawals. The course withdrawal will likely result in recoupment of VA funding for the enrollment period. If the withdrawal is due to mitigating circumstances, the Department of Veterans Affairs may request additional documentation from the student to verify the reason for the withdrawal. The VA will make the final determination regarding recoupment of tuition, or applicable housing allowance or living expense stipends.

Return of Military Tuition Assistance

To comply with the Department of Defense Memorandum of Understanding, students utilizing Tuition Assistance (TA) who officially withdraw may be subject to return of unearned TA on a proportional basis as set forth in the schedule below. The unearned TA will be returned to the specific Service. Students shall remain subject to all applicable institutional policies including Trident's Refund Policy and Return of Title IV Funds policy.

Subject to other applicable policies or regulations, failure to participate does not constitute a drop or withdrawal from the course or Trident. Students will receive a notice informing them of any applicable returns, resulting account balance and payment process. Unearned TA is subject to a return up to the 60% point of the session; thereafter, tuition is deemed 100% earned and not be subject to return or refund.

Trident will work with the student to identify solutions that will not result in a student debt for the returned portion.

12 Week Session Return of Military Tuition Assistance

Session Percentage	Percent of Tuition Assistance Refund	Week / Days
0-9%	100%	Week 1 / Day 8
10-25%	75%	Week 2-3 / Day 9-21
26-60%	25%	Week 4-7 / Day 22-51
61-100%	0%	Week 8-12 / Day 52+

Example 1: When a student withdraws during week 4 of a 12-week session, 25% of the total tuition will be returned to the military.

Example 2: A student who withdraws, during week 8 of a 12-week session will be deemed to have earned 100% of the tuition for the session. Once 100% of tuition is deemed earned it is not subject to refund or return.

8 Week Session Return of Military Tuition Assistance

Session Percentage	Percent of Tuition Assistance Refund	Week / Days
0-9%	100%	Week 1 / Day 7
10-25%	75%	Week 2 / Day 8-14
26-60%	25%	Week 3-5 / Day 15-35
61-100%	0%	Week 6-8 / Day 36+

Example 1: When a student withdraws during week 4 of an 8-week session, 25% of the total tuition will be returned to the military.

Example 2: A student who withdraws, during week 6 of an 8-week session will be deemed to have earned 100% of the tuition for the session. Once 100% of tuition is deemed earned it is not subject to refund or return.

4 Week Session Return of Military Tuition Assistance

Session Percentage	Percent of Tuition Assistance Refund	Days
0-9%	100%	Day 1-3*
10-25%	75%	Day 4-7
26-60%	25%	Day 8-17
61-100%	0%	Day 18+

^{*100%} of Tuition Assistance (TA) received will be returned if the student withdraws within days 1-3, but before submission of the first assignment.

Example 1: When a student withdraws during days 8-17 of a 4-week session, 25% of the total tuition will be returned to the military.

Example 2: A student who withdraws during day 18 and above of a 4-week session will be deemed to have earned 100% of the tuition for the session. Once 100% of tuition is deemed earned it is not subject to refund or return.

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 (5½-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 @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 5½-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 5½-week course(s) are taken, the percentages of completion will be applied to the 5½-week course.

In the event the student does not post attendance in courses scheduled in the second 5½-week session, students are eligible for 100% refund of tuition and fees associated to that 5½-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:

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Week 1 (may 1 = 7)!

Week 1 (may 1 = 7);

Veek 2 (may 1 = 22)

Week 3 (may 1 = 22)

Week 4 (may 1 = 22)

Week 5 (may 3 = 32)

Week 5 (may 3 = 32)

Week 6 (M)

*This applica to a may shalool mold to conceil in the first week of their program ordered attendance only.
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5½-week courses (First Session of Quarter)

Students who withdraw from CTU while taking only $5\frac{1}{2}$ -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:

	First Session	Second Session
Week 1 (day 1 - 7)	IMPS of first session	100% of second session
Week 1 way 1 - 77	rosesse rent to A/08	100% of second session
Week E (day 8 - 14)	60% of first session	100% of second session
Week 3 (day 15 - 22)	40% of (irst session)	100% of second session
Week a play 23 - 298	IPW of first session	100% of Second session
(visely 5 ratey 2/0 - 3/8)	0% at first session	(00% of second session
Week 6	0% of first session	0% of second session
This applies to a new soulcouling	old to concel in the first week of their pro-	ogram counter of uttendence col-

Students attending both 11-week and $5\frac{1}{2}$ -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.

5½-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. PEC 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) PEC'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 PEC, 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 PEC 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 PEC 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 PEC 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 PEC 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 PEC institution; otherwise, the Prospective Student cannot be transferred to a PEC institution. In all events, prior to transferring any Prospective Student to a representative of any PEC 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 PEC 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 PEC is otherwise required herein.

Bases. The Administrator

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

- Toured PEC's campuses and corporate headquarters.
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between PEC 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, PEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to Third Party Vendors.

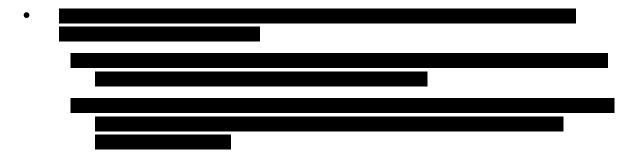
<u>Interim Compliance Determination</u>. The Administrator believes that PEC is in substantial compliance with paragraph 104. The Administrator is not aware of substantial patterns or practices of non-compliance. Because this is an ongoing obligation, the Administrator will continue to monitor PEC's compliance.

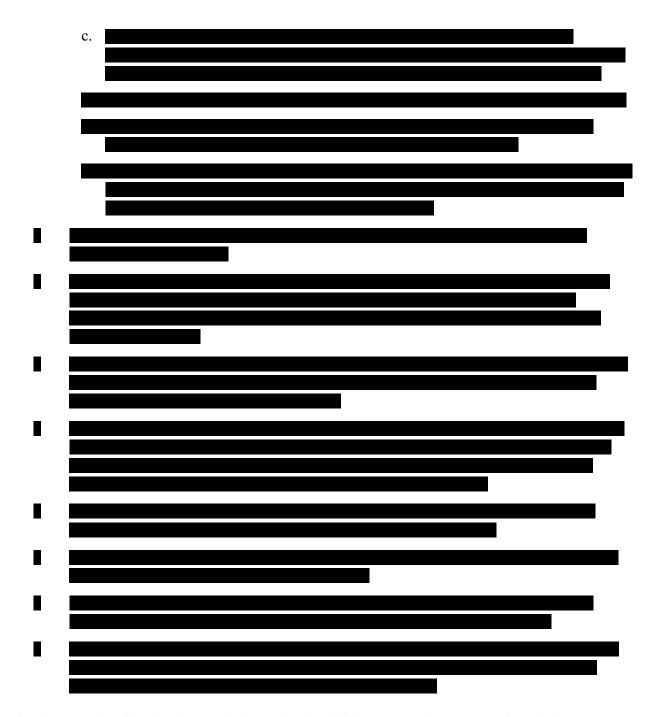
<u>Discussion</u>. Each of the requirements, prohibitions and provisions required by paragraph 104 are in PEC's contracts with its Third-Party Lead Vendors with the exception that the contracts require each call be preceded by the statement that "this call may be recorded" but does not state the purpose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

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

Guidelines

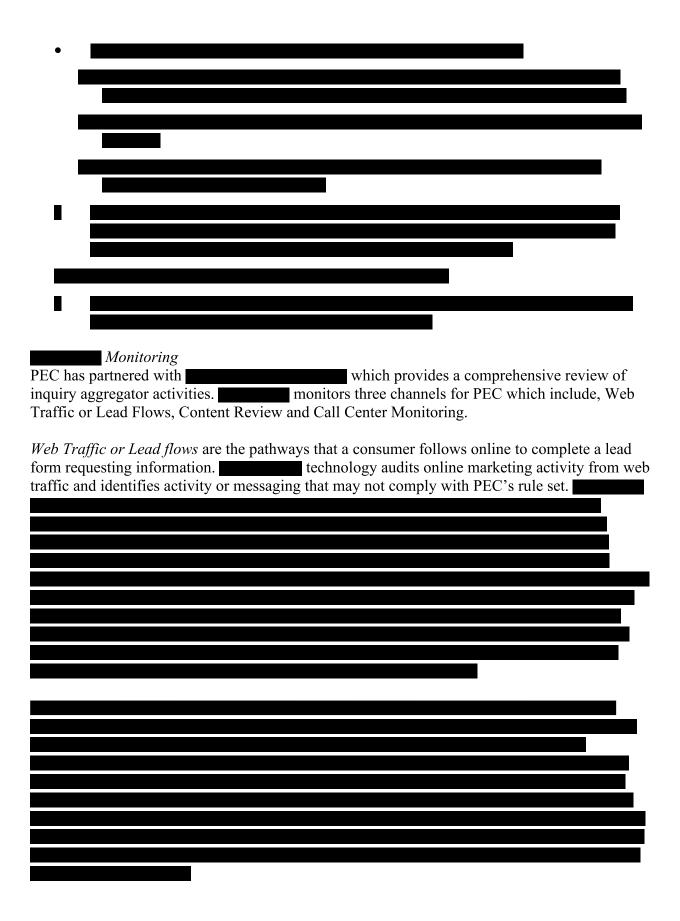
In March 2019, PEC updated the guidelines. PEC required every inquiry aggregator to acknowledge receipt of the updated Inquiry Aggregator Guidelines. Some of the updates included the following:





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

PEC 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:



Contact Center Monitoring A third type of monitoring that is conducting for PEC is Contact Center Monitoring.
Inquiry Specific Review In addition to the partnership with PEC has additional measures to ensure lead aggregator activity is compliant. PEC 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. PEC uses (formerly) to capture EWC/TCPA compliance. Finally, PEC provides aggregators with approved language related to PEC's programs and accreditation that has been reviewed by Compliance.
As part of the resolution with the FTC, PEC 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 PEC schools or their programs but could at some point after intervening steps result in a request from a prospective student for information from a PEC school.
Working with PEC developed a means of reviewing the content viewed by prospective students before PEC acquires a prospective student inquiry from the advertising party. The recently developed process requires third parties that provide PEC with prospective student inquiries to provide PEC sufficient information to determine the sources and path a prospective student followed prior to and while making a request for information about a PEC owned school
This is an enhancement to PEC's historical process of review. Historically, PEC has not had visibility prior to receiving prospective student information into all 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 PEC schools and their programs).

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 PEC schools receiving the inquiry or contacting the prospective student.

AVC ¶105 INDUSTRY CODE OF CONDUCT

105. In addition, PEC 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. PEC 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. PEC 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 PEC) 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 PEC's Director of Clinical Education.
- Interviewed PEC's Nursing Coordinator.
- Interviewed current and former PEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed current PEC Admissions Supervisors.
- Interviewed current PEC Financial Aid Supervisors.
- Interviewed other PEC employees with student facing responsibilities.
- Interviewed PEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured PEC's campuses and corporate headquarters.
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC Financial Advisors and Prospective Students.
- Listened to multiple call recordings between PEC 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, PEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to Third Party Vendors.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC 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 PEC's compliance.

<u>Discussion</u>. The Administrator understands that PEC and the Attorneys General have discussed the goal of codifying a code of conduct with post-secondary educational institutions but have concluded that at this time the goal of codifying a code of conduct with post-secondary institutions is not achievable. PEC's advertising guidelines set forth in Exhibit B of its Inquiry Purchase Agreements have been reinforced 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 $\P\P106-107$ THIRD-PARTY LEAD VENDOR COMPLIANCE PROGRAM

106. If PEC 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 PEC, 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 PEC's Lead Aggregator Guidelines that would give rise to a violation of paragraphs 104(a)(ii) through 104(a)(iv) ("a Violation"), PEC 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 co1Tective 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 adve1iisement, PEC 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 PEC) or by demanding corrective action against the sub-vendor as follows:

- a. <u>First Violation within any rolling 12-month period</u>: PEC shall notify the Third- Party Lead Vendor of the Violation and the steps it must take to c01Tect 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 PEC'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. <u>Second Repeated Violation within any rolling 12-month period:</u> PEC 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 PEC'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. <u>Third Repeated Violation within any rolling 12-month period</u>: PEC 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 PEC'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 PEC'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 PEC'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 PEC'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, PEC 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 PEC's account a period of at least ninety (90) days; provided, however, that the requirements of this subparagraph shall not apply if the PEC and/or the Third-Party Lead Vendor document to the reasonable satisfaction of the Administrator that the three Termination Violations

Bases. The Administrator

- Interviewed the PEC's Director of Clinical Education.
- Interviewed PEC's Nursing Coordinator.
- Interviewed current and former PEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed current PEC Admissions Supervisors.
- Interviewed current PEC Financial Aid Supervisors.
- Interviewed other PEC employees with student facing responsibilities.
- Interviewed PEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured PEC's campuses and corporate headquarters.
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between PEC 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, PEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to Third Party Vendors.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC 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 PEC's compliance.

<u>Discussion</u>. PEC has incorporated the information contained in paragraphs 106-107 into its contracts with Third-Party Lead Vendors. PEC 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 PEC's Lead Aggregator Guidelines that would give rise to a violation of paragraphs 104(a)(ii)-104(a)(iv). The Administrator is not independently aware of any information that contradicts PEC'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, PEC 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. PEC 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 PEC's Director of Clinical Education.
- Interviewed PEC's Nursing Coordinator.
- Interviewed current and former PEC Admissions Advisors.
- Interviewed current and former Student Financial Aid Advisors.
- Interviewed current PEC Admissions Supervisors.
- Interviewed current PEC Financial Aid Supervisors.
- Interviewed other PEC employees with student facing responsibilities.
- Interviewed PEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Toured PEC's campuses and corporate headquarters.
- Listened to multiple call recordings between PEC Admissions Advisors and Prospective Students.
- Listened to multiple call recordings between PEC Financial Aid Advisors and Prospective Students.
- Listened to multiple call recordings between PEC 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, PEC's websites, Single Page Disclosure and Programmatic Disclosure Forms, complaint and complaint resolution materials, PEC employee certifications, documents concerning quality assurance monitoring and reviews and other documents related to Third Party Vendors.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC 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 PEC's compliance.

<u>Discussion</u>. No written notice has been provided to PEC 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. PEC 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, PEC 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 PEC compliance personnel—including Legal.
- Interviewed senior corporate management.
- Reviewed relevant Department of Education regulations and statements.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC 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 PEC's compliance.

<u>Discussion</u>. 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 cosigners 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 PEC senior management and compliance personnel—including legal—with respect to the specific process and protocols.

<u>Interim Compliance Determination</u>. The Administrator believes that PEC 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 PEC's compliance.

<u>Discussion</u>. 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 PEC'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, PEC, as well as its third-party vendors have stopped accepting payments on balances from Qualifying Former Students; however, there are certain payment methods where PEC was 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 PEC's standard credit balance clearing processes.

Credit reporting on overdue accounts has only been pursued by PEC's third-party collection agencies. On February 14, 2019, PEC 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.

PEC has established a phone number and an email address for former students to contact PEC with questions. To date, PEC 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, PEC's print vendor, mailed out an initial 172,241 letters to Qualifying Former Students. PEC 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. PEC used the last known address Career Education Corporation had on file for each former student in its student management database.

V. FUTURE WORK

PEC has made substantial progress in implementing necessary structural changes to its operations and culture to fulfill its obligations under the AVC. But PEC's implementation of necessary changes is still a work in progress and will need to stand the test of time. Many of the AVC's key provisions and PEC's related obligations are in their early stages and efforts to collect the information required to assess PEC's compliance is ongoing.

In assessing PEC's compliance with the AVC over the past twelve months, the Administrator has identified certain concerns that it will be critical for PEC to address in the future. Below we preview what we anticipate will be focus areas of the Administrator in the next year. Within 60 days of issuing 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 PEC to develop an EFIP that meets the AVC's personalized disclosure requirements for Prospective Students. A primary purpose of the EFIP is to help ensure newly enrolling students understand the financial consequences—both during and after their enrollment—of enrolling in PEC. The EFIP has been developed and implemented in consultation with the Administrator and the Multistate Executive Committee. Among the changes PEC has made to the tool since its first demonstration to the States are the addition of a student feedback feature, to collect input on the tool; the 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 the addition of a disclosure on the IAR tool regarding the average amount owed by all students (graduates and non-completers) to PEC upon leaving school.

Since the Administrator's First Annual Report was completed, PEC has added a Program Completion Rate; earnings data for AIU and CTU graduates, with the understanding that PEC will provide a link to the college scorecard when programmatic earnings data are unavailable; and disclosures about what the earnings and Program Completion Rate data are and their source. The Administrator will continue to carefully review and assess the purpose and effect of the EFIP including assessing whether the EFIP fulfills PEC's specific obligations under the AVC.

B. Training.

PEC has made significant progress in implementing a structure that ensures continuous 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 continue to carefully review and assess PEC's various training programs

by, among other things, reviewing training materials, attending training sessions, interviewing PEC personnel involved in training and reviewing relevant data.

C. Third-Party Vendors.

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

D. Integration of Trident University International.

Trident is now formally part of AIU. Integration is in its early stages. The Administrator will continue to carefully review implementation of the integration plan and assess whether the AVC's specific obligations are being met.

E. Complaints.

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

F. COVID-related matters.

The COVID pandemic has affected PEC in a number of ways including the non- or limited availability of ground schooling for students and office access for PEC employees. The lack of office access together with the transition to entirely online communications with students may present certain challenges to ensure continued compliance with the AVC. The Administrator will carefully monitor any COVID-related issues in the context of AVC compliance.

G. Other Issues.

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

EXHIBIT 1

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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. 19 CV 5739

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

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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:

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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:

- 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.
- 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.
- 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.
- 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.

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 The disclosure must comply with these requirements in each medium through which it is received, including all electronic devices and face-toface 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

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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).

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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

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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.

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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:

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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

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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.

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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
- 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:
- 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:

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

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

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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:
- 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
- if the purpose of the call is to sell goods or services, the nature of the goods or services.

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- 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.

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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

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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:

- Each Defendant, within 7 days of entry of this Order, must submit to the A. Commission an acknowledgment of receipt of this Order sworn under penalty of perjury.
- For 20 years after entry of this Order, each Defendant must deliver a copy B. 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

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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

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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.

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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;

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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)

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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

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DEFENDANTS:

SEFEXEY D. AYERS, ESQ., as

Senor Vice President & General Counsel,

Career Education Corporation;

Vice President, American InterContintental University, Inc.;

Manager, AIU Online, LLC;

Vice President, Marlin Acquisition Corp.;

Vice President, Colorado Tech., Inc.; and

Vice President, Colorado Technical University, Inc.

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Date: July 26, 2019

EXHIBIT 2



