APR 2 3 2021

Eric S. Juhlin
CEO/President/Chairman
Center for Excellence in Higher Education
4021 South 700 East
Suite 400
Murray, UT 84107

SENT BY CERTIFIED MAIL
RETURN RECEIPT REQUESTED
#7011 1150 0000 5736 7992

sent via email to [redacted]

NOTICE OF GOVERNMENT-WIDE SUSPENSION FROM FEDERAL PROCUREMENT AND NON-PROCUREMENT TRANSACTIONS

Dear Mr. Juhlin:

This notice is issued by the U.S. Department of Education (Department) pursuant to 2 C.F.R. § 180.715 to inform you that you are SUSPENDED EFFECTIVE THE DATE OF THIS LETTER from participating in any covered transactions under procurement and non-procurement programs and activities of any federal agency ("Suspension Notice"). *See* 2 C.F.R. § 180.715(a) and (g). This suspension is based on the Findings of Fact, Conclusions of Law, and Judgment entered against you on August 21, 2020, by the District Court for the City and County of Denver, Colorado, in case number 2014-CV-34530 ("Decision"). The Department has determined that based on the Decision and the findings of fact and law detailed therein, adequate evidence exists of an offense listed under 2 C.F.R. § 180.800(a). *See* 2 C.F.R. § 180.700(a)(suspension may be imposed when the suspending official determines that there is "adequate evidence to suspect[] an offense listed under § 180.800(a)"). The offenses listed under § 180.800(a) include "commission of fraud in connection with … a public or private agreement or transaction" as well as "making false statements," and "any other offense indicating a lack of business integrity or business honesty that seriously and directly affects your present responsibility." Pursuant to 2 C.F.R. § 180.705(b), a civil judgment that determines factual and/or legal matters constitutes adequate evidence for purposes of a suspension action.

A suspension is a temporary status of ineligibility pending completion of an investigation or legal proceedings. 2 C.F.R. § 180.605(a). The Decision is currently under appeal, and the Department has determined that a suspension is necessary to protect the federal interest during the pendency of the appeal. 2 C.F.R. § 180.605(b).

A copy of the Decision is enclosed and is incorporated in this Suspension Notice by reference. In addition to you, the named defendants include the Center for Excellence in Higher Education, Inc. ("CEHE") and certain of its subsidiaries: CollegeAmerica Denver, Inc. ("CADI") and CollegeAmerica Arizona, Inc. ("CAAI") (both CADI and CAAI d/b/a "CollegeAmerica"); Stevens-Henegar College, Inc. ("Stevens Henegar")(d/b/a Stevens-Henegar College); CollegeAmerica Services, Inc. ("CASI"); and Carl Barney, Chairman of CEHE. CEHE, CADI, CAAI, Stevens Henegar and CASI are

hereinafter collectively referred to as "CollegeAmerica." College America, Mr. Barney and you are hereinafter collectively referred to as "Defendants."[1] As set forth in the Decision, the court made extensive findings of fact and conclusions of law detailing Defendants' numerous and egregious violations of the Colorado Consumer Protection Act, C.R.S. §§ 6-1-101 *et seq.* ("CCPA") and the Uniform Consumer Credit Code, C.R.S. §§ 5-1-101, *et seq.* ("UCCC") over an extended period of time. The court found all Defendants jointly and severally liable for civil penalties in the amount of $3,000,000 under the CCPA, and also ordered injunctive relief under the CCPA and the UCCC.

The court found and concluded that, among other things, Defendants violated CCPA provisions C.R.S. § 6-1-105(1)(e), (g) and (u) by knowingly making false and misleading representations about the potential wages and types of employment consumers could expect to obtain after completing a CollegeAmerica program, and by failing to disclose to prospective students the actual wages and jobs that CollegeAmerica graduates were finding. The court found that Defendants' advertisements and sales pitches, taken as a whole, led prospective students to believe that CollegeAmerica's outcomes were commensurate with national wage averages, when Defendants knew that these national averages were in most cases much higher. The court also found that Defendants' admissions consultants and advertisements quoted starting salaries for specific degrees that were far higher than, and in some cases double, the starting earnings that Defendants' own records reflected for graduates with those degrees. Also, Defendants' admissions consultants used presentations that described jobs that Defendants knew graduates were not obtaining. For example, Defendants knew that graduates of the Healthcare Administration degree program were not getting jobs related to the field, and instead, were working as medical assistants and CNAs – jobs that did not require a bachelor's degree and were not "entry level management" as represented in the catalog. The court found that Defendants made these representations to consumers with the intent to induce them, many of whom were struggling financially, to take out tens of thousands of dollars in federal student loans and institutional "EduPlan" loans."[2] The court also found that Defendants deliberately withheld the true earnings information from prospective students because they knew that disclosing it would make the students think twice about spending such a considerable sum on a CollegeAmerica degree. (¶¶585-606, pp.120-123).[3]

The court also found that Defendants violated CCPA provisions C.R.S. § 6-1-105(1)(e), (g) and (u) by knowingly inflating the employment rates of their degree programs, reporting these inflated rates to its accreditor, the Accrediting Commission of Career Schools and Colleges (ACCSC) to maintain accreditation, and disclosing these inflated rates to prospective students to induce them to enroll in CollegeAmerica rather than another, possibly less expensive, school that did not misrepresent its outcomes. The court found that Defendants failed to follow ACCSC's Standards, of which it was well aware, in numerous ways, including falsely reporting graduates as employed in the field and improperly classifying graduates as exempt or unavailable for employment, and that Defendant's knowing failure to follow ACCSC Standards substantially increased their degree programs' employment rates. The court also found that Defendants withheld the very material facts that their graduates were not obtaining jobs in their fields of study, and that Defendants did not follow ACCSC guidelines in calculating their employment rates, to induce students to enroll. (¶¶607-614, pp.123-125).

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[1] The court referred to all Defendants collectively (including you and Mr. Barney) as "CollegeAmerica" or "Defendants." In this Suspension Notice, the Department uses the term "CollegeAmerica" to refer to Defendants other than you and Mr. Barney.

[2] EduPlan is CollegeAmerica's institutional loan, made available to close the "gap" between CollegeAmerica's tuition and the amount of federal aid available to the student. (¶410, p. 74).

[3] These references refer to paragraph and page numbers in the Decision.

The court further found that Defendants violated CCPA provisions C.R.S. § 6-1-105(1)(e) and (g) by knowingly making false and misleading representations that their institutional loan program, "EduPlan," made CollegeAmerica affordable, and helped students re-establish credit. In fact, Defendants knew most students could not afford the loan, and the court found that EduPlan actually harmed students' credit. (¶¶615-620, p. 125).

Yet further, the court found that Defendants violated CCPA provisions C.R.S. § 6-1-105(1)(e), (g), and (u) by knowingly misrepresenting that CollegeAmerica's Medical Specialties program qualified students to sit for the Limited Scope Operator X-Ray ("LSO") exam in Colorado and withholding the fact that it did not. The court found that Defendants were on ongoing notice of the misleading nature of their solicitations but continued to misleadingly represent LSO certification in television commercials, in the course catalog, and during admissions interviews. The court found that Defendants knew that informing consumers of the additional hours required for LSO x-ray operator licensing would cause some students not to enroll, and therefore provided this information, if at all, only after students had been enrolled in CollegeAmerica for months. (¶¶621-640, pp. 125-128).

Additionally, the court found that Defendants violated CCPA provision C.R.S. § 6-1-105(1)(e) by knowingly making false representations that CollegeAmerica offered Emergency Medical Technician (EMT) training and preparation for certification in EMT. Despite having been repeatedly put on notice that they were misleading consumers, Defendants advertised the ability to earn an EMT certification in the course catalog, admissions materials, on the website, and during admissions interviews, when CollegeAmerica did not offer EMT training. (¶¶641-644, p. 128).

The court also found that Defendants violated CCPA provision C.R.S. § 6-1-1-5(1)(e) by knowingly making false representations about the availability of a Sonography degree program at the Denver campus in in-person communications. Defendants also represented in CollegeAmerica's course catalogs that its Denver campus offered the Sonography program, when it did not. Defendants knew that placing the Sonography program in the course catalog was confusing prospective students, yet made a conscious decision to leave the program in the catalog. Defendants never offered a Sonography program at any of its Colorado campuses. (¶¶645-648, pp. 128-129).

Notwithstanding the Defendants' placement rate misrepresentations, the court found that it needed to engage in an analysis of specific students to determine whether the Defendants violated the UCCC. The question for the court was whether Defendants should have known "from the outset that a particular student would not receive a substantial benefit from attending their college, and taking out an EduPlan loan to finance it." (¶ 681, p. 140). The court considered the evidence about specific students in three categories [4] and found that Defendants violated C.R.S. § 5-6-112 by engaging in unconscionable conduct in inducing these students to enter the EduPlan loans to their harm. In addition, the court found that CollegeAmerica's practice of creating an EduPlan loan with respect to an unsecured balance by "waiving" the student's signature without showing the loan and its terms to the student -- was "particularly unconscionable" (¶ 693). Indeed, these students became aware of the loan only when they received a letter from CollegeAmerica which, among other things, threatened a lawsuit (¶693). The court concluded that the EduPlan loans taken out by these students violated the procedural unconscionability provision of the UCCC, C.R.S. § 5-6-112(1)(b) (¶ 702). (*See generally,* ¶¶679-685, ¶¶690-702).

As a result of the findings of fact and conclusions of law, the court imposed civil penalties for each of the six series of violations identified, resulting in the total civil penalty of $3,000,000. Specifically, the court

[4] Students seeking certification in Limited Scope Radiology (¶ 684), students seeking a degree in sonography (¶ 685), and a student who was severely disabled and the court determined that would not receive benefit from the education funded in part by an EduPlan loan (¶ 683). The Department notes that Mr. Juhlin joined CollegeAmerica after the enrollment of the student referred to in ¶ 683.

imposed a penalty of $500,000 for misrepresentation of earnings (¶¶734-739, pp. 155-156); $500,000 for misrepresentation of EMT training (¶¶740-746, p. 156); $500,000 for misrepresentations regarding LSO x-ray certification (¶¶747-751, pp. 156-157); $500,000 for misrepresentations regarding the offering of a Sonography program (¶¶752-755, p. 157); $500,000 for misrepresentation of job placement rates (¶¶756-760, pp. 157-158); and $500,000 for misrepresentations regarding EduPlan. (¶¶761-766, p. 158). The court imposed these penalties jointly and severally on all of the Defendants. (¶¶767-768, p. 158).

With regard to the injunctive relief arising from the CCPA violations, the court enjoined Defendants from, among other things, misrepresenting job placement rates or falsely stating that job placement rates have been calculated in accordance with accreditation standards if that is not the case; representing that a program of study provides sufficient training to qualify a student who completes the program to obtain a specific license or certification, if that is not the case; using written disclosures to disclaim any misleading statements used in advertisements or during the admissions process; or making false or misleading representations about the ability of prospective students to repay their student loans. (¶722(a)-(h), p. 151).

With regard to the injunctive relief arising from the UCCC violations, the court enjoined Defendants from, among other things, making an EduPlan loan available, as part of a financial aid package, for any student as to whom CollegeAmerica admissions and financial aid planners believe is intellectually incapable of academic work of the sort that will be required in their chosen course of study at CollegeAmerica, or whose financial circumstances are such that repayment of the loan in full is unlikely, and from "waiving" or failing to obtain a student's consent via signature on an EduPlan loan or any successor institutional loan and/or payment plan and otherwise failing to comply with the relevant disclosure requirements of C.R.S. § 5-3-101, Colorado's Truth in Lending Act. (¶724, p. 152). The court further ordered that Defendants formally forgive any remaining balance due on any EduPlan loan for the specified CollegeAmerica students, and remit the total amount of payments received from or on behalf of those students, with interest. (¶725, pp. 152-153).

The court further ordered Defendants to refund the entire amount of federal student aid received on behalf of the specified CollegeAmerica students, together with interest, in addition to the remedy pertaining to the students' EduPlan loans. The court noted that CollegeAmerica received tuition dollars in the form of payments under the federal student aid program, significant balances, if not all, of which are still owed by students. These students were either allowed to enroll in CollegeAmerica despite a permanent mental disability that precluded college level work, or for the purpose of pursuing a course of study, or an emphasis within the course of study, which either did not exist at all; existed on the pages of CollegeAmerica catalogs but not in reality; or had been represented to be imminent when it was not. (¶770, p. 159).

The court entered judgment against you, jointly and severally, with your co-defendants, because it concluded that you directed and participated in the conduct that gave rise to Defendants' violations of the CCPA and UCCC. In particular, the court found that after being hired as the CEO of CollegeAmerica in May of 2010, you reviewed and approved all CollegeAmerica advertisements. The court also found that you received monthly operations reports that included campus-level information about graduates' wages and employment rates, and that information about graduates' starting salaries was summarized and distributed to the executive team annually. You were therefore aware that CollegeAmerica graduates were not making the salaries advertised. The court found that nevertheless, you implemented Defendant Carl Barney's longstanding policy of advertising earnings that you and he both knew were not representative of actual or likely CollegeAmerica outcomes. (¶732, p. 155). You were also aware of Defendants' admissions process, as you attended and participated in the training of admissions staff, and even knew at all times that Defendants did not offer EMT or Sonography training at the Colorado campuses, yet there is no evidence that you substantially changed any of the advertising or admissions policies established by Defendant Barney, even though you could have done so as CEO. (¶¶712-713, p. 148). You also knew of the significant amount of externship that was required of LSO students outside of CollegeAmerica, and should

have been aware of the abysmal passage rate of CollegeAmerica students on the LSO radiology examination. (¶713, p. 148). The court therefore specifically found you personally liable for these violations. (¶¶703-714, pp. 147-148).

The Department has determined that the Decision constitutes a civil judgment for the commission of a fraud in "obtaining, attempting to obtain, or performing a public or private agreement or transaction" and "making false statements." *See* 2 C.F.R. § 180.800(a)(1) and (3). In addition, the Decision also constitutes a civil judgment for commission of conduct indicating "a lack of business integrity or business honesty that seriously and directly affects your present responsibility." *See* 2 C.F.R. § 180.800(a)(4). Thus, the Department has determined that the Decision constitutes adequate evidence that you have "committed irregularities which seriously reflect on the propriety of further federal government dealings with you." 2 C.F.R. § 180.715(b)(3).

Currently, you are the CEO, President, and the Chairman of the Board of CEHE. You have a leadership role at CEHE. As the Decision detailed, you were well aware of, and complicit in, the fraudulent practices upon which the court based its findings. Your suspension from participation in federal procurement and non-procurement transactions is necessary both to avoid the erosion of public confidence in the integrity of governmental programs and to protect federal funds from misuse.

This suspension is effective the date of this letter and will remain in effect for a temporary period pending the outcome of the civil proceedings that gave rise to the Decision. 2 C.F.R. § 180.760.

You may contest the suspension by submitting information and argument in opposition to the suspension in accordance with 2 C.F.R. § 180.720. Your submission to the Deciding Debarment/Suspension Official must also identify the information required by 2 C.F.R. § 180.730(a). To be considered timely, your written submission or written request to personally oppose this suspension must be sent to the Deciding Debarment/Suspension Official, at the address given below, on or before the thirtieth (30th) day after your receipt of this notice. *See* 2 C.F.R. § 180.725(a)(deadline) and § 180.725(b)(receipt of notice). The suspension will remain in effect during the consideration of any information or argument submitted in opposition to this suspension. Please note that your opportunity to challenge the facts on which the suspension is based is limited by 2 C.F.R. §180.735(a). If the Deciding Debarment/Suspension Official determines pursuant to 2 C.F.R. §180.735(b) that you should have the opportunity to challenge the facts, then any such fact-finding will proceed in accordance with 2 C.F.R. §§ 180.740 and 180.745.

If you make a timely written submission, the Deciding Debarment/Suspension Official will issue a decision within 45 days of closing the official record as described in 2 C.F.R. § 180.755. If you make a timely written request to oppose your suspension in person instead of through a written submission, the Deciding Debarment/Suspension Official will determine whether such a presentation is warranted before issuing the decision. If you do nothing, the suspension will remain in effect.

The Deciding Debarment/Suspension Official may modify or terminate the suspension or leave it in force. 2 C.F.R. § 180.755. The Deciding Debarment/Suspension Official shall make a decision on the basis of all of the information in the official record, including any submission made by you. 2 C.F.R. § 180.750.

As a consequence of this action, you are not eligible to receive federal financial and non-financial assistance or benefits from any federal agency under procurement and non-procurement programs and activities. By reason of the reciprocity rule in 2 C.F.R. § 180.140, this suspension shall be recognized by, and effective for, executive branch agencies as a suspension under the Federal Acquisition

Regulation. Also, you may not act as a principal on behalf of any person in connection with a covered transaction. A principal is defined in 2 C.F.R. § 180.995 and includes any key employee or other person who has a critical influence on or substantive control over a covered transaction.

A copy of the regulations contained in 2 C.F.R. Part 180, governing this suspension, is enclosed.

Any information you may submit to contest the suspension must be addressed to:

Anthony Cummings
Deciding Debarment and Suspension Official
Office of Hearings and Appeals
U.S. Department of Education
400 Maryland Ave., SW
Washington, DC 20202-4533

If you hand-deliver your submission, or use an overnight delivery service, address your submission to Mr. Cummings at:

Potomac Center Plaza
550 12th Street, SW, Room 10089
Washington, DC 20004

You may also send your submission to Mr. Cummings via email at: OFO_OHA@ed.gov.

If you submit information to contest the suspension, please send a copy of your submission to me, at the following address:

U.S. Department of Education
Federal Student Aid
830 First Street, NE
UCP3, Room 84F2
Washington, DC 20002-8019

Sincerely,

[redacted]

Susan D. Crim
Notice Debarment and Suspension Official

Enclosures