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Alan S. Fellheimer

JOSHUA FIGULI, DAVID FIGULI,
EDUCATION EQUITIES FUND, LLC and
HUSSIAN COLLEGE, INC.

Plaintiffs,

v.

JEREMIAH STAROPOLI, ADRIENNE SCOTT,
STEVEN WOJSLAW, ERIC HELLER, RONAL
KELLEY, VELOCITY CAPITAL GROUP LLC and
SUMMIT CAPITAL FUNDING, LLC

Defendants.

**COURT OF COMMON PLEAS
PHILADELPHIA COUNTY
PENNSYLVANIA**

Docket No.: _____

NOTICE TO DEFEND

You have been sued in court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this Complaint and Notice are served, by entering a written appearance personally or by attorney and filing in writing with the Court your defenses or objections to the claims set forth against you. You are warned that if you fail to do so the case may proceed without you and a judgment may be entered against you by the Court without further notice for any money claimed or for any other claim or relief requested by the plaintiff. You may lose money or property or other rights important to you.

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Dated: September 5, 2024

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JOSHUA FIGULI, DAVID FIGULI, :	IN THE COURT OF COMMON PLEAS
EDUCATION EQUITIES FUND, LLC, :	PHILADELPHIA COUNTY, PENNSYLVANIA
and HUSSIAN COLLEGE, INC. :	CIVIL ACTION - LAW
Plaintiffs, :	
VS. :	No.
	JURY TRIAL DEMANDED
JEREMIAH STAROPOLI, :	
ADRIENNE SCOTT, :	
STEVEN WOJSLAW, :	
ERIC HELLER, :	
RONALD KELLEY, :	
VELOCITY CAPITAL GROUP, LLC, :	
and SUMMIT CAPITAL FUNDING, LLC. :	
Defendants. :	

COMPLAINT

Plaintiffs, JOSHUA FIGULI, DAVID FIGULI, EDUCATION EQUITIES FUND, LLC,
and HUSSIAN COLLEGE, INC by and through its below-signed attorneys, brings this
Complaint against defendants JEREMIAH STAROPOLI, ADRIENNE SCOTT, STEVEN

WOJSLAW, ERIC HELLER, RONALD KELLEY, VELOCITY CAPITAL GROUP LLC and SUMMIT CAPITAL FUNDING, LLC and avers as follows:

Introduction

This is a case for the recovery of damages suffered by the Plaintiffs due to the perpetration of acts of fraud and deceit by the Individual RICO Conspirators, identified below, as co-conspirators, that constitute violations of 18 U.S.C. § 1962, the Racketeer Influenced and Corrupt Organizations Act, 31 U.S.C. §§ 1331 and 1332, 31 U.S.C. §§ 3729-3733, The False Claims Act, 15 U.S.C. § 78a et seq., 17 CFR 240.10b-5, the Securities Exchange Act, common law fraud, civil conspiracy, breach of fiduciary duty, breach of contract, aiding and abetting fraud, conversion (identity theft), conversion of funds and property, breach of fiduciary duty and aiding and abetting breach of fiduciary duty.

It is alleged that The Individual RICO Conspirators conspired to exercise control over the operations of a private college with the objective of securing personal gain by defrauding the Plaintiffs, financial institutions, the United States Government, students, vendors, accreditors and State licensing agencies so that they could obtain continuing access to student financial aid funds, CARES ACT funds, HEERF funds, State student financial aid funds and tuition and fee

payments from students while diverting funds of the college to their personal benefit through the issuance of unauthorized bonuses, benefits and payment for personal expenses. In pursuit of their enterprise, they engaged in racketeering activities including wire fraud, bank fraud and mail fraud, identity theft and other plans and schemes to gain access to funds from banks, the United States Government and investors with the intent to divert those funds to unauthorized uses which they did. The Individual RICO Conspirators sought to show Hussian College as constantly improving in order to maintain their level of surreptitious compensation which was significantly higher than they had previously enjoyed throughout their careers or could anticipate receiving from another higher education institution should they leave Hussian. The Individual RICO Conspirators perpetrated the fraud and a culture of concealment and dishonesty in an effort to avoid the consequences of the Board of Directors and the Figuli's learning the truth. The actions of The Individual RICO Conspirators resulted in the insolvency of the College, the exposure of the owners of the College to personal liability, and the College to actions for fraud, deceit, breach of contract, unjust enrichment, violations of laws and regulations. The actions of The Individual RICO Conspirators have caused the Plaintiffs loss of reputation, business goodwill, value and prospects.

The Individual RICO Conspirators were aided and assisted in their unlawful endeavors by the MCA RICO Conspirators, identified below, by making surreptitious and unlawful loans and funding to Hussian based on forged documents and forged guarantees, which the MCA RICO Conspirators knew or should have known to be forged,

Parties

1. Plaintiff Hussian College, Inc. (“Hussian”) is a domestic business corporation incorporated in the Commonwealth of Pennsylvania and is subject to service c/o Corporation Service Company, 1900 W. Littleton Blvd., Littleton, CO 19120.
2. Hussian operated institutions of postsecondary education under the names Hussian College and Daymar College and was authorized to operate as postsecondary institutions by the appropriate agencies in the States of California, Ohio, Tennessee, Kentucky and the Commonwealth of Pennsylvania.
3. Hussian was institutionally accredited by the Accrediting Commission of Career Schools and Colleges (“ACCSC”) and certified to participate in federal student aid programs under Title IV of the Higher Education Act of 1965, as reauthorized and amended.

4. Plaintiff Education Equities Fund, LLC (“EDEQ”) is a Delaware limited liability company with a principal place of business at 8697 Blue Creek Rd., Evergreen, CO 80439. EDEQ is the sole owner of Plaintiff Hussian College, Inc. (“Hussian”).

5. Prior to its untimely demise at the hands of the Individual RICO Conspirators and the MCA RICO Conspirators, Hussian has been evaluated at an enterprise value in excess of Forty Million Dollars (\$40,000,000.00)¹.

6. Plaintiff Joshua Figuli (“JFiguli”) is an adult individual residing 1656 Jasmine Street, Denver, Colorado 80220

7. JFiguli is one of two owners of EDEQ, is a member of the Board of Directors of Hussian and serves as its Corporate President.

8. Plaintiff David Figuli (“DFiguli”) is an adult individual residing at 8697 Blue Creek Rd., Evergreen, CO 80439.

9. DFiguli is one of two owners of EDEQ. DFiguli at all relevant times herein was also a member of the Board of Directors of Hussian as well as its chairman and/or treasurer. (JFiguli, DFiguli, EDEQ, and Hussian hereinafter collectively referred to as “Plaintiffs”).

¹ Taken from a “Profit Interests Threshold Valuation as of April 30, 2021 by Scalar, an independent valuation firm.

10. Defendant Jeremiah Staropoli (“Staropoli”) is an adult individual, upon information and belief, residing at 1625 N. Union Street, Wilmington, DE 19806.

11. Staropoli was the former President and Chief Executive of Hussian College.

12. Defendant Adrienne Scott (“Scott”) is an adult individual, upon information and belief, residing at 2685 Kingston Road, York, PA 17402.

13. Scott was hired by Staropoli and was given the title of Chief Operating Officer of Hussian College.

14. Defendant Steven Wojslaw (“Wojslaw”) is an adult individual, upon information and belief, residing at 875 Silverwood Dr., West Chester, PA.

15. Wojslaw was hired by Staropoli and is the former Vice President of Financial Operations and Chief Financial Officer of Hussian.

16. Defendant Eric Heller (“Heller”) is an adult individual, upon information and belief, residing at 156 Billingsley Dr., Chalfont, PA 81914.

17. Upon information and belief, Heller was hired by Staropoli and was identified by Staropoli as the Chief Enrollment Manager Officer of Hussian.

18. Defendant Ronald Kelley (“Kelley”) is an adult individual, upon information and belief, residing at 7360 Blue Water Dr., Castle Rock, CO 80108.

19. Kelly was hired by Staropoli and was given the title of Chief Information Officer of Hussian.

20. Defendant Velocity Capital Group LLC (“Velocity”) is a New York limited liability company with, upon information and belief, a principal place of business at 333 Pearsall Avenue, Suite 105, Cedarhurst, NY 11516.

21. Velocity is a business funding group that characterizes its lending activities as Merchant Cash Advance (“MCA”) services. An MCA is herein defined as a loan made by a lender such as Velocity or Summit to a business, which loan is disguised as a sale of accounts receivable but contains all or most of the indicia of a full-recourse loan, including:

- a. An absolute amount due on a set date, regardless of the status of the payment due from the accounts receivable debtors;
- b. Absolute liability of the customer “selling” the accounts receivable;
- c. Personal guarantees of the principals of the customer selling the accounts receivable; and
- d. The liability of the accounts receivable seller and its principals are in no way dependent on whether or when the account debtors pay the accounts.

22. MCA's in general, and particularly the MCA's issued by Velocity and Summit, were charged exorbitant interest rates, in some cases exceeding 125% per annum, many multiples of the allowed rate in NY where the loans were initiated and whose law applied to each of the transactions by the terms of the MCA Agreement.

23. Defendant Summit Capital Funding, LLC ("Summit") is a business funding group operating as a limited liability company which, on information and belief, is located at 132 32nd Street, Suite 311, New York, NY. Summit characterizes its lending activities as MCA services.

(Staropoli, Scott, Wojslaw, Kelley, Heller, Velocity and Summit are hereinafter collectively referred to as "Defendants".)

COUNT I
(CIVIL RICO CLAIM)

24. Staropoli, Scott, Wojslaw, Heller and Kelley (hereinafter collectively referred to as the "The Individual RICO Conspirators") entered into a series of agreements which constituted a conspiracy to defraud Hussian College, an Enterprise as that term is defined in the Racketeer Influenced and Corrupt Organizations Act ("RICO"), 18 U.S.C. §§1961-1968.

25. The Individual RICO Conspirators' unlawful agreement, conspiracy and concerted conduct was in violation of 18 U.S.C. §1962.

26. The Individual RICO Conspirators were aided and assisted by two entities, Velocity and Summit (Velocity and Summit shall hereinafter be collectively referred to as "MCA RICO Conspirators"), who participated in some of the activities together with The Individual RICO Conspirators (the Individual RICO Conspirators and the MAC RICO Conspirators shall hereinafter be collectively referred to as the "RICO Conspirators") in violation of RICO to the detriment of the Enterprise, Hussian and its owners, Plaintiffs JFiguli; DFiguli and EDEQ (hereinafter "Hussian Owners.")

27. The activities of the RICO Conspirators included the offenses of mail fraud, bank fraud, fraud in connection with the issuance of MCA's, larceny by trick, larceny, conspiracy to defraud, collection of interest at percentages in excess of the percentages allowed by law, embezzlement, obtaining property by false pretenses, falsification of corporate records, falsification of audit reports, identity theft, and other crimes of theft and deception.

28. The activities of the RICO Conspirators were intended to and did in fact result in each of the RICO Conspirators receiving and retaining significant

amounts of ill-gotten monies as described in detail below, all to the detriment of Hussian and the Hussian Owners.

29. The racketeering activity listed above constitutes a pattern of racketeering activity as defined in [18 U.S.C. § 1961\(5\)](#).

30. As a direct and proximate result of Defendants' racketeering activities and violations of [18 U.S.C. § 1962\(a\)](#), Plaintiffs have been injured in their business and property in that: injuries from the conduct of the enterprise through a pattern of racketeering which ultimately led to the demise of Hussian and the loss of value on excess of \$50,000,000² by Plaintiffs, including exorbitant interest paid on the unauthorized and secret MCA loans obtained by The Individual RICO Conspirators to fund their unauthorized excessive bonuses and the obscene interest charged by at least one of The Individual RICO Conspirators on a loan he made to Hussian College, which transaction was never disclosed to nor authorized by the Board of Directors of Hussian College.

A. Facts Underlying the RICO Claim

31. Staropoli was hired by Hussian in December of 2016 to be its principal executive officer for its business operation. Hussian was at that time an

² Damages are detailed beginning in paragraph 288 below.

accredited institution of postsecondary education and was approved to participate and did participate in the student financial aid programs under Title IV of the Higher Education Act of 1965 (“Title IV”).

32. Over the next few years Staropoli began to hire persons to fill “C-Suite”³ positions including each of the other Individual RICO Conspirators.

33. Each of The Individual RICO Conspirators had prior working and personal relationships with Staropoli, the full extent of which was never disclosed to Plaintiffs by Staropoli at the time of their respective hiring nor subsequently. Indeed, the extent of the prior relationships in some cases did not become known to the Company until just prior to or shortly after Staropoli’s employment by Hussian was terminated in May of 2023. Those relationships created conflicts of interest between The Individual RICO Conspirators and Hussian, compromising their fiduciary duties owed to Hussian, including, but not limited to those of honesty and loyalty, in favor of their control by Staropoli, as well as their desire to maintain control over Hussian to further the corrupt Enterprise.

34. With The Individual RICO Conspirators in place and aiding and abetting his plans and schemes to defraud, Staropoli exercised extensive control

³Corporate Suite – where the principal officers of a company office. Generally, this refers to the Chief Executive Officer; Chief Financial Officer; etc.

over the operations and finances of Hussian allowing him to pursue and cover up the fraudulent and criminal actions that became part of an extensive racketeering enterprise usurping the proper authority of the Company.

35. In particular, while it was known by Plaintiffs that Kelley and Staropoli were friends after Kelley's initial engagement with Hussian as an information technology contractor and prior to his employment, it was later discovered that Kelley was a boyhood friend of Staropoli and godfather to at least one of Staropoli's children. Kelley's family and Staropoli's family were close socially for over thirty years. Additionally, Staropoli and Kelley were business partners prior to their employment by Hussian. All of this was not disclosed to Plaintiffs.

36. During Scott's work as an accreditation consultant to Hussian, Scott was represented as a former student colleague of Staropoli. However, it was later discovered that Scott was also employed with Staropoli at a prior company and had maintained a personal romantic relationship with Staropoli for years, including during her employment by Hussian. This was not disclosed to Plaintiffs.

37. Wojlaw was represented as a prior professional acquaintance of Staropoli and Staropoli represented Wojlaw as someone with the requisite industry and financial operations experience to replace an interim financial officer

of Hussian after a search for a replacement had stalled. However, it was later discovered that Staropoli had maintained a friendship with Wojlaw for over twenty years. This was not disclosed to Plaintiffs.

38. Defendant Heller (“Heller”) was similarly represented as a prior professional acquaintance of Staropoli that was leaving a role as head of marketing and admissions for a direct Hussian competitor to come to work for Hussian. It was later discovered that the relationship between Staropoli and Heller was much longer and closer than that of “an acquaintance” and the two had worked for years in another employment setting. This was not disclosed to Plaintiffs.

39. Staropoli also surreptitiously continued to employ Heller for a period of many months after Staropoli was advised by the Board of Directors that Heller was to be terminated.

40. With The Individual RICO Conspirators in place, Staropoli controlled all key functional aspects of the operations of Hussian including operations, information technology, marketing, recruiting and admissions and finance and financial aid. For the twelve-month period ending in May of 2020, a period spanning just two months of the COVID pandemic, Hussian had 1,435 students, in

excess of \$35,000,000 in gross revenues and a fair market value of \$22,398,956 net of debt⁴.

B. The Conspiracy

41. The Individual RICO Conspirators payroll expenses during the period of the known corrupt enterprise from 2020 to 2023, including contracted salaries, unauthorized pay increases, embezzled bonuses, and concealed overpayments, were at an aggregate of \$4,151,635.08⁵ with the RICO Conspirators base salaries at their height and last reported to payroll personnel at \$350,000 for Staropoli, \$200,000 for Kelley, \$240,000 for Scott, \$220,000 for Wojslaw, and \$220,000 base salary being paid to Heller, all pursuant to hiring decisions made by Staropoli. Unauthorized, concealed and ultimately embezzled bonuses were, during the period of the corrupt enterprise, directed by The Individual RICO Conspirators to be paid by payroll personnel without justification. The aggregate total of their extraction from the payroll budget of Hussian was approximately \$115,000 per month, at a rate of \$1,380,000 per year.

⁴ As determined by Scalar in its report dated as of August 31, 2019.

⁵ An additional \$55,000 constituting an unauthorized bonus to Guy Bell, Hussian's former Chief Strategy Officer, is not included in this figure as it is not clear that he took part in the corrupt enterprise and can be included as a member of The Individual RICO Conspirators.

42. COVID had a devastating impact on Hussian. With facility closures due to government orders and the impairment of the health of students and their families along with the general economic downturn, the Hussian enrollments fell precipitously, ultimately reaching a nadir of approximately 500 students.

43. The level of defalcation increased in amount and frequency at precisely Hussian's most vulnerable point in Fall of 2022 to Spring of 2023, after the termination of Wojslaw and during Heller's separation, when the number of students enrolled at Hussian was hovering just below 500, roughly one-third of the amount reported to the Board of Directors for the 12-month period ending June of 2020, and with revenues experiencing a proportionate decline, Staropoli and Scott took the final 11-months of their employment to abscond with \$920,115, between just the two of them, all while perpetrating the acts of fraud and deceit, breaching their contracts, violating their fiduciary duties, and leaving Hussian with insufficient monies to fund its operations by using money needed to sustain operations to instead pay themselves unwarranted salaries and unauthorized salary increases and bonuses.

44. During this same period Staropoli used Hussian's corporate American Express Card to fund \$36,747.97 in wasteful, fraudulent, unauthorized, and otherwise organizationally damaging expenses including but not limited to family

and friends trips to Disneyworld and Nashville, dues and expenses at DuPont Country Club, tuition for Adrienne Scott to pursue her doctorate degree at Drexel University despite Ms. Scott terminating the company's tuition reimbursement policy, and unjustified transfers to a VENMO⁶ account.

45. Despite these traumatic circumstances, Staropoli continued to report a positive outlook to the Hussian Board of Directors and Plaintiffs and concealed material information that would ultimately prove devastating. The dishonesty and concealment by The Individual RICO Conspirators led to decisions based on the prospect of growth and sustainable operations rather than more serious reorganizations and expense adjustments as the latter approach would have invited unwanted scrutiny over operations. The Individual RICO Conspirators concealment and desire to maintain tight control over the operations of Hussian led to an unlawful scheme of fraud and deceit to bring in and divert millions of dollars of government aid intended to support students' education and avoid the return of funds to the government, where appropriate, to their own use to further the corrupt Enterprise. They also sought and obtained millions of dollars in loans and millions more in investments from the Plaintiffs to enable The Individual RICO Conspirators to continue to take from Hussian the salaries and

⁶ Venmo is an internet-based money transfer system.

bonuses they were wrongfully misappropriating and exorbitant in relation to the true state of the Company that was intentionally concealed.

46. During the period of the decline of Hussian, while the revenues of Hussian dropped from a gross annualized amount of \$35,000,00 and a net annualized amount of \$25,779,578 in mid-2020 to roughly \$14,500,000 during the twelve month period from February 2022 to January 2023 (the \$14,500,000 revenue number does not account for the correct amount of returns of aid to the federal and state government aid programs that were unearned by Hussian due to students leaving the College prior to full earning of tuition for a given term or paying to students at the Los Angeles campus credit balances they were owed in accordance with applicable regulations and institutional policy, which, upon full computation, would reveal much lower revenue for February 2022 to January 2023), The Individual RICO Conspirators paid themselves over \$4,151,653.08 in salaries, benefits, and unauthorized “bonuses”. This amount does not include additional personnel and business costs incurred for their continued employment. This defalcation occurred all while The Individual RICO Conspirators perpetrated the acts of fraud and deceit, breached their contracts, violated their fiduciary duties, instituted periods of unpaid leave for employees, and ultimately left Hussian with insufficient monies to fund its operations.

47. The above amount does not include other amounts paid to employees that were unauthorized and focused on maintaining loyalty to The Individual RICO Conspirators and secrecy of matters that any employee would have a duty to report to the Board of Directors or law enforcement. Said amounts are believed to be anywhere from \$135,000 to \$617,286 in salary increases and bonuses.⁷

48. All of the funds taken from Hussian by The Individual RICO Conspirators were obtained through fraud and deceit including but not limited to wire fraud, mail fraud, bank fraud, and identity theft.

49. The Individual RICO Conspirators' conspiracy and racketeering scheme to defraud Hussian intentionally employed the following acts of deceit and fraud, among others:

- a. The creation of false and fraudulent email accounts in the names of Jfiguli and DFiguli to prevent Plaintiffs from receiving normal inquiries that would likely have revealed The Individual RICO Conspirators' scheme when reviewed by Plaintiffs ("Fake Figuli Email Addresses");

⁷ Salary increases and bonuses to another C-Suite officer and a revenue officer.

- b. Stealing the identity of Plaintiffs Joshua Figuli and David Figuli and creating and using the Fake Figuli Email Addresses, the Individual RICO Conspirators were able to solicit and receive MCA funding from MCA funding companies with the cooperation of certain MCA funding companies, including Velocity and Summit;
- c. The issuance of Fake Figuli Email Addresses through the Internet in interstate commerce and thereby using the Fake Figuli Email Addresses to solicit, verify and receive multiple loans from financial institutions, i.e., using the internet, U.S. Mail and other means of communication to carry out their unlawful scheme;
- d. The placement of electronic facsimile signatures of Plaintiffs Joshua Figuli and David Figuli ("Forged Signatures") on documents delivered through the Internet in interstate commerce using the Fake Figuli Email Addresses to solicit, verify and receive multiple loans from financial institutions;
- e. The infiltration of Hussian student education records containing personally identifiable information held on a

student information system provided by a third-party,

Anthology;

- f. Theft of the identity of students of Hussian by the issuance of email messages through the Internet in interstate commerce using the email URL's⁸ assigned to Hussian students to defraud and deceive Hussian's auditors and the U.S. Government enabling the unauthorized retention of unearned federal student aid pursuant to COVID related guidance from the United States Department of Education;
- g. The modification of auditor prepared financial statements of Hussian and the creation of other Hussian financial statements that were known to The Individual RICO Conspirators to be false and materially misleading and the submission of those false and fraudulent financial statements by email through the Internet in interstate commerce to Hussian's Board of Directors and independent auditors;

⁸ Uniform resource locator – is a reference to a resource that specifies its location on a computer.

- h. The presentation of false financial statements and audits predicated on those false financial statements by email through the Internet in interstate commerce to the United States Department of Education;
- i. The presentation of false financial statements and audits predicated on those false financial statements by email through the Internet in interstate commerce to financial institutions to solicit, verify and receive multiple loans and advances;
- j. The presentation of false financial statements and audits predicated on those false financial statements by email through the Internet in interstate commerce to make false claims of eligibility to participate in the Title IV student financial aid programs of the United States Department of Education;
- k. The presentation of false financial statements and audits predicated on those false financial statements by email through the Internet in interstate commerce to investors and potential investors and lenders, including the Plaintiffs, to

solicit and receive loans and investments in Hussian in violation of Federal Securities laws;

- l. The presentation of false financial statements and audits predicated on those false financial statements by email through the Internet in interstate commerce to accreditors, including without limitation, the ACCSC in order to maintain institutional accreditation and maintain eligibility to participate in the Title IV student financial aid programs of the United States Department of Education;
- m. The alteration of independent audit reports of Hussian and the issuance of those altered audit reports under the unauthorized purloined identity of the auditor by email through the Internet in interstate commerce to the Hussian Board of Directors including Plaintiffs Joshua Figuli and David Figuli (the “Figuli’s”) to deceive them and to conceal from them the unauthorized receipt of loans from financial institutions using the Fake Figuli Emails and the Forged Signatures and to induce the Figuli’s to continue investing in Hussian; and

n. The embezzlement of funds from Hussian through the use of an interstate payroll provider system and credit cards issued to Hussian and other credit facilities of Hussian through the Internet in interstate commerce to charge personal expenses and those of others in amount no less than \$80,000.

50. All of these acts of fraud and deceit were undertaken by The Individual RICO Conspirators to create a false sense of financial health for Hussian and to induce the Plaintiffs to continue the employment of The Individual RICO Conspirators to The Individual RICO Conspirators' financial benefit.

51. The MCA RICO Conspirators participated in the unlawful activities of The Individual RICO Conspirators by providing the funding for the illegal activities of The Individual RICO Conspirators based on false and fraudulent surety undertakings sent by The Individual RICO Conspirators masquerading as the Figuli's.

52. The MCA RICO Conspirators participated in the unlawful activities of The Individual RICO Conspirators by failing to follow their own customary procedures for verifying the identity and validity of the signatures of the surety agreements containing the fake signatures of the Figuli's obtained through the use of the Fake Figuli Email Addresses by The Individual RICO Conspirators.

53. Had the MCA RICO Conspirators followed their customary practices and procedures they would have communicated with the Figuli's through the Figuli's valid email addresses that they used both prior to and following the illicit MCA loans procured in concert with The Individual RICO Conspirators or by telephone which would have alerted the Figuli's to The Individual RICO Conspirators' illicit scheme.

54. The MCA RICO Conspirators' actions and deviations from their customary practices and procedures enabled The Individual RICO Conspirators to defraud Hussian out of millions of Dollars of interest and in some cases exceeding an annualized rate of 125% of the principal of the loans.

55. The MCA RICO Conspirators' actions and deviations from their customary practices enabled The Individual RICO Conspirators to carry out their unlawful scheme and defraud Hussian out of millions of Dollars.

56. As a direct and proximate result of the MCA RICO Conspirators and The Individual RICO Conspirators' racketeering activities and violations of 18 U.S.C. §1962(a) Plaintiffs have been injured in their business and property in that Hussian was robbed of its necessary cash; students were defrauded; student funds were diverted from their proper purpose and embezzled; the U.S.

Government was defrauded; and the Figuli's and their family members were defrauded.

57. As a direct and proximate result of the MCA RICO Conspirators and The Individual RICO Conspirators' racketeering activities and violations of 18 U.S.C. §1962(a) Plaintiffs have been injured in their business and property in that Hussian was forced to go out of business and over \$54,000,000.00 in value was eradicated and lost to Plaintiffs.

COUNT II **FRAUD**

A. History of Hussian and The Individual RICO Conspirators Employment

58. Incorporates and realleges the allegations contained in paragraphs 1 through 57 above as though set out in full.

59. Hussian College was founded in Philadelphia, Pennsylvania, as Hussian School of Art in 1946 by John Hussian to provide education in commercial art to veterans returning from WWII.

60. Hussian College was authorized to provide postsecondary education and grant educational credentials by the appropriate agencies in the Commonwealth of Pennsylvania and in 2014 gained approval to operate as a

“College” from the Pennsylvania Department of Education (“PDE”) and confer a baccalaureate degree in fine arts.

61. Hussian College was accredited by the Accrediting Commission of Career Colleges and Schools (“ACCSC”) and certified to participate in federal student aid program (“Student Aid”) by the U.S. Department of Education (“USDE”) under Title IV of the Higher Education Act of 1965, as reauthorized and amended.

62. DFiguli, with a business partner, acquired Hussian in April of 2011. JFiguli` owned a minority interest in Hussian at the time of acquisition.

63. From 2011 through 2015 Hussian achieved “College” status from the PDE and established a new branch campus in Los Angeles at Los Angeles Center Studios.

64. In late 2015 and early 2016 JFiguli acquired the shares of the third partner in Hussian College and Hussian proceeded to hire Staropoli as its President.

65. Staropoli was initially hired in January of 2016 and worked as a consultant to Hussian for a period of time before that.

66. Staropoli was introduced to Hussian and its principals through a well-regarded acquaintance and higher education professional, Dr. Ken Hartman.

67. Staropoli was initially brought in as a consultant to help the College determine how to grow its enrollment and streamline its operations. Hussian at the time was looking to transition away from its previous President Melissa Morgan and an interim consultant and director, Brad Dennenberg.

68. Staropoli presented as a very intelligent and convincing individual demonstrating deep knowledge of postsecondary operations having served in relevant positions in other institutions of higher education and having comprehensive knowledge of the Philadelphia area market.

69. Staropoli gained significant respect from JFiguli and DFiguli by transitioning Hussian from a dilapidated facility that was put under construction by its landlord and suffered from an untimely flood in Hussian's art studio to a newly built recent location and corporate headquarters in Philadelphia at 1500 Spring Garden Street.

70. Staropoli was able to maintain substantially all continuing enrollment in the transition and sit one of Hussian's largest freshman classes in years.

71. At this time, Hussian's programming included a Bachelor of Fine Arts in Philadelphia with concentrations in graphic design, visual communications, digital media, and animation offered to approximately 80-90 students.

72. In Los Angeles, Hussian offered a Bachelor of Fine Arts in commercial dance, acting, film and digital content, and musical theater to a growing population nearing 200 students.

73. Believing that Hussian had found a reliable, ethical and intelligent fiduciary to shepherd the College forward, in early 2018, Hussian began acquisition discussions with Daymar Colleges with locations in Nashville, TN, Murfreesboro, TN, Clarksville, TN, Bowling Green, KY, and Columbus, OH, as well as a substantial online education operation.

74. Hussian closed the acquisition of the Daymar College campuses in November of 2018. At that time Staropoli was given authority to build a management team to integrate the Hussian and Daymar campuses and proceed to grow the same, subject to the limitations on his authority in the governing documents and policies of the corporation and the College as well as his employment agreement.

B. Staropoli Assembles The Individual RICO Conspirators

75. Upon the execution of a revised agreement of employment on January 1, 2019, a copy of which is attached hereto, incorporated herein and marked as Exhibit "A," while continuing to occupy the position of President of the College, Staropoli initially reported to the President of the Corporation and the

Chairman of the Board. Over time, Staropoli's title, scope of authority and reporting obligations were modified as set forth in the Corporate Bylaws, a copy of which is attached hereto, incorporated herein and marked as Exhibit "B."

76. Initially, Staropoli hired Scott and Heller.

77. Scott was hired by Staropoli on November 20, 2018.

78. Scott was represented as an acquaintance from Staropoli's time at Drexel University. Staropoli advised the Figuli's that Scott had been a President of multiple locations of a career college with similar programs to Hussian's acquired Daymar campuses and was claimed to be a very sophisticated and experienced academician, as well as an expert in the standards and policies of ACCSC, Hussian's institutional accrediting agency.

79. Scott had been providing services to Hussian as an independent contractor prior to her hire and based on the outcomes of her work with ACCSC, resulting in the successful acquisition of Daymar College's campuses, she appeared to be a good hire.

80. Scott reported directly to Staropoli and was given, by Staropoli, a broad range of oversight and authority in many of the areas that benefited the malfeasance of The Individual RICO Conspirators, incorporating ultimate oversight

over accreditation, student services and regulatory matters, including the return of unearned Student Aid to the Federal and state governments.

81. It was represented by Staropoli that he hired Heller as the Chief Enrollment Management Officer of Hussian College, reporting to Staropoli.

82. At the time, Staropoli's representations regarding Heller were that he was a business acquaintance of Staropoli, was excited about Hussian and its prospects, and was leaving Concorde Career Colleges ("Concorde") to join the Hussian team.

83. Concorde has programs that were competitive with Hussian's acquired allied health programs. Heller was seen as potentially a great addition with the expertise he was represented by Staropoli to have acquired at Concorde. His expertise acquired at an institution the size and sophistication of the Concorde operation made him a good candidate to assist Hussian to integrate its various operations both at Hussian and Daymar and grow to combined operations.

84. Payroll records appear to demonstrate that Heller began receiving compensation from Hussian during the first quarter of 2019.

85. Payroll records also indicate that Heller ceased receiving payroll related compensation in the final quarter of 2022, which is corroborated by a

termination letter on file. There is evidence that Staropoli continued to cause Hussian to compensate Heller as a contractor thereafter, through less conspicuous payment systems.

86. Employees have stated that they believe Heller was employed elsewhere in addition to what was represented as a full-time position with Hussian College. Heller's LinkedIn page appears to corroborate employees' suspicions and represents that Heller continued to work for Concorde, a direct Hussian competitor, for the entirety of his tenure with Hussian. Neither Heller nor Staropoli ever disclosed to Plaintiffs Heller's dual full-time commitments.

87. Based on statements from employees, it is believed that Heller has known Staropoli on a friendly basis for almost two decades.

88. Wojlaw was hired effective as of January 6, 2020, by Staropoli in the position of Vice President of Financial Operations reporting to Staropoli. Wojlaw was promoted to Chief Financial Officer on June 30, 2020, continuing to report to Staropoli.

89. Based on statements from employees, it is believed that Wojlaw and Staropoli maintained a friendship for almost two decades.

90. In February of 2021, Staropoli was granted the title of Chief Executive reporting directly to the Board of Directors of the Corporation while also

maintaining the title of President of the College. These changes, in addition to the revised reporting structure set forth above, were made effective for the purpose of compliance by the College with the guidance, standards and policies of the WASC Senior Colleges and University Commission known in the industry as “WSCUC,” from which Hussian College was intending to seek accreditation.

91. Kelley was hired by Staropoli effective as of August 2, 2021, in the position of Chief Information Officer of Hussian, reporting to Staropoli.

92. Based on statements from Kelley in late 2022 and early 2023, Kelley was a childhood friend of Staropoli, and a colleague of Staropoli and Scott with a postsecondary education company called Kaplan and was a business partner and co-owner with Staropoli of an IT consulting business called The Keeling Group prior to joining and while employed by Hussian.

**C. Creation of Fraud Email Addresses and
Initial Stages of Defendants’ Fraudulent Scheme**

93. JFiguli and DFiguli supported Hussian and Staropoli during all times relevant to this matter with funding in the form of loans and cash infusions to Hussian. The Figuli’s also procured certain MCA loans to support Hussian’s marketing, based upon enrollment projections provided by Staropoli, which

projections showed enrollment growth that justified the high cost of MCA funding.

94. In each case, Staropoli indicated and provided evidence that the MCA loans would achieve the desired results, with the goal being that the funding would produce sufficiently improved enrollment results to eventually render such funding unnecessary.

95. All of the MCA loans procured during the period prior to the COVID Pandemic in early 2020 were, to the best of Plaintiffs' knowledge, procured through lawful means and fully repaid.

96. While Hussian is still performing an internal investigation, and to the best of Plaintiffs' knowledge, it appears that much of The Individual RICO Conspirators' malfeasance and defalcation began in the lead up to or the early period of the COVID pandemic in the first quarter of 2020 and continued from there forward.

97. Towards the end of 2020, Staropoli and Wojslaw were projecting a cash flow deficit during November and December. Staropoli and Wojslaw represented to the Board of Directors that the deficit was being caused by a combination of:

- a. a timing issue due to the way in which revenue was being received in relation to the program cohort schedule inherited from the acquisition of the Daymar; and,
- b. a shortfall in the November 2020 program start enrollment numbers, increasing what was predicted to be a \$500,000 deficit to \$709,000.

98. In an effort to alleviate the cash deficit problem, DFiguli delayed the payment of certain monies due to him as a result of Staropoli's representations and JFiguli made a \$250,000 loan to Hussian.

99. What The Individual RICO Conspirators concealed from Plaintiffs during this time was that during the 3rd and 4th quarters of 2020 several of The Individual RICO Conspirators embezzled \$280,000 under the guise of "bonuses." These Hussian officers caused much of the deficit by paying themselves excessive, unauthorized bonuses rather than using available funds for competent marketing or operational needs. The Individual RICO Conspirators knew of Hussian's precarious cash position and yet persisted in diverting to their own pocketbooks \$280,000 of Hussian's much needed cash.

100. This deficit was presented by Staropoli and Wojslaw partly as a true cash deficit and partly as cash required to maintain enrollment growth on par with what was termed the “Josh Case” plan, i.e. marketing money.

101. Staropoli enlisted support from the other Individual RICO Conspirators, as well as other administrators, such as Mike Seaman, in creating a story that would justify an emergency funding request to cover the deficit.

102. Staropoli engendered confidence in the operation by presenting to the Board of Directors student population projections prepared by Wojslaw and confirmed by Heller showing significant enrollment growth in the coming periods that were allegedly based on trends and experience both in terms of new enrollments and retention of existing students and projected graduates, except that the projections were, at best overly optimistic but more likely just fabricated and fraudulent.

103. Hussian was seeking funding from a variety of sources at the time as part of an ongoing effort to both mitigate the potential risk of market volatility due to COVID and to ensure funding for growth was available.

104. Hussian sought funding from government programs (i.e., Paycheck Protection Program “PPP”), and lines of credit with traditional financial institutions (i.e., Key Bank and other banks through loan brokers). However,

because the government and traditional financial institution paths would not have an immediate turnaround, Hussian was also considering obtaining an MCA loan with Velocity due to the purported immediate nature of the cash need and the fact that an MCA could be funded on comparatively short notice.

105. At the time of being presented with the cash shortage scenario and being presented with the prospect of an MCA as a potential solution, the Figuli's notified Staropoli and Wojslaw that the Figuli's were no longer willing to sign personal guarantees on MCAs, especially considering that MCAs were supposed to use company receivables as their basis for collateral, hence the Lenders should not have been looking to the company's owners for additional security.

106. Staropoli represented to the Figuli's that he had developed a good relationship with the principals at Velocity and Summit. Velocity and Summit were willing to forego personal guarantees on MCA loans issued to Hussian based on the positive history established with Hussian and the Figuli's in 2019 and early 2020. Staropoli stated that he and Wojslaw would be able to consummate the MCA transactions without the need for guarantees or personal signatures, for that matter, by the Figuli's.

107. Staropoli proceeded to report the principal terms of a potential deals with Velocity and Summit to the Figuli's from time to time as well as management's plans for use of the funds.

108. Unbeknownst to JFiguli and DFiguli, Staropoli pursued the December 2020 Velocity funding transaction by unlawfully impersonating Plaintiffs through the use of illicit, fake emails Staropoli unlawfully and maliciously created.

109. Staropoli initially created a narrative for the creation of "new emails" that he communicated to Velocity by claiming the Hussian network may have been compromised, causing Velocity representative, W. Mandelbaum, to add the new DFiguli and JFiguli emails to a funding stipulations email.

110. Normally there would be many more emails and communications between Velocity and the principals of Hussian regarding a transaction like the one being pursued with Velocity by Hussian in December of 2020, including a funding confirmation call directly with the beneficial owners of the Company, i.e., the Figuli's. However, it appears that no confirmation calls were made to the Figuli's by Velocity for this funding. Further most of the Velocity communications for the December 2020 and other illicitly attained MCAs appear to have been purged from Staropoli's email account in Hussian's Microsoft 365 email system, including the funding stipulations email, which was later recovered from

Staropoli's draft items folder as part of a reply. Further, there is no evidence that confirmation calls ever took place and the Figuli's have no recollection or record of either of them receiving such a call.

111. Even after the loan from JFiguli, DFiguli foregoing payment, and the illicitly procured MCA, Staropoli still pushed, with the help of The Individual RICO Conspirators, for employees to go on unpaid furlough in December to cover for the cash gap caused by the bonuses and The Individual RICO Conspirators.

112. The "new email addresses" used to impersonate JFiguli and DFiguli and unlawfully steal their identities to commit fraud and forgery against the Figuli's and Hussian, were created as follows (hereinafter, the "Fraud Email Addresses"):

- a. "Josh.Figuli@hussiancollege.edu" (herein "josh.figuli") – was created on November 20, 2020, under the temporary password "I'mSorry", by Jeremiah.Staropoli@hussiancollege.edu
- b. "joshfiguli@hussiancollege.edu" (herein "joshfiguli") – was created on December 2, 2020, under the temporary password "Starbucks)0?" by Jeremiah.Staropoli@hussiancollege.edu

- c. “davidfiguli@hussiancollege.edu” (herein “davidfiguli”) – was created on December 2, 2020, under the temporary password “Starbucks)0?”, by Jeremiah.Staropoli@hussiancollege.edu

113. All of the MCA advances described herein were executed using the Fraud Email Addresses except as otherwise expressly set forth herein.

114. Staropoli and Wojslaw pursued \$450,000 (an amount that apparently changed based on the amount Staropoli believed he could justify through his evolving stories) in funds from Velocity on December 7, 2020, purportedly to fund marketing.

115. There is evidence that the stated purpose of the “joshfiguli” email among those in Hussian’s information technology department that encountered it was that it was created and used for public documents. A strained excuse that there was no evidence to support. Instead, there is evidence that the “joshfiguli” email was used to enter into secret MCA transactions that were intended to be fraudulently procured and, in fact, concealed from the Board of Directors and the Figuli’s.

116. Chief Information Officer, Kelley, knew about the Fraud Email Addresses created by Staropoli, i.e. “josh.figuli” “joshfiguli” and “davidfiguli”, and

further knew that Fraud Email Addresses were neither known to nor used by either JFiguli or DFiguli.

117. Further, on March 31, 2023, Staropoli himself exhibited a heightened state of distress in an instance where a new assistant, Kate Wetley, attempted to invite DFiguli to a recurring financial meeting using one of the Fraud Email Addresses the Individual RICO Conspirators had created in a communication that DFiguli might be able to see and question. Staropoli instructed Wetley to address the legitimate emails in a very direct way and instructed her to use the DFiguli's authentic email in sending legitimate emails and not to use the Fraud Email Addresses in any communication intended to be seen by either of the Figuli's.

118. The creation and concealment of the Fraud Email Addresses from DFiguli and JFiguli allowed Staropoli to procure fraudulently significant amounts of funding with the assistance of key team members, Wojslaw and Kelley, as well as Velocity and Summit themselves. Velocity and Summit's participation in the ongoing fraud made it all but certain that the fraud would be successful.

D. The Fraudulent MCAs

119. Through Velocity and Summit, Staropoli and Wojslaw used the Fraud Email Addresses to coordinate and obtain several undisclosed and fraudulently procured MCA loans to Hussian College over a period of a year and a half.

120. Summit is an affiliate lender of Velocity that also participated in the same scheme.

121. Significantly, Velocity and Summit were familiar with Plaintiffs' real emails. Further, during the period leading up to the issuance of the non-bogus MCAs Velocity and Summit communicated with the Figuli's to verify the legitimacy of the MCA request coming from Hussian Management.

122. Hussian engaged in a transaction with Velocity in December of 2019. As part of that transaction Hussian underwent an underwriting process confirming information about Plaintiffs at multiple stages.

123. This information was freely communicated to and among Plaintiffs, Staropoli and Velocity's representatives.

124. It is believed that, because the DocuSign⁹ in this initial transaction was routed through Staropoli and his email address as part of Velocity's process,

⁹ "DocuSign" is an internet application and program that allows one party to send a document to another party and allows the recipient to execute the document digitally.

this transaction opened Staropoli's eyes to how this particular funding pathway could be subject to illegal manipulation.

125. It is unlikely that Staropoli was able to achieve successful consummation of the fraudulently procured MCAs with merely the assistance of Wojlaw. Successful consummation required the participation of Velocity and Summit in the fraudulent scheme.

126. Plaintiffs' experience personally participating with the MCA lending process with Velocity and Summit both prior to the December 2020 MCA and again with an MCA in February of 2023, revealed a deliberate and staged process that is highly unlikely to have been manipulated to the extent that it was without the active participation of Velocity.

127. Velocity and Summit abandoned their normal procedures to enable The Individual RICO Conspirators to create MCA loans purportedly guaranteed by the Figuli's without Velocity having any direct contact with the Figuli's.

128. Specifically, the MCA approval process at both Velocity and Summit has an element requiring direct communication with the owners of a company. Such communications include direct funding calls with the beneficial owners of a subject borrower company, that, contrary to what Staropoli indicated in the lead-up to the December 2020 MCA, was not something that Velocity would normally

waive as a requirement. Velocity and its affiliate Summit clearly required such direct contact when Plaintiffs re-engaged in the process in early 2023, but apparently did not when Velocity and Summit were funding the fraudulent MCA's. Accordingly, Velocity and Summit not only turned a blind eye to The Individual RICO Conspirators' wrongful conduct but went further and took advantage of the situation that Staropoli and Wojslaw's malfeasant proclivity presented and participated directly in the scheme. Without Velocity and Summit's participation, the scheme would not have worked.

129. Further, in Fall of 2022 when Hussian was trying to climb out of a precarious financial position and fill a financial gap in order to reach receipt of a qualified Employee Retention Tax Credit ("ERTC") of approximately \$4,400,000, Staropoli initially had reached out to Velocity about a potential MCA but later, after Staropoli abandoned his efforts and ceased communicating with his contact at Velocity, Velocity reached out to JFiguli directly, at his legitimate email, in an effort to further a deal.

130. When Hussian's Board of Directors made a legitimate application with Velocity for an MCA, Velocity returned to its customary practice of making direct telephone contact with the beneficial owners before issuing the MCA.

131. Other than marketing emails, Plaintiffs received no other communications from Velocity or Summit from and after the 2019 MCA and until the Fall 2022 inquiry.

132. Velocity was fully aware of Plaintiffs' legitimate emails and used them for communications, approved transactions, and marketing emails. However, Velocity, Summit, Staropoli and Wojslaw used the Fraud Email Addresses to execute Velocity and Summit funding agreements and forged personal guarantees in the names of JFiguli and DFiguli by fabricating the electronic signatures of JFiguli and DFiguli in connection with the MCA's fraudulently procured from Velocity without the knowledge or authorization of neither DFiguli nor JFiguli.

133. During the December 2020 MCA process, Wojslaw sent JFiguli an email about an ACH authorization form that Velocity was intending to send via DocuSign. Upon receipt of the email JFiguli inquired of Staropoli regarding the ACH authorization whereupon Staropoli misdirected JFiguli by indicating that the request was no longer necessary.

134. JFiguli then sought confirmation and explanation from Wojslaw of Staropoli's statements and Wojslaw confirmed Staropoli's assertions.

135. JFiguli never received a DocuSign in his legitimate email account for the form. However, later investigations revealed the form was sent to the JFiguli Fraud Email and was signed by someone other than JFiguli. Further, a review of the signature pages of the funding documents reveal that the Internet protocol (“IP”) addresses of the signatories were all originating from either Philadelphia, Pennsylvania, or Wilmington, Delaware, with the IP addresses for Wilmington matching the Staropoli IP address discovered in other contexts.

136. Clearly Staropoli was receiving and processing all of the documentation regarding the fraudulent MCA’s and forging the signatures of the Figuli’s.

137. Neither D Figuli nor JFiguli were in either location around the time of the electronic signatures being affixed to the DocuSign MCA loan instruments.

138. Velocity was acutely aware of the valid email addresses for both JFiguli and DFiguli as well as the geographic location of JFiguli and DFiguli’s residences. At the time, JFiguli resided in California and DFiguli resided in Colorado. Velocity knew that neither Figuli resided in either Philadelphia or Delaware.

139. Further, the IP address was visible to Velocity and because of the prior communications and dealings with JFiguli and DFiguli would have been

suspicious and should have created doubt as to the veracity of the document for Velocity.

140. This same fraudulent scheme was used by Staropoli for many such transactions with Velocity, as well as other MCA companies.

141. At the time of hiring Simit Shah (“Shah”), as CFO (i.e. Wojslaw’s replacement) in 2022, Plaintiffs were being more informed of the financial status of Hussian and were aware that Shah would be seeking and procuring short-term funding from sources that may include MCAs.

142. Some of the MCAs obtained in Hussian’s name in the late Spring and Summer of 2022 were generally known to and approved by Plaintiffs, but Plaintiffs’ belief was, similar to the December 2020 MCA with Velocity, that the MCA’s procured in Spring and Summer of 2022 were fully and properly authorized and the Figuli’s were not aware that the MCA’s were being procured through illicit means, with forged personal guarantees and through the use of the Fraud Email Addresses.

143. Similarly, Plaintiffs were not aware of numerous other MCAs that were being procured through the use of the Fraud Email Addresses during 2021 and early 2022 or that such MCA’s contained the purported, fraudulent, forged

personal guarantees of the Figuli's and secured in some instances by companies of Plaintiffs that were unrelated to Hussian.

144. The protocol of Velocity for confirming funding followed an established process that had been used in the valid 2019 and 2023 transactions with JFiguli and DFiguli and included a direct telephone call between the ownership of the "merchant" (in this case Hussian College and therefore, the Figuli's) and an MCA underwriting representative.

145. In addition to other indicia of fraud, Velocity and Summit would have known that the owners, JFiguli and DFiguli, were not aware of the transactions when Velocity and Summit chose not to perform the customary confirmation calls with the same individual guarantors with whom they had communicated in confirming a prior transaction with Velocity in 2019.

146. The IP addresses in many of the MCA documents match the IP address used to access the Fraud Email in Hussian's Office 365 email access logs, which, in turn, matches the IP address used by Staropoli to access Company information technology systems on several occasions.

D. Plaintiffs' Discovery of Fraud

147. In Winter of 2021, Staropoli began to be nominally more open about financial difficulties being experienced by Hussian and tended to place blame for mistakes or failures on Wojslaw.

148. Reasons Staropoli provided to the Figuli's included failures to effectively pursue funding opportunities (i.e., legitimate funding opportunities) and to adequately project trends revealing cash shortfalls, manage cash, manage accounts and drafts on accounts, and cut expenses appropriately.

149. As a result, in the Winter of 2021 and proceeding into the Spring of 2022, with the advice and consent of the Plaintiffs and ultimately approval of the Hussian College Board of Directors, Hussian searched for and found a replacement for Wojslaw in Shah, and ultimately terminated Wojslaw from employment on May 25th, 2022.

150. Staropoli painted a difficult financial picture for Hussian beginning in late Spring of 2022 and continuing through the Summer until the Fall term. Reduced revenue would be realized creating operational difficulties and cash shortages resulting from both Wojslaw's alleged mismanagement as well as COVID related difficulties. This compelled the Figuli's personally to make

additional loans to the company of more than \$3,000,000 during 2022 and delay payment of over \$500,000 in rent payments due to them.

151. Further, Wojslaw's replacement, Shah, was pursued and hired by Hussian due principally to his purported banking relationships, which created a genuine hope and anticipation of receiving a traditional line of credit.

152. Despite the potential for a traditional line of credit, Staropoli and Shah continued to present near-term cash flow challenges that could not be addressed in a timely manner by the pursuit of a line of credit from a traditional bank and Shah and Staropoli indicated that they had no alternative but to seek additional MCA funding in late Spring and early Summer of 2022.

153. Ownership, relying on the representations made by Staropoli and Shah, gave the new CFO and Staropoli leeway to solve cash flow issues in a manner they believed to be necessary and prudent under the circumstances, especially given increasing confidence in Shah's communications with potential banking partners. However, Plaintiffs continued to indicate that they would not sign personal guarantees for any MCAs and instructed Staropoli and Shah to avoid maximizing MCAs due to the fact that they are very expensive financing options and instead directed Staropoli to try to keep costs of operation low so that upon

receipt of Fall tuition revenue and a potential line of credit Hussian would not have to use the bulk of the anticipated funds to repay the MCAs.

154. While Wojslaw's failures were, according to Staropoli, myriad, conversations with staff leading up to and following Staropoli's termination reveal that The Individual RICO Conspirators were likely all intricately aware of Hussian's financial challenges and Staropoli even more so than Wojslaw given his more detailed knowledge of other aspects of the operation, including enrollment, admissions, and student retention.

155. Conversations reveal that no employees of Hussian, including upper management, were so autonomous that Staropoli could legitimately claim that any aspect of the Hussian operation was concealed from his direct and detailed knowledge and oversight.

156. On one occasion Wojslaw went so far as to send a request for status as a "controller" to a Fraud Email Address for JFiguli for the purpose of administering an MCA.

157. Staropoli went so far as to acquire a phone number with a "(720)" area code, the mobile phone account prefix of DFiguli and JFiguli, for purposes of satisfying the multi-factor authentication process imbedded in DocuSign, further demonstrating an intent to deceive, defraud and conceal.

158. Again, it was represented to the Plaintiffs in late Spring and early Summer of 2022 by Staropoli that the MCAs could be and were procured without the need for personal guarantees and Plaintiffs were not being asked to sign any of the documents.

159. In July of 2022, as confidence continued to grow in Shah's banking efforts with UMPQUA bank, Shah and Staropoli presented cash flow projections through the end of 2022 that showed the impact of the potential line of credit, Fall tuition revenue and prudent financial management.

160. Shah's July 2022 projections, prepared in concert with Staropoli, depicted a scenario where not only were Hussian's finances becoming stabilized, but the projections contemplated significant amounts of repayment of Plaintiffs' 2022 loans, repayment of the existing MCAs and no need for further MCAs.

161. Based on continuing discussions regarding the July 2022 projections, Plaintiffs continued to personally provide financial support to Hussian above and beyond the MCAs in an amount of \$750,000 during the Summer of 2022.

162. In all, four MCAs were procured by Staropoli and Shah during late Spring and early Summer of 2022. The documents underpinning these transactions were provided to JFiguli on August 26, 2022. These loans enabled the payment of unauthorized exorbitant salaries and bonuses being taken by

several of The Individual RICO Conspirators during the Summer of 2022, the bonuses not being disclosed to the Figuli's until long after their dissemination nor disclosed to nor authorized by the Board of Directors.

163. This spanned a time in which Hussian and UMPQUA bank were in the final stages of negotiation of a line of credit and broader banking relationship. As part of those discussions, UMPQUA informed Hussian that the MCAs would need to be fully satisfied and the associated liens released, as part of the closure of the line of credit transaction, along with a loan between Hussian and the Philadelphia Investment Development Corporation.

164. By September of 2022, JFiguli's spouse, Shadi Figuli ("S. Figuli") had begun assisting the College in various capacities.

165. Staropoli had continuously described the company as stretched too thin in its human resources and S. Figuli was brought in to add human resource capacity and help push certain initiatives forward (i.e., new website, cash collections, etc.).

166. One other area where S. Figuli assisted was with regard to negotiating with MCA providers. Plaintiffs were assessing the MCA market over the Summer as an alternative to self-funding cash flow needs. Given the

exorbitant nature of MCA interest, S. Figuli wanted to ensure that future MCA deals struck, if any, were as economically beneficial as the market would allow.

167. In September of 2022, S. Figuli was communicating with an MCA broker by the name of Avi Dahan (“Dahan”) regarding potential loan terms in an effort to understand what may be available to Hussian through Dahan’s lender network, if needed. This conversation took place at a time after Hussian had received a line of credit from UMPQUA bank but came to realize that the financial projections of Shah depicting the line of credit as a cure all for Hussian’s most serious financial woes, i.e., funding base operations, marketing, and minimal repayments of borrowing debts owed to the Figuli’s, were materially inaccurate.

168. Staropoli indicated that he purposefully stayed out of the process of preparing Shah’s financial projections except where Shah needed background operational information because, in Staropoli’s words, Shah needed to “own them”. However, Shah’s ability to prepare the financial statements independently, without the assistance of The Individual RICO Conspirators, especially regarding future revenue, was not a realistic prospect.

169. Shah’s financials were inaccurate to such a degree that he was terminated towards the beginning of September 2022.

170. Hussian then immediately found itself, again, trying to survive until the next moment of purported financial deliverance, receipt of a substantial Employee Retention Tax Credit (“ERTC”) in the amount of \$4.4M. Timing of the ERTC receipt was not certain and as a result Hussian had to prepare for additional cash flow shortages, especially during the height of the Winter months when revenue from the new program starts would be limited.

171. In communicating with Dahan, S. Figuli informed Dahan that the terms he kept quoting were unrealistic and that Hussian was not and would not be interested.

172. Dahan responded by informing S. Figuli that he was perplexed by her reaction considering the fact that not only were the immediately prior deals that Hussian entered into on substantially similar terms to what he was proposing, but also that DFiguli and JFiguli signed all of the subject agreements, including personal guarantees.

173. S. Figuli then informed JFiguli that he had allegedly signed the recent Summer 2022 MCA agreements, to which JFiguli responded by saying he did not recall doing so.

174. S. Figuli then asked for copies of the signed documents from Dahan.

175. S. Figuli and JFiguli each had previously asked Staropoli for and received copies of the purported MCA agreements in question prior to receiving Dahan's versions. The MCA documents received from Dahan revealed that the versions of the MCAs Staropoli previously sent to JFiguli on August 26th, 2022, had been manipulated by:

- a. Removing all instances of JFiguli and DFiguli's names and initials;
- b. leaving and/or adding Staropoli's signatures as the sole signatory;
- c. removing the personal guarantees of the Figuli's; and
- d. concealing the fact that the MCAs listed other companies owned by the Figuli's as additional security for the MCA transactions.

176. Dahan had indicated that the agreements were signed via DocuSign and provided S. Figuli with the real emails for DFiguli and JFiguli implying that the transactions were consummated using the legitimate emails.

177. JFiguli proceeded to sign into the Docusign account¹⁰ for joshua.figuli@hussiancollege.edu which revealed that no MCA agreements for 2022 had been signed on that account.

178. S. Figuli then re-engaged with Dahan and asked him to double-check his records to determine if the Docusigned agreements actually came from the emails he previously indicated. In response, Dahan responded with the Fraud Email Address for DFiguli and the “joshfiguli” Fraud Email Address as those that were actually used for those MCAs.

179. S. Figuli and JFiguli then reached out to Kelley to investigate the Fraud Email Addresses associated with S. Figuli’s discovery.

180. Kelley represented that there were no messages in DFiguli’s Fraud Email Address account but did communicate on September 19, 2022, that:

- a. the Fraud Email “joshfiguli@hussiancollege.edu” contained a message relating to the Summer 2022 MCAs and provided screenshots of the same; and

¹⁰ Docusign maintains logs of all documents submitted to and/or executed through its system by individuals which can be accessed by those individuals. Those logs show what documents that individual at that email address signed. Since the fraudulent MCA’s used the fraudulent Fraud Email Addresses, those transactions did not appear on the log for the legitimate email address.

b. the Fraud Email account was created in December of 2021, but simply stated this in written email communication without proof and later investigations would reveal this statement to have been intentionally misleading to avoid suspicion of additional wrongdoing.

181. Kelley's investigation further revealed on the following day, September 20, 2022, that the JFiguli Fraud Email Address was accessed several times by the same IP address used to routinely access Staropoli's own Hussian email account, leading to the conclusion that the Fraud Email Address was being accessed by Staropoli.

182. Later investigations of the same Fraud Email Address in May of 2023, on or around the time of Staropoli's deauthorizations and ultimate termination from employment with Hussian, revealed that Kelley was not performing the investigation directly and that he was instead using his IT team to perform an account audit of the JFiguli Fraud Email.

183. The source of this discovery is a Microsoft Teams Chat between said IT personnel and Kelley. The chat between IT personnel revealed that IT personnel determined on September 19th that Staropoli was, at that moment, logging in to

the Fraud Email Address, that Kelley was aware of this fact, and that Kelley chose not to reveal Staropoli's access until September 20th, 2022, a day after Kelley's discussions with S.Figuli and JFiguli about the discovery.

184. The IT personnel's discovery that Staropoli was logging into the Fraud Email Address during the IT investigation suggested that Staropoli was notified of the discovery at the same time Plaintiffs believed that Kelley and the IT team were working to the benefit of Hussian in trying to root out wrongdoing. Clearly, Kelley was informing Staropoli about the investigation.

185. Further, Kelley notified the IT team to "stand down" from their investigation of Staropoli's access to the Fraud Email Address almost immediately after the IT team's discovery of Staropoli's login. Kelley did so without first disclosing the login to Plaintiffs or obtaining their consent or concurrence.

186. At the time, Plaintiffs had no evidence that Kelley was aiding Staropoli, and in fact, Plaintiffs believed that Kelley was more forthcoming than expected given even their limited knowledge of his prior relationship with Staropoli. Kelley presented to the Figuli's that his relationship with Staropoli at the time, and historically, was strained given failed past business dealings and the stated fact that Kelley's wife and Staropoli did not get along.

187. However, Plaintiffs' May 2023 investigation revealed that the discovered Fraud Email Address was actually created on December 2, 2020, a year earlier than Kelley represented to the Plaintiffs during their September 19th, 2022 conversations. It is clear from the evidence gathered that Kelley was also aware of and did not disclose a second Fraud Email Address for JFiguli and also indicated that Kelley was likely simultaneously communicating with Staropoli and strategizing about how Kelley should respond to Plaintiffs.

188. In communicating with Kelley about the Fraud Email accounts in September of 2022, Kelley indicated that multi-factor authentication was not established for the Fraud Email accounts, that no back-ups of the system for the Fraud Email accounts were being created, and that there were no other such unauthorized emails in existence.

189. At the same time of the initial discovery in September of 2022, Kelley was ordered to:

- a. institute Multi-Factor Authentication for all accounts;
- b. ensure that the discovered Fraud Email messages and account information was preserved; and
- c. create back-ups of the Microsoft 365 system.

190. Instead, Kelley allowed the discovered Fraud Email messages to be completely purged and destroyed.

191. Kelley claims to have instituted Multi-Factor Authentication for the Fraud Email accounts but also confessed that he *mistakenly* allowed Staropoli's phone number to remain as the Multi-Factor Authentication phone number.

192. Lastly, Kelley took no action to back-up the Hussian information systems and records, including the Microsoft 365 system.

193. Given these facts discovered during Plaintiffs' subsequent investigation in May of 2023 around the time Kelley was terminated and based on Kelley's concealment of certain facts and circumstances during Plaintiffs' initial investigation during September 19-20, 2022 and other facts subsequently discovered and discussed hereinbelow, it is apparent that Kelley participated and actively aided in the corrupt enterprise to defraud the Plaintiffs.

**E. The Board of Directors Learns of the Fraud
And Actions Taken by the Board**

194. Upon JFiguli and S. Figuli learning of the Fraud Email Addresses and believing they had developed enough of a rapport with Kelley to have reasonable faith in his trustworthiness, they called DFiguli to discuss how to handle the knowledge and next steps given the circumstances.

195. Plaintiffs generally believed in September of 2022 that Staropoli engaged in this wrongful conduct because he believed it was necessary in order to avoid greater potential harm to Hussian, students and employees. At that time, Plaintiffs were unaware of Staropoli's actual misappropriation of the funds for unlawful bonuses to himself and other Individual RICO Conspirators and other illicit actions, defalcation and other malfeasance discussed herein above and below.

196. In addition, it was believed that terminating Staropoli at that time would have also caused significant harm to Hussian. Hussian was in a fragile state operationally, it had just terminated its second chief financial officer in less than a year, and Hussian had performed searches for potential replacements of Staropoli in the past and candidates were either tremendously underwhelming and incapable, using Hussian as a stalking horse to negotiate with their current employer, or potential fits that wanted significantly high levels of compensation and equity, as well as a highly compensated team to support them and not providing any strong statements or plans for the improvement of Hussian. None of this was reasonable for Hussian to pursue at any point during the COVID pandemic when The Individual RICO Conspirators were under a direct order to

reduce expenses to prepare for the impact of associated economic and operational volatility.

197. Replacement challenges were also exacerbated by the fact that:

- a. most of the best talent in for-profit higher education had fled the market during regulatory and accreditation tightening that was taking place at all levels; and
- b. during the COVID pandemic, hiring in general had become a significant challenge with a more expensive and less-talented pool of candidates being experienced across all industries.

198. All of these factors were present and frustrated the process of finding a replacement CFO for Wojslaw. While Hussian settled on Shah, it was a decision that was made principally because of Shah's banking relationships. Plaintiffs found Shah's financial and accounting experience lacking - a truth that was unfortunately revealed, clear and present, when Shah's cash flow projections that underscored further loans from Plaintiffs over Summer of 2022, turned out to be faulty from several perspectives, resulting in Shah ultimately being fired only days before discovery of the Fraud Email Addresses in September of 2022.

199. In conclusion, for all of Staropoli's shortcomings, the Plaintiffs believed that removing him and the instability it would cause would be

catastrophic for Hussian given all of the other challenges Hussian was facing at that time.

200. As a result, Plaintiffs decided to become more personally active in the operations of Hussian by leveraging S. Figuli's position as someone that had a basis to communicate with personnel at lower levels of the company and begin investigating more closely any issues that were brought to the attention of the Plaintiffs or general suspicious activity, in contrast to JFiguli and DFiguli that were limited in their ability to communicate at lower levels of the organization on a consistent basis.

201. This ultimately led to the uncovering of potential additional wrongful actions by The Individual RICO Conspirators that Plaintiffs investigated and ultimately confirmed just prior to and, even more so, following separation from employment of the remaining Individual RICO Conspirators with Hussian, i.e., Kelley, Staropoli and Scott.

202. Among the additional actions discovered were that:

- a. Kelley was aware of unauthorized Fraud Email Addresses and instructed Hussian's information technology staff to conceal them; and

- b. Kelley was aware of the Fraud Email Addresses prior to Plaintiffs' discovery in September of 2022 and did not reference this knowledge or the additional JFiguli Fraud Email Address in his communications with Plaintiffs during the September investigation; and
- c. Kelley had granted Staropoli "universal access" to the Microsoft 365 system against the protests of the IT Team, enabling Staropoli to access all Company emails and documents saved under each account at will, as well as to create emails from those accounts; and
- d. Kelley had created an anonymous access to the Anthology student information system enabling Staropoli to commit greater fraud against the Federal government and the Company's students.

203. In addition, it was discovered that Staropoli modified copies of the audited financial statements of Hussian for the period ending December 31, 2021, on the copies of the Audit Report that were to be disseminated to Plaintiffs and the Board of Directors. Specifically, he removed the Auditor's Notes relating to all illicitly obtained and concealed MCAs during the audited year. This was

discovered during a conference call between Peter Fleming (the chief audit representative for the Hussian audit firm), DFiguli and JFiguli following termination of Staropoli during which Fleming was reading a footnote to the Audit Report regarding the MCA's that did not match the audit footnote in JFiguli's copy of what was supposed to be the same Audit Report that JFiguli had received from Staropoli.

204. In particular, the note on the copy of the Audit Report transmitted by Staropoli removed mention of all MCAs entered into in 2021, which, had they been disclosed would have revealed a dire financial situation that the auditors, for reasons undisclosed, chose not to identify as, at least, a "growing concern."

205. Fleming provided Plaintiffs with the real audits for the applicable period immediately after the conference call.

F. Defendants Embezzlement of Funds via Unauthorized Bonuses

A. Staropoli

206. At the beginning of COVID in early 2020, after consultation with DFiguli, JFiguli directed Staropoli to cease all bonus compensation of any kind until the uncertainty in student enrollments had subsided and the College ceased the need for additional funding to achieve its projected financial outcomes. This was part of a directive to conserve funds in general where at all possible and take advantage of all disaster relief programs being offered by the government to organizations like Hussian.

207. Rather than accept the circumstances and rise to the occasion, Staropoli decided to steal funds by paying maximum annual “bonuses” to Heller, Scott, Wojslaw, former Chief Strategy Officer, Guy Bell, and himself.

208. The pilfering of these illicit “bonuses” for Heller, Scott and Staropoli continued during the entirety of the pandemic and for the remainder of Heller, Scott and Staropoli’s tenure. Defendants concealed the payment of the illicit bonuses by not accounting for them in the cash flow statements and business plan projections presented to the Board of Directors, nor the approved budgets.

209. Staropoli and Deborah Handley, the Vice President of Human Resources, avoided seeking confirmation of approval for Staropoli’s bonuses and

since the company did not have sufficient funds to pay those “bonuses”, their unlawful actions resulted in severe negative consequences to the operations of the College and were the basis for The Individual RICO Conspirators’ commission of crimes against the students, against the Federal government, and against the Plaintiffs.

210. Defendants continually, materially misrepresented cash flow deficits, the circumstances causing those deficits and the uses of additional requested funding, to Plaintiffs.

211. All of the Defendants provided different points of data to illustrate the basis for the projected deficits. For example:

- a. Scott tracked retention of existing students;
- b. Heller provided projections of enrollments and marketing budgets;
- c. Staropoli tracked the timing of revenue and financial aid packaging;
- d. Wojslaw tracked trade payables, treasury balances and other expenses; and
- e. Even Kelley would receive daily student attendance and participation reports from Hussian’s learning management

system which served as a precursor to student withdrawals and projecting the same.

212. Defendants embezzled their “bonuses” while:

- a. defrauding students of their credit balances;
- b. not returning unearned federal student aid in accordance with federal law and regulation;
- c. building an accrued trade payable liability by an additional \$3,000,000 above what was inherited from the Daymar College transaction;
- d. complaining about insufficient money to fund marketing;
- e. failing pay rents timely;
- f. convincing employees to take multiple furloughs without pay;
- g. funding the College through MCAs exceeding in some cases a 125% annual percentage rate equivalent; and
- h. draining the Plaintiffs of more and more of their savings.

213. Staropoli’s employment agreements expressly permitted the issuance of bonuses only when approved by the Board of Directors, upon recommendation by the Chairman.

214. During Staropoli's tenure with the company he received a total of two approved bonuses in accordance with the terms of his employment agreements.

215. In each case, the person overseeing payroll requested formal record of approval from JFiguli, as Corporate President, who, in turn, sought advance approval from DFiguli in his capacity as Chairman of the Board of Directors, prior to responding. Upon receipt of proper approval, both bonuses were paid through the payroll system in 2019.

216. No other bonuses for Staropoli were ever approved nor even discussed with the Plaintiffs as required under Staropoli's employment agreement.

217. However, in calendar years 2020, 2021, 2022 and 2023 Staropoli caused to be paid to himself bonuses and additional compensation in the aggregate amount of \$643,136.59.

218. None of Wojslaw, as CFO overseeing the College's payroll function, Scott, as the COO overseeing Human Resources, nor Deb Handley as the person who sought approval for prior bonuses from JFiguli, sought evidence of the contractually required approval for any of the bonuses paid out after the two approved bonuses for 2017 and 2018 from Plaintiffs or the Board of Directors,

though numerous unauthorized bonuses were in fact paid to The Individual RICO Conspirators.

219. All of Wojslaw, Scott and Handley knew that Board of Directors' approval was required for the bonuses to be issued. Scott went so far as to include evidence of her knowledge of Staropoli's bonus as well as the explicit direction to pay such bonuses in her employment file.

B. Scott

220. Scott received her maximum possible bonus during every year of her employment.

221. While Staropoli was authorized under Scott's, Heller's and Wojslaw's contracts to issue bonuses upon their successful evaluation, there are other aspects of their employment that make the bonuses they received unauthorized and potentially illegal, beyond the general directive to cease all bonus compensation.

222. At no time were any of these bonuses disclosed to the Plaintiffs in their capacities as shareholders, Directors of the Board, or statutory officers.

223. At no time were any of these bonuses disclosed to the Board of Directors nor included in approved budgets of Hussian as required by the Company's articles of incorporation.

224. Based on statements from personnel and longtime Staropoli acquaintance, Kelley, Scott was engaged in an ongoing romantic relationship with Staropoli.

225. Aaron Paxton, former Executive Vice President of Admissions, stated to Plaintiffs that he had been on video conference calls with Staropoli and Scott when both were at Scott's house, Scott was wearing a bath robe, and both Staropoli and Scott were acting flirtatiously. Paxton indicated that the Staropoli/Scott relationship was a poorly kept secret.

226. It is certain that Scott, as the supervisor over the HR function, was well aware of the fact that her relationship with Staropoli violated Hussian policy. Indeed, in an email dated May 6, 2023 Scott sent a copy of the pertinent handbook provision to Staropoli to Staropoli. Despite this knowledge of the prohibited nature of the restricted nature of their relationship, no disclosure was made to the Board of Directors or the corporate officers.

227. The Staropoli/Scott relationship was not disclosed, was in violation of company policy, and rendered Scott's evaluation by Staropoli and his determination of her bonus payment unethical and a breach of fiduciary duty.

228. Both Scott and Staropoli knew that such a relationship would require, at least, that Scott be overseen by someone other than Staropoli, and likely, given

their positions and status, would require one of them to be repositioned or removed from employment with the company.

229. In addition, Plaintiffs obtained evidence suggesting:

- a. Scott was acutely aware of the financial condition of the College and its declining enrollments;
- b. Scott knew that the College was not returning unearned federal student aid, state-based student aid, and GI Bill Veterans Administration funds to the government in compliance with regulatory requirements;
- c. Monitoring timely return of unearned federal student aid, state-based student aid, and GI Bill Veterans Administration funds and compliance with related regulations was an express part of Scott's terms of employment. Under Scott's direct supervisory responsibility and authority Scott allowed a liability of over \$6,000,000 in unreturned and unearned student aid to accrue during COVID and took no action to ensure either its return or mitigate the consequences of an accruing liability by ensuring justifiable nonreturn;

- d. Scott helped to orchestrate the defrauding of parents and students of Hussian's Los Angeles campus as part of a scholarship credit balance scheme; and
- e. Scott oversaw the implementation of an unofficial withdrawal policy available only to non-attendance taking institutions, knowing full well that Hussian College consistently monitored attendance of students, daily, for retention purposes, defrauding both students and the federal government of hundreds of thousands of dollars, the full impact of which is still being investigated.

C. Heller

230. Despite consistently declining enrollment during COVID and a likelihood that Heller was working full-time for a direct competitor of Hussian, Heller received full-time executive level compensation and full bonuses for an executive level employee every year that he was on payroll with his employment relationship being directly superintended by Staropoli.

231. There was no justification for Heller's bonus compensation.

232. Staropoli was told repeatedly to terminate Heller during the course of several staff reduction discussions with DFiguli and JFiguli. Staropoli agreed to

terminate Heller but did not comply until late 2022 when Staropoli's insubordinate failure to effectuate the termination of Heller was uncovered. He was then once again directed to prepare and issue a termination letter and his compliance was directly monitored by JFiguli and DFiguli.

233. Staropoli then stated that Hussian needed Heller for a minimal consultancy from time-to-time in relation to the Hussian VFX gaming related programs. However, Staropoli continued to pay Heller regular and substantial amounts through the misuse of the College corporate credit card by using the corporate credit card to fund PayPal and Venmo accounts which then were used to pay Heller, in order to conceal the amount of payments to Heller. No payments to Heller appeared on the corporation's books and records otherwise. Only undifferentiated transfers to PayPal and Venmo were noted on the books without reference to Heller.

234. It is believed that bonus payments and concealed compensation were paid to Heller as part of a corrupt enterprise to ensure that the scheme to defraud students and the government could continue during the opportunity that arose from more chaotic operations of the College and the industry during COVID, and to conceal Heller's dual employment status with a Hussian competitor and

Heller's and Staropoli's failure to disclose Heller's violations of the Hussian conflict-of-interest policy.

235. All payments made to Heller were unauthorized and funds of the College were diverted without authorization to maintain Heller as part of the conspiratorial enterprise to defraud Hussian, Hussian's students and the Federal government.

236. Lastly, based on statements from Paxton, it is believed that Heller is responsible for helping Staropoli secure employment following his termination from Hussian.

D. Wojslaw

237. Wojslaw was paid a single maximum bonus in 2021.

238. Wojslaw was acutely aware of Hussian's liability to the federal government and was intricately involved in fabricating the illusion of economic solvency and the prospect of growth with fraudulently procured MCA's throughout the entirety of fiscal year 2021.

239. Wojslaw was also making loans to the College in an undisclosed and concealed manner through the student credit card payments portal with what appears to be a scheme to recover high interest rates that he would be able to pay directly to himself on the loans he advanced. The loans were not documented

or disclosed to, and accordingly were not authorized by any appropriate authority of the College.

240. Wojslaw's loans apparently began following a statement from Staropoli inquiring whether Wojslaw "wanted to get in on this action" according to a statement by Wojslaw made under oath in an arbitration proceeding.

241. The loans and the anticipated high interest withdrawals were a scheme devised between Wojslaw and Staropoli and concealed by surreptitious designs.

242. It is believed that the bonus payment and concealed loans were paid to and made by Wojslaw as part of a corrupt enterprise to ensure that the scheme to defraud students and the government could continue throughout the opportunity that arose from more chaotic operations of the College and the industry during COVID.

243. Further, because Wojslaw had direct knowledge of the fraudulently procured MCAs and the willingness of Velocity to skirt the attention of the Plaintiffs, it is believed that Wojslaw had a degree of certainty that his loans would be repaid.

E. Credit Card Embezzlement

244. Wojslaw also engaged in a significant number of transactions on the College AMEX credit card. However, for the entirety of Wojslaw's tenure with Hussian there are no records of reconciliation for the card and under Wojslaw's management and oversight of the financial operation, there is little likelihood that any reasonable scrutiny was applied to the charges.

245. College staff indicated that after Wojslaw was terminated, Staropoli resisted reconciling the credit cards, and only capitulated after having received mounting pressure to do the reconciliation towards the end of his tenure by the then Vice President of Finance, David Palko, and an accounting services analyst, Latricia Duckworth. Each made numerous requests for statements and information concerning the credit cards and charges that were ignored for long periods or completely during the final few months of Staropoli's employment and the College's existence.

246. Staff never escalated issues regarding reconciliation or charges to the Board of Directors or the Victims.

247. After Staropoli's termination, JFiguli went through the process of removing Wojslaw as the administrator of record on the AMEX card and began reviewing the card statements.

248. Just for the period September 2022 to January 2023 there were \$36,747.97 in unauthorized charges, including:

- a. payment for Staropoli family and friends' vacations to Orlando and Nashville;
- b. payment of charges from Staropoli's country club in Delaware;
- c. travel in the name of Staropoli's deceased brother, Curtis Staropoli;
- d. tuition and fees payments to Drexel University on behalf of Scott to pursue her doctoral degree despite Scott's termination of Hussian's tuition reimbursement policy;
- e. nondescript transfers to VENMO; and
- f. a significant amount, greater in cost than the items listed above, that require further investigation. Such funds were embezzled during the same period and prior periods using credit cards in the name of or controlled by Staropoli and Wojslaw.

G. Additional Fraud By Defendants Against Plaintiffs

249. Defendants' actions induced JFiguli, DFiguli and their family members to provide loans, advance costs, provide capital infusions, forego collections, and execute guarantees that summed to total direct losses in excess of \$6,948,110.93.

250. Statements from several employees following Staropoli's termination revealed that Staropoli created an impression of the Figuli's among the staff that, rather than doing everything they could to support Hussian and in fact, providing millions of dollars to support Hussian, they were raiding the company and that Staropoli was fighting to protect the employees from cuts to staff in order to pay for their lifestyles, effectively projecting false conduct onto the Figuli's that was in fact precisely what The Individual RICO Conspirators were doing themselves.

251. Defendants would continuously represent to the Figuli's and the Board of Directors that Hussian was just nominally away from resolving seasonal cash flow issues caused by a combination of the acquisition of the Daymar College locations, the COVID pandemic crisis, and, eventually, Wojslaw's mismanagement, instead of providing an accurate picture of an institution being raided by C-Suite employees that were shirking their duties and concealing the fact with unearned student aid, fraudulently maintained student credit balances and an addiction to

MCAs to artificially extend the ruse of sustainable operations and growth potential.

252. Full disclosure would have resulted in more scrutiny and significant changes that would have been averse to the corrupt enterprise of The Individual RICO Conspirators.

253. Defendants together caused Hussian to incur exorbitant interest charges through the fraudulent issuance and obtaining of MCA loans as follows:

Date	Lender	Purchased Amount (Repayment)	Amount Paid to Hussian (Loan)	Damage to Hussian ¹¹ (Interest)
12/7/2020*	Velocity	\$630,000	\$427,335	\$202,665
2/3/2021	Velocity	\$630,000	\$427,335	\$202,665
5/3/2021	Velocity	\$910,000	\$617,335	\$292,665
7/19/2021	Velocity	\$1,120,000	\$759,835	\$360,165
10/7/2021	WebBank	\$234,500	\$169,768	\$64,733
10/12/2021	Velocity	\$1,540,000	\$1,044,835	\$495,165
1/1/2022	Velocity	\$1,610,000	\$1,069,335	\$540,665
4/12/2022	Capital Assist, LLC	\$299,800	\$175,510	\$124,290

¹¹ All amounts are required to be repaid in the short-term (i.e. usually three to five months) making the annual percentage rate in excess of 125%.

Date	Lender	Purchased Amount (Repayment)	Amount Paid to Hussian (Loan)	Damage to Hussian ¹² (Interest)
4/13/2022	Cloudfund, LLC	\$524,650	\$321,796	\$202,854
6/10/2022*	Seamless Capital Group	\$269,820	\$157,910	\$111,910
6/29/2022*	Speedy Funding	\$224,850	\$131,510	\$93,340
6/29/2022*	Cloudfund, LLC	\$647,550	\$169,142	\$505,408
6/30/2022* ¹³	Segal Business Funding	\$149,900	\$89,605	\$60,295
	TOTALS	\$8,791,070.00	\$5,561,251.00	\$3,256,820.00

254. The Individual RICO Conspirators furthered their corrupt enterprise through the following means:

- a. Mis accounting for transactions in financials and financial audits as well as manipulating and forging copies of audited financials delivered to Plaintiffs;

¹² All amounts are required to be repaid in the short-term (i.e. usually three to five months) making the annual percentage rate in excess of 125%.

¹³ MCAs denoted with an "*" were authorized for marketing based on projections of Staropoli, Heller and Wojlaw (i.e. the 12/07/2020 MCA) after disclosure of a deteriorated financial condition of the College allegedly caused by Wojlaw's mismanagement and the hiring of new CFO Simit Shah. The means of acquiring these MCAs was concealed, fraudulent, and served as one of several pillars of the corrupt enterprise. All other MCAs identified were fully concealed, completely fraudulent in every respect and was removed by Staropoli from the 2021 financial audit presented to the Directors and the Figuli's.

- b. Concealment of no less than \$ 6,000,000 in accrued student aid liability;
- c. Concealment of CARES Act HEERF Funds liability;
- d. Concealment of enrollment declines;
- e. Concealment of bonus payments;
- f. Concealment of the extent of expenditures and embezzlement through credit card abuse, misuse and purposeful avoidance of statements disclosure and reconciliation;
- g. Concealment of the dire state of cash flow through the fraudulent procurement of MCAs;
- h. Concealment of the full extent of accrued Hussian payables and, upon revealing the millions in payables, concealing matters that would reveal there could be no legitimate plan to pay the associated liabilities; and
- i. Concealment of credit balances owed to students of Hussian's Los Angeles campus and their families and upon discovery by Plaintiffs of facts that tended to reveal an associated student credit balance liability accrual, again, The Individual RICO Conspirators concealed matters that would further reveal the

fact that there could be no legitimate plan to pay the associated liabilities. Ultimately, credit balances owed to students attending the Los Angeles campus total approximately \$1,450,000.

H. Student Aid and Covid Relief Fraud

255. During COVID, the USDE issued guidance that institutions participating in Student Aid could retain Student Aid funds disbursed to the institution in the event the student to which the Student Aid pertained withdrew for reasons related to COVID.

256. M. Seaman, Vice President of Operations notified key employees of this guidance. As part of this plan, M. Seaman notified employees, that Wojlaw was going to establish a reserve account to preserve unreturned funds to ensure that if students did not withdraw from Hussian for a COVID related reason, that Hussian would be able to make the appropriate returns of unearned student aid to the USDE.

257. No such reserve account was ever established, but a total of not less than \$6,000,000 in student aid may be owed due to disbursements to or on behalf of ineligible students or unreturned aid after students officially or

unofficially withdrew. This liability was kept on a ledger maintained by Robin Dermady, former Hussian Executive Director of Revenue.

258. Dermady's ledger included student aid balances owed to state agencies and third-party sources of \$55,529, as well as \$584,340.68 due to the U.S. Veterans Administration.

259. Several employees, including but not limited to Staropoli, Scott and Wojslaw were fully aware of the accruing liability. All three executives, as well as financial aid personnel, were equally obligated to disclose the existence of this potential liability to Hussian's Board of Directors, Hussian's independent auditing firm, Wilke and Associates, and if not immediately addressed, the appropriate regulatory agencies, but instead, all such employees wrongfully concealed the information and in some cases simply resigned their positions and left without disclosure.

260. Dermady claims to have been given a very large pay raise in proportion to her salary upon gaining responsibility for keeping the list. An amount equal to approximately an additional \$40,000 per year.

261. As previously indicated, under USDE guidance, an institution that withholds funds that should otherwise be returned to the USDE in the normal course of operations was required to document the COVID related reason for a

given student's withdrawal and prepare attestations to justify withholding the otherwise unearned funds.

262. In late 2022, Staropoli raised the issue of Hussian attempting to justify the retention of some unreturned student aid funds that became the subject of a nominally disclosed audit of Hussian's actions in accordance with the USDE COVID guidance, with the impetus for Staropoli's disclosure being identification by Hussian's auditor to Staropoli of unreturned aid liabilities. Staropoli expressed extreme frustration with M. Seamen and represented that it was M. Seaman's responsibility to document students' COVID reasons for withdrawal by reaching out to the students that withdrew without providing a COVID related reason at the time of withdrawal, to determine if there was a previously undisclosed COVID basis.

263. Around this time Dermady disclosed the potentially large student aid liability to S. Figuli in the course of their conversations on a range of issues. S. Figuli immediately presented the issue to JFiguli and DFiguli and the Plaintiffs proceeded to investigate the matter with Staropoli. Staropoli indicated that there was and had been a continuous, ongoing and active process to acquire COVID bases for student withdrawals, that the independent auditors (i.e. Wilke) were fully aware of the issue, that the USDE was directing institutions and their

auditors to audit unreturned funds and related COVID attestations to support justifiable nonreturn of student aid across the industry, and that the institution was undergoing an audit in relation to periods of unreturned aid and confirming student attestations of the same.

264. Staropoli's response and the fact that the auditors had engaged in a full audit of all financial and government funded student aid transactions was sufficient to assure the Figuli's that the potential liability was known and being mitigated in accordance with USDE guidance and independent review.

265. M. Seaman left the employ of Hussian in the Summer of 2022. In the course of the audit, Staropoli indicated to JFiguli and DFiguli that he found a substantial amount of student COVID withdrawal support in M. Seaman's email and that he would be providing the support to Wilke and the USDE as required and that he was continuing to contact students and acquire support for all outstanding unreturned aid liabilities. Staropoli assured JFiguli and DFiguli that this process was active and that there would be no significant complications resolving potential student aid liabilities in this regard.

266. Following Staropoli's termination it was discovered that he and the Hussian IT team at the direction and oversight of Kelley, created anonymous,

surreptitious access to Hussian's student information system licensed from the software company Anthology.

267. The anonymous access to Anthology was used by Staropoli to create false notes in students accounts and contact manager interfaces identifying COVID reasons for their withdrawal from Hussian. Most of the notes were backdated and thereby predated the creation of the anonymous access profile that was creating the notes. Plaintiffs have not found independent support for the notes created and have no reason to believe that the notes were anything but fabricated by Staropoli with the assistance and knowledge of The Individual RICO Conspirators.

268. In order to further perpetuate this fraud against the Plaintiffs and the United States government, Hussian's investigation of the matters around Staropoli's activities confirmed in September of 2023 that Staropoli accessed the Hussian email accounts of students that had never before logged into their accounts and proceeded to send communications as if the communications were sent directly by the students themselves, converting their identifies for the benefit of the corrupt enterprise. The fraudulent communications, created and sent by Staropoli in the name of the students, were sent to M. Seaman's email account claiming COVID reasons for their withdrawals.

269. These emails were all sent in close proximity of time and the students' accounts were accessed at the time of sending the emails by an individual at Staropoli's IP address.

270. In addition, the "student" emails were all in response to an email from M. Seaman from the previous Summer. These emails appear to be the only emails ever sent by these students from their email accounts.

271. It was further discovered that many of the student emails were actually created at the direction of Staropoli, after attempts to legitimately contact the students at their private emails of record were unsuccessful.

272. At one point, Staropoli discovered that, contrary to his expectations, student email accounts were locked and in response, Staropoli thereafter ordered that he be granted access to all student email accounts and contents on February 7, 2022, from the IT team, including Kelley.

273. "Student" COVID attestation emails sent in June of 2022 when Mike Seamen was still employed with Hussian all contain similar hallmarks of fraud. Notably, all of the students quickly responded from their student emails in rapid succession.

274. Hussian's auditor, Peter Fleming, with Hussian's independent financial auditing firm, Wilke & Associates headquartered in Pittsburgh,

Pennsylvania, indicated that the COVID attestations and support provided by Staropoli in this regard were viewed as suspicious, but further indicated that, because the communications were presented as originating from students that there was no basis to investigate them.

275. What is clear is that there was no reason to create an anonymous access to Anthology to make notes in students' accounts if there was a legitimate reason and independent support for the notes.

276. The notes and emails are clear acts of identity fraud and wire fraud and resulted in acts in violation of the Federal False Claims Act.

277. In addition to the student aid fraud identified above, Staropoli misused \$1,259,765 in funds provided to Hussian under the CARES Act Higher Education Emergency Relief Fund program.

278. Staropoli did not account for, apply, or report on the use of the funds in the manner required by the terms of the program. Further, there is no evidence that there was even a minimal effort to do so.

279. The failure to include the resultant liabilities to the Federal government in the financial statements of Hussian which were used to prepare the financial audits of Hussian resulted in fraud against all parties that relied on the financial statements and or the audits including:

- a. the USDE;
- b. ACCSC;
- c. banks and other financial institutions;
- d. the Small Business Administration as responsible for oversight and underwriting of disaster relief loans and assistance;
- e. landlords of the College; and, of course;
- f. Plaintiffs.

280. Further, the concealment of the student aid liability directly permitted the continuation of the corrupt enterprise as disclosure of the same would have rendered the institution ineligible to participate in student aid programs and would have prevented the students from enrolling at the College and being defrauded by Defendants.

H. Termination of Defendants

281. Ultimately, Staropoli was deauthorized from all access, power and authority with the company on May 15, 2023, and formally terminated on May 22, 2023.

282. Following Staropoli's deauthorization, he immediately began deleting thousands of emails and attempting to enlist other employees to access systems and assist in destruction of Hussian records, including without limitation emails,

financial reports, and student account records. Thereafter, Kelley was terminated from Hussian on May 16, 2023. Similar to Staropoli, Scott also engaged in a suspect amount of attempted purging of email communications on the day of Staropoli's deauthorization, May 15, 2023, inconsistent with her prior pattern of action. Scott then resigned by letter dated May 18, 2023, with an effective date of June 5, 2023, and accompanying support for her termination was a statement from a medical professional enabling her to continue to accrue and be paid for time that she was not working. As a result of the fraudulent actions of The Individual RICO Conspirators, Hussian ceased ongoing operations and commenced wind-down in June 2023.

Claims

Racketeering Influenced and Corrupt Organizations Act ("RICO")

283. The allegations of paragraphs 1 through 282 are incorporated herein by reference as though set out in full.

284. RICO defines an enterprise as "any individual, partnership, corporation, association or other legal entity, and any union or group of individuals associated in fact although not a legal entity."

285. Defendants as a group combined to defraud Plaintiffs as set forth above in detail.

286. Defendants concerted activities as described above were organized and maintained for the purpose of illegally defrauding Plaintiffs.

287. Hussian is an enterprise engaged in and whose activities affect interstate commerce.

288. Defendants used and invested income that was derived from a pattern of racketeering activity in an interstate enterprise. Specifically: Defendants used various schemes to wrongfully misappropriate funds from Hussian, the Federal government and Hussian's students to the detriment of Plaintiffs.

II. Breach of Fiduciary Duty

289. The allegations of paragraphs 1 through 288 are incorporated herein by reference as though set out in full.

290. Defendants and each of them as officers, employees and lenders of and to Hussian owed Hussian a fiduciary duty of loyalty and to not embezzle nor wrongfully appropriate assets and funds of Hussian.

291. Defendants and each of them violated that fiduciary duty for their own benefit and to the wrongful damage of Hussian.

III. Disgorgement

292. The allegations of paragraphs 1 through 291 are incorporated herein by reference as though set out in full.

293. Each Defendant's breach of the fiduciary duty owed to Hussian caused damage to Hussian and resulted in Hussian wrongful demise.

294. Each Defendant's breach of the fiduciary duty owed to Hussian was a violation of that Defendant's employment agreement and duties owed to their employer under Pennsylvania law.

295. As a result of those breaches of fiduciary duty Hussian has been severely damaged to the extent that it was forced to go out of business resulting in the loss of in excess of \$54,000,000.00 in value to Plaintiffs.

296. The following amounts were wrongfully paid to the following Defendants:

a. Staropoli

i. Unlawful Salary \$952,329

ii. Unlawful Bonuses \$575,000

iii. Unlawful Overpayment \$68,137

- iv. Total Unlawful Compensation \$1,595,465
- b. Scott
 - i. Unlawful Salary \$762,575
 - ii. Unlawful Bonuses \$225,000
 - iii. Unlawful Overpayment 14,723
 - iv. Total Unlawful Compensation \$1,002,298
- c. Heller
 - i. Unlawful Salary \$585,642
 - ii. Unlawful Bonuses \$110,000
 - iii. Unlawfull Overpayment \$1,669
 - iv. Total Unlawful Compensation \$695,642
- d. Wojslaw
 - i. Unlawful Salary \$463,315
 - ii. Unlawful Bonuses \$53,027
 - iii. Unlawful Overpayment \$13,949
 - iv. Total Unlawful Compensation \$530,292
- e. Michael R. Kelley
 - i. Unlawful and Total W2 Compensation \$326,269.08
- f. Grand Total

- i. Unlawful Salaries \$3,090,130.08
- ii. Unlawful Bonuses \$963,027
- iii. Unlawful Overpayments \$98,478
- iv. Total Unlawful Compensation \$4,151,635.08

297. The Individual RICO Conspirators unlawfully and wrongfully misused Hussian's Corporate Credit Cards for their own personal entertainment, vacations, and other personal, non-corporate expenses in amount in excess of \$90,812.75.

298. The Individual RICO Conspirators unlawfully and wrongfully paid a bonus to Guy Bell, former Chief Strategy Officer, in the amount of \$55,000, and provided Robin Dermady with a pay raise in the amount of \$40,000 per year for a period of no less than two years totaling \$80,000 in an effort to have her conceal the accruing student aid liability.

IV. Conversion

299. The allegations of paragraphs 1 through 298 are incorporated herein by reference as though set out in full.

300. The actions of The Individual RICO Conspirators set forth above unlawfully converted to their own use the assets and funds of Hussian.

301. The actions of the MCA RICO Conspirators set forth above unlawfully converted to their own use the assets and funds of Hussian.

302. The amounts unlawfully converted by The Individual RICO Conspirators and the MCA RICO Conspirators total in excess of \$20,000,000.00 of the funds and property of Hussian.

VI. Fraud

303. The allegations of paragraphs 1 through 302 are incorporated herein by reference as though set out in full.

304. The actions of both The Individual RICO Conspirators and the MCA RICO Conspirators were intended to be and did in fact constitute numerous frauds against Hussian which resulted in great damage to Hussian as set forth above.

VII. Conspiracy to Commit Fraud and Conversion

305. The allegations of paragraphs 1 through 310 are incorporated herein by reference as though set out in full.

306. The Individual RICO Conspirators and the MCA RICO Conspirators each combined, agreed and conspired to commit numerous unlawful offenses against Hussian as set forth in detail above.

WHEREFORE, Plaintiffs respectfully request that Honorable Court enter Orders herein:

- A. Awarding and entering judgment in favor of Plaintiffs against each of
The Individual RICO Conspirators, jointly and severally, in amount

exceeding \$54,000,000.00 trebled as provided in the RICO Statute to \$162,000,000.00;

- B. Awarding and entering judgment in favor of Plaintiffs against each of the MCA RICO Conspirators, jointly and severally, in an amount exceeding \$54,000,000.00 trebled as provided in the RICO Statute to \$162,000,000.00;
- C. Ordering Defendant Velocity to repay to Hussian \$2,093,990.00 in exorbitant unlawful interest charged to Hussian by Velocity;
- D. Ordering each of The Individual RICO Conspirators to repay to Hussian all salaries and bonuses paid to each Individual RICO Conspirator by Hussian for the years 2020 through 2023 as set forth in paragraph 302 above;
- E. Ordering each of The Individual RICO Conspirators to repay to Hussian all of the amounts wrongfully spent by them using the Hussian Corporate Credit Cards for their own personal expenses, vacations and entertainment as set forth in paragraph 303 above;
- F. Ordering each of The Individual RICO Conspirators to repay to Hussian all the bonus compensation paid to Guy Bell and the pay raise provided to Robin Dermady as set forth in paragraph 304 above;

G. Awarding punitive damages against each of The Individual RICO

Conspirators and each of the MCA RICO Conspirators as punishment for their deliberate, unlawful and damaging breaches of the fiduciary duty each owed to Hussian and for the wrongful and illegal acts each of them committed against Plaintiffs;

H. Ordering Defendants to reimburse Plaintiffs for all of the attorney's fees and costs incurred in investigating, preparing and prosecuting this Action in amount to be determined by this Honorable Court; and

I. Granting such other and further relief as this Honorable Court deems just and proper.

Respectfully submitted,
Leech Tishman Fuscaldo & Lampl, LLC

By: _____

Alan S. Fellheimer
PA Bar Number 9842
1417 Locust Street
Philadelphia, PA 19102
(215) 805-0503
afellheimer@leechtishman.com

Dated September 4, 2024

VERIFICATION

Understanding that false statements made in this verification are subject to the penalties of 18 Pa.C.S.A. § 4904 relating to unsworn falsification to authorities, I verify that I am authorized to make this Verification on behalf of Plaintiffs, that I have personal knowledge of the statements made in the foregoing Complaint, and that the statements made in the Complaint are true and correct to the best of my knowledge, information and belief.

Dated: September 4, 2024



Joshua Figuli



EXHIBIT A



EXECUTIVE EMPLOYMENT AGREEMENT

by and between

HUSSIAN COLLEGE, INC.

and

JEREMIAH STAROPOLI

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made and entered as of the 1st day of January, 2019 ("*Effective Date*"), by and between Hussian College, Inc. with its principal location at 1500 Spring Garden Road, Suite 101, Philadelphia, Pennsylvania ("*Hussian*") ("*Employer*") and Jeremiah Staropoli, whose Social Security Number is 222543363 ("*Employee*").

WHEREAS, Employer is desirous of employing the Employee after the Effective Date pursuant to the terms and conditions and for the consideration set forth in this Agreement to perform services for and on behalf of Employer; and

WHEREAS, Employee is desirous of engaging full-time, exclusive employment with the Employer after the Effective Date pursuant to such terms and conditions and for such consideration;

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. *Period of Employment.* In exchange for the Compensation described in this Agreement, and upon such other terms and conditions hereinafter set forth, Employer agrees to employ Employee for an indefinite term to serve at the pleasure of the Board of Directors and the Shareholders.

2. *Position and Responsibilities.* Employee will be the President of the College ("*President*") for Hussian College ("*College*"), a division of Hussian College, Inc. The duties and responsibilities of the President of the College shall be (i) those set forth in Exhibit A, attached hereto and made a part hereof, (ii) those as may established by the governing bodies of Employer from time to time, and, (iii) except as limited and restricted by (i) and (ii), those that are generally defined in the higher education industry, and particularly, as related to the operation and administration of accredited, Title IV colleges and institutions of higher education, as being attendant to the role of a president of a college. The position will report to the President of the Corporation and the Chairman of the Board. The activities of the Employee set forth on Exhibit B are deemed to be approved activities so long as the Employee's engagement therein does not interfere with his primary obligations to Employer.

3. *Compensation.* In exchange for the performance of his duties hereunder and all other services rendered by Employee in any capacity, Employer agrees to provide

Employee with the compensation specified in this Section. Employee will be responsible for the personal tax impact of the compensation provided under this Agreement.

a. Base Salary. In exchange for the full and faithful performance of his duties hereunder and all other services rendered by Employee in any capacity to Employer, the Employee shall receive an annual base salary of Two Hundred and Twenty-five Thousand Dollars (\$225,000) ("*Base Salary*"). The Base Salary shall be paid in equal monthly installments and pro-rated for any partial months and shall be subject to payroll withholdings and deductions as required by law, Employer policy, or Employee authorizations. Provided that the Employee is still employed by the Employer as of each succeeding January 1, the Base Salary shall be increased by Twenty-five Thousand Dollars (\$25,000) on each and every such successive anniversary date).

b. Bonus Compensation. Employee shall be eligible to receive an annual bonus award of up to fifty percent (50%) of his Base Salary ("*Bonus Award*"). This annual bonus award will be based upon an assessment by the Board of Directors of Employee's level of achievement of performance goals during the measuring period for such performance goals. The performance goals shall be established by the Board of Directors at the beginning of each measuring period after consultation with Employee. Any Bonus Award earned will be paid in a lump sum no later than the ninetieth (90th) calendar day from and after the end of the related measuring period. The determination of the performance goals and the level of achievement of those goals by the Employee shall be made in the sole discretion of the Board of Directors upon the recommendation of the Chairman.

c. Incentive Equity Units. Upon the later to occur of (i) the Effective Date of this Agreement, and (ii) the date that Daniel Pianko is removed as a unit holder of Education Equities Fund, LLC ("*EEF*"), EEF shall grant Employee incentive equity units equal to seven and one-half percent (7.5%) of the then-current equity holdings of EEF (the "*Granted Units*"). Such grant shall be pursuant to the terms of EEF's Equity Incentive Plan, an Award Agreement and EEF's Operating Agreement as same shall exist on the date of the issuance of the Grant. On issuance, 100% of the Granted Units shall be subject to forfeiture, however, so long as this Agreement has not been terminated and Executive is employed by EEF under the terms of this Agreement or a successor agreement incorporating this provision, then the Profit Units shall vest and be released from this right to forfeiture as follows:

(i) upon the date of the Grant, one-third of the Granted Units shall vest and be

released from the right of forfeiture; and

(ii) upon each of the first five (5) successive anniversary dates of the Effective Date of this Agreement one-seventh (1/7th) of the Granted Units shall vest and be released from the right of forfeiture. The Granted Units shall have Economic Interests only.

d. Benefits. During the Term, Employer shall provide to Employee the following benefits, which shall be wholly funded by Employer:

(i) Twenty (20) workdays of personal time off leave to be used for any reason that Employee sees fit ("*PTO Leave*"). The annual PTO Leave accrual maxima shall accrue on a pro-rated basis at the end of each calendar month of Employee's employment with Employer. Employee may carry over from one calendar year to the next up to ten (10) workdays of accrued and unused PTO Leave up to a total year-over-year accrual of no more than thirty (30) days. Upon reaching the maximum accrual, further accrual will be abated. Accrued and unused PTO Leave is not redeemable for compensation payment; if it is not used it is voided. Employee shall be credited a PTO Leave accrual as of the Effective Date of any unused vacation leave carried-over from his prior position with Employer.

(ii) Six (6) work days per year of short-term disability (sick) leave to be used only for a condition, whether physical or mental, that disables Employee from performing his assigned duties or which imposes a risk of infection to other employees ("*Sick Leave*"). Employer reserves the right to request a medical evaluation of Employee for any use of Sick Leave that exceeds five (5) consecutive days. The annual Sick Leave accrual maxima shall accrue on a pro-rated basis at the end of each calendar month and may be accumulated up to a maximum of six (6) work days. Accrued and unused Sick Leave is not redeemable for compensation payment; if it is not used it is voided.

(iii) Health and wellness insurance benefits equivalent to those provided to other employees of the Employer as established and revised by Employer from time to time.

(iv) Time off for all holidays observed by the Employer without loss of compensation.

(v) Time in service under this Agreement will be applied toward any vesting period for the purpose of any equity or incentive compensation arrangements.

4. Termination of Employment. The Period of Employment shall end (and the employment of Employee by the Employer shall terminate), on the first to occur of the following events (each a "Termination Event"):

a. Death. In the event of Employee's death prior to the end of the Period of Employment, this Agreement shall terminate as of the last day of the month of his death.

b. Disability. In the event of a Disability (as hereinafter defined) of the Employee during the Employee's employment hereunder, Employer shall have the right to terminate the Employee's employment thirty (30) days after written notice to the Employee (or the Employee's spouse or guardian). For purpose of this Agreement, the term "Disability" means any disability as defined under Employer's applicable disability insurance policy pertaining to the Employee or, if no such policy is applicable, any physical or mental disability or incapacity that renders the Employee incapable of performing the essential functions required of the Employee hereunder with or without reasonable accommodation in accordance with the provisions of the Americans With Disabilities Act (regardless of whether or not the ADA applies to the Employee's employment hereunder) for a period of ninety (90) days or for shorter periods aggregating to one hundred twenty (120) days during any consecutive twelve (12) months of the Employee's employment hereunder. If a disagreement arises between the Employee and Employer as to whether the Employee is suffering from a Disability, such issue will be determined by a physician designated by Employer. If the Employee disagrees with the conclusion of such physician then the Employee, at the Employee's expense, may obtain an opinion of a physician of the Employee's selection. If in the event of a disagreement between the conclusions of the physicians, a third physician (who is mutually agreed upon by Employer and Employee) shall be engaged to render an opinion, which opinion shall be final and binding on both parties. In the event of a Disability, the Base Salary otherwise payable hereunder will be offset by any long-term disability insurance program payments and paid through the end of the Period of Employment in monthly installments as specified in Section 3.a. as so reduced.

c. For Cause. In the event of (i) Employee's unauthorized and willful transfer or disclosure of any Employer information or other violation of the non-

competition, non-solicitation, non-conversion or non-disclosure obligations of this Agreement, (ii) disparagement of Employer or any of its Affiliates, as defined herein, in a fashion clearly and demonstrably injurious to Employer and its economic interests, (iii) commission of an act of dishonesty or breach of trust (A) in seeking this employment relationship with Employer, (B) prior to the Effective Date that may impair or call into question Employee or Employer's ability to lawfully or properly administer federal student aid programs, or (C) during the course of Employee's duties with Employer, (iv) Employee's serious, willful misconduct with respect to his duties under this Agreement, including but not limited to, conviction of a felony, (v) perpetration of a common law fraud which has resulted or is likely to result in material economic damage to Employer, or (vi) Employee's violation of other recognized standards of employment or conduct that constitute good cause for termination of an employee, such actions shall be grounds for termination for cause ("For Cause"). Upon a determination of the existence of For Cause circumstances relating to Employee, this Agreement shall terminate as of the date of such determination with no further obligations of Employer hereunder to Employee except for the obligation of Employer to pay to Employee any earned but unpaid Base Salary accrued to the date of termination subject to offset for any amounts owed by the Employee to Employer and any damages caused to the Employer as a consequence of the actions which constituted the For Cause determination.

d. Without Cause. Termination Without Cause means termination by Employer of Employee's employment other than due to Death, Disability, or For Cause. Upon termination of this Agreement Without Cause, Employee shall receive the benefits specified in Section 3.c. up to the date of employment termination in accordance with the provisions of such benefit plans and the Base Salary for a period of twelve (12) weeks after the date of termination.

e. Voluntary Resignation. "Voluntary Resignation" shall mean Employee's voluntary termination of this Agreement for any reason other than Death, Disability, or For Cause. In order to invoke Voluntary Resignation benefits and protections set forth in this Section 4.e., Employee shall be required to provide Employer written notice of his intent to resign no less than forty-five (45) days prior to the effective date of his employment termination; provided that Employer may shorten the notice period and effect the termination of employment as of such date within the notice period as it shall in its sole discretion determine. Employee shall receive benefits specified in Section 3. C. up to the date of employment termination in accordance with the provisions of such benefit plans and the Base Salary through the effective date of the

Voluntary Resignation.

5. Non-Competition. Notwithstanding any of the terms or conditions herein, and in consideration of the employment of Employee and the mutual promises herein contained, Employee agrees that during the Period of Employment and for a period of six (6) months following the expiration or termination for whatever reason of the Period of Employment, Employee will not, directly or indirectly, on Employee's own behalf or for or with others, (i) in the State of Pennsylvania, (ii) in the territory circumscribed by a circle that is one hundred (100) miles from the City Hall in Philadelphia, Pennsylvania, or (iii) any other Metropolitan Statistical Area in which Employer or any of its affiliates is then offering services or seeking to obtain students or customers (as defined below); directly or indirectly own an interest in, be employed by or consult with, any entity competing directly or indirectly with Employer or any entity under common control with Employer (an "Affiliate"); nor will Employee otherwise compete, directly or indirectly, with any programs or services marketed or offered by Employer, regardless of location. Further, the Employee shall not during the Period of Employment or anytime thereafter seek to convert or divert, directly or indirectly, business opportunities, ideas, strategies or efforts to his benefit of that of another person or entity. The non-competition provision of this Section 5 will not apply if, and only if, Employee's termination results from the insolvency of Employer or Employer's cessation of operations.

6. Agreement Not to Solicit Customers or Employees. For purposes of this Agreement, the term "Customers" means all of Employer's or any Affiliate's clients, partners and students, whether or not Employee is Employer's or an Affiliate's primary contact person for any such Customer during his employment with Employer, whether such Customers were contacts or customers of Employee prior to the commencement of Employee's employment with Employer, are existing Customers of Employer when Employee's employment with Employer commences and are specifically assigned to Employee, or become Employer's Customers after the commencement of Employee's employment with Employer and their business is obtained by Employee.

The term "Employees" shall mean all persons employed by Employer and any persons employed by Affiliates, whether such persons were employed at the date of this Agreement or subsequently became employed by Employer or its affiliates after that date. Upon and after the termination of Employee's employment with Employer, whether such termination is pursuant to the terms of this Agreement, upon expiration of this Agreement or otherwise, the following provisions shall apply with respect to the Customers and Employees: (i) within thirty (30) days after the termination of Employee's employment with Employer, whether such termination is pursuant to the

terms of this Agreement, expiration of this Agreement or otherwise, Employee shall, at the request of Employer, personally introduce a person designated in writing by Employer to all Customers with whom Employee has had contact and Employee shall introduce such person to such Customers as their new Employer contact person; (ii) Employee shall not, for a period of two (2) years following the termination of Employee's employment with Employer, whether such termination is pursuant to the terms of this Agreement, expiration of this Agreement or otherwise, contact or solicit the Customers or the Employees in contravention of this Agreement, or employ or assist others in employing the Employees, for any purpose whatsoever, except as otherwise provided in clause (i) above with respect to Customers and except that Employee may contact employees of Employer for purely social reasons provided that the discussion does not relate to business matters and does not include a solicitation of such employees in violation of this Section. Nothing in this Section shall prevent Employee from responding to contact initiated by Employees for the purpose of providing assistance to Employer in Employer's best interest.

7. Non-Disclosure. During the Period of Employment and for a period of two (2) years following the expiration of the Period of Employment or the termination of this Agreement, Employee agrees not to disclose to any third person, except for disclosures that may be required by law, any information about Employer or any Affiliates, their customers, plans, prospects, shareholders, directors, parents, employees, relationships, partners, students, programs, operations, or practices, except for such information as may be available to members of the public generally other than as a result of Employee's breach of this provision. Upon expiration of the Period of Employment or the termination of this Agreement, Employee shall immediately surrender to Employer all information concerning the Employer, its affiliates, directors, shareholders, parents, in his possession or control, of whatsoever kind or nature, including, without limitation, papers, documents, writings, computer hardware, software and files, computer discs and CD-ROMs, graphs, forms, files, notes, memoranda, correspondence, records and any other property produced by Employee or coming into Employee's possession as a consequence of Employee's employment with Employer.

8. Assignment. Employer shall have the right to assign this Agreement to an Affiliate or subsidiary corporation, specifically including an Affiliate created in a reorganization or an affiliation with another educational institution, and all covenants and agreements hereunder shall inure to the benefit of and be enforceable by or against its successors and assigns, provided that any such assignment by Employer shall not expand the scope of the non-competition obligations under Section 5 of this Agreement.

This Agreement provides for the personal services of Employee. Employee shall not

have the right to assign or transfer any of the rights or benefits hereunder, nor shall they be subject to voluntary or involuntary alienation.

9. Amendment, Modification, Termination or Waiver. The parties hereby irrevocably agree that no attempted amendment, modification, restatement, or change (collectively, "*Amendment*") of this Agreement shall be valid and effective, unless the parties shall unanimously agree in writing to such Amendment. No waiver of any provision of this Agreement shall be effective unless it is in writing and signed by the party against whom it is asserted, and any such written waiver shall only be applicable to the specific instance to which it relates and shall not be deemed to be a continuing or future waiver.

10. Change in Taxation. If subsequent to the Effective Date of this Agreement there occurs a change in the tax laws, regulations or administrative interpretations which would materially impact the taxation of the benefits provided to Employee hereunder, either party to this Agreement may propose an amendment. Any such proposed amendment shall be subject to this Section 10.

11. Withholding and Offset. Employer shall have the right to withhold and offset from any and all payments required to be made to Employee pursuant to this Agreement all federal, state, local, and/or other taxes which Employer determines are required to be withheld in accordance with applicable statutes or regulations as well as any amounts owed by Employee to Employer.

12. Severability. Should any part of this Agreement be declared invalid for any reason, such invalidity shall not affect the validity of any remaining portion hereof, and such remaining portions shall continue in full force and effect as if this Agreement had been originally executed without including the invalid part. If in any judicial proceeding the court refuses to enforce any of the covenants contained in Sections 5, 6 or 7 hereof because the time limit is too long, it is expressly understood and agreed between the parties hereto that for purposes of such proceedings, such time limitations shall be deemed reduced to the extent necessary to permit enforcement of such covenants. If in any judicial proceeding the court shall refuse to enforce the separate covenants contained in Sections 5, 6, or 7 because they are more extensive (whether as to geographic area, scope of business or otherwise) than necessary to protect confidential, proprietary or other information, business and/or goodwill of Employer, it is expressly understood and agreed between the parties hereto that for purposes of such proceeding, the geographic area, scope of business or other aspect thereof shall be deemed reduced to the extent necessary to permit such enforcement of such covenants.

13. *Survival.* Termination of this Agreement shall not deprive the parties hereto of any rights or release them of any liabilities or obligations which under the terms and provisions of this Agreement are to survive such termination, including by way of example, and not limitation, the rights and obligations set forth in Sections 5, 6, or 7 of this Agreement. Furthermore, the obligations of Employee under this Agreement shall continue in the event that Employee continues in the employ of Employer other than under the terms of this Agreement.

14. *Dispute Resolution.* Should any controversy, dispute or claim arise between Employer and Employee relating to or arising out of the subject matter of this Agreement, the relationship established hereby, or any provision of this Agreement (including termination of employment), the relationship of Employer and Employee or under any federal, state or local law or ordinance (including, but not limited to, claims, demands or actions under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, and all amendments to the aforementioned, as well as any other federal, state or local statute or regulation regarding employment discrimination), such controversy, dispute or claim shall be settled exclusively by arbitration administered in Philadelphia, Pennsylvania by the American Arbitration Association in accordance with its applicable rules as modified to allow reasonable discovery as provided for in the Federal Rules of Civil Procedure at the request of either party. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction to enforce arbitration awards. The prevailing party in the arbitration shall, in addition to such other relief as may be granted, be entitled to a reasonable sum as and for such party's costs and expenses incurred, including attorney's fees. Employer and Employee each agree that, except for Employer's right to injunctive relief pursuant to Section 15 below, arbitration shall be the sole and exclusive remedy in the event any such controversy, dispute or claim shall arise.

15. *Injunctive Relief.* Employee hereby represents and acknowledges that she has special, exceptional and unique knowledge and skills, the loss of which cannot be estimated with any certainty and cannot be fairly or adequately valued. Employee therefore agrees that Employer shall have the right, apart from the dispute resolution provisions of Section 14 and in addition to any other right which Employer may possess, (a) to enjoin him by appropriate legal action from violating the non-competition, non-solicitation and non-disclosure provisions of this Agreement, and (b) to specifically enforce Employee's obligations thereunder, during the Period of Employment and during the extended term of applicability of those provisions.

16. *Work for Hire.* The parties intend that all work performed by Employee for

Employer or any Employer Affiliate under this Agreement, or which was performed by Employee for the Employer or an Affiliate prior to the Effective Date which results or resulted in the creation, development or formulation of curriculum, marketing plans, conventions, inventions or any other tangible and intangible work, intellectual property, invention or other thing of commercial value ("*Intellectual Property*"), including, but not limited to, any such items developed by Employee for Employer or and Affiliate without using any Employer resources including, but not limited to equipment, other employees and/or information, shall be work for hire and Employer shall be the sole owner of such work during and at the conclusion of Employee's employment. The parties further agree that any other Intellectual Property developed by Employee for Employer or an Affiliate during the Period of Employment under this Agreement shall be sole and exclusive property of Employer or such Affiliate, including but not limited to Employer's rights with respect to applications for letters patent, filing of inventor's certificates, copyright registrations, or other intellectual property protection. Employee agrees to cooperate with Employer, at its request and at its expense, in filing applications and prosecuting any copyright, trademark or patent relating to the work.

To the extent any Intellectual Property is adjudged in accordance with Section 14 or other jurisdictional adjudicator to not constitute work for hire, Employee hereby agrees to assign all such Intellectual Property to Employer or Employer's designee. Employee further agrees to sign all instruments of transfer and any documents related to the registration of Intellectual Property to secure Employer or any Employer designee's rights under any applicable law of any state, the United States, or any foreign jurisdiction.

To the extent permissible under the law of any state, the United States, or any foreign jurisdiction, Employee hereby appoints Employer as its attorney-in-fact with all power and authority to effectuate employer's rights under this Section 16.

17. Exclusivity. During the Period of Employment Employee shall not serve, either directly or indirectly, in any employment or advisory capacity or engage in any employment or management activities for any other person, firm, or corporation without the prior written consent of Employer, provided that the activities listed on Exhibit B, attached hereto, as presently constituted, are approved by Employer for continued pursuit or participation by Employee as being exempt from the provisions of this Section 17.

18. Entire Agreement. This Agreement sets forth all the promises, covenants, agreements, conditions and understandings between the parties hereto with regard to

its subject matter and supersedes all prior and contemporaneous agreements, understandings, inducements or conditions expressed or implied, oral or written, except as herein contained. This Agreement expressly and specifically supersedes and annuls any prior or other employment, compensation, benefit or other agreement, of whatsoever kind or nature between Employee and Hussian no matter whether specifically identified, or whether known or unknown.

19. Acknowledgement. Employee acknowledges that she has carefully read this entire Agreement and has had the opportunity to seek and obtain, and has sought and obtained such advice and counsel as to its terms and provisions and his obligations, commitments, covenants and agreements hereunder. Employee acknowledges that his execution of this Agreement constitutes his free and voluntarily act and is without coercion or restraint of any kind or nature.

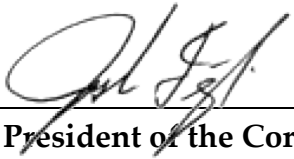
20. Governing Law. This Agreement and all disputes arising hereunder shall be governed by the laws of the State of Delaware.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

JEREMIAH STAROPOLI



HUSSIAN COLLEGE, INC.

By: 
President of the Corporation

As to the Incentive Equity Unit Grants:

EDUCATION EQUITIES FUND, LLC

By: 
Its Authorized Representative

EXHIBIT A

Position Duties and Responsibilities

All capitalized terms in this Exhibit A shall have the meanings ascribed in that certain Employment Agreement entered into by and between Hussian College, Inc. and Jeremiah Staropoli, effective as of January 1, 2019.

The President's responsibility is to provide leadership that will enhance institutional growth, stability, and excellence. Within the framework of the policies of the Board of Directors and the Board's power of superintendence and preemption, the President has the authority and obligation to exercise such powers and perform such duties and responsibilities as may be necessary and appropriate for the proper management of College. The principal duties of the President are:

1. To recommend strategic objectives for the College and a plan for their achievement.
2. To exercise supervision and direction necessary to promote the efficient and cost effective operation of the College.
3. To act as the official medium of communication between all groups within the College, the corporate officers and the Board of Directors.
4. To report on a regular basis to the Board of Directors concerning the condition, needs, and general state of the College.
5. To prepare and present the annual budget of the College to the Board of Directors and to prepare and present no less than monthly the operating results under the annual budget.
6. To appoint committees and councils considered necessary in the performance of administrative duties.
7. To recommend candidates for conferral of diplomas, degrees and educational credentials who have satisfied the requirements for such credentials.
8. To make recommendations and decisions relative to the proper administration of all aspects of College operations not reserved to the shareholder of Hussian College,

Inc. ("Shareholders"), corporate officers or the Board of Directors.

9. To provide annual, formal evaluations of all staff and faculty.
10. To implement and monitor comprehensive and strategic long-range planning involving all sectors of the College.
11. To represent the College to the public.
12. To aid and promote programs designed to increase public relations and visibility of the institution.
13. To support the members of the Board of Directors, the corporate officers and the Shareholders.
14. To serve in an ex officio capacity as a member of all College administrative, faculty and staff councils and committees.
15. To serve as the official College liaison with all accreditation, licensing and other regulatory agencies to which the College is affiliated or by which it is approved.
16. To serve as chief spokesperson of the College.
17. To prepare and maintain a complete and current codification of all policies, rules and procedures of the College.
18. To effectively implement strategies and tactics to maintain the financial condition of the College in a profitable condition and to generate financial returns that are consistent with Board directives and financial plans.
19. To sign all contracts of the College that are properly approved, unless otherwise provided.
20. To maintain compliance with all laws, regulations and policies applicable to the operation of the College.
21. To maintain the books and records, including the financial records of the College in accordance with generally accepted standards and principles.
22. To ensure that the assets of the College are properly secured against loss.
23. To hire and fire all employees under the supervision and control of the President

with proper consultation with the corporate officers and the Board of Directors.

24. To perform other duties as requested by the corporate officers or the Board of Directors.

CONFIDENTIAL

EXHIBIT B

Approved Activities

CONFIDENTIAL

*Annual Performance Goals
January 2019 through December 2019*

Professional Development

- *Prepare and publish in an independent media outlet no less than one article concerning college management.*

Personnel

- *Reorganize, restructure and replace as necessary the positions and staff of the College so as to build an effective and responsive organization that is dedicated to the mission and strategic outcomes of the College with a principal focus on superior student outcomes.*
- *Within the first ninety (90) days of 2019 conduct, or cause to be conducted, an evaluation of each staff member and cause to be conducted an evaluation of each faculty member and report findings to the Board.*

Student Outcomes

- *Achieve a student placement rate of 76% or higher and implement the use of a third party for verification of employment to meet the requirements of ACCSC.*
- *Achieve an average term-to-term student persistence rate of 95% with a focus on right-fit students.*
- *Maintain a student satisfaction rate across all categories of 90%.*

Academic

- *Perform a reassessment of all acquired curriculum and update said curriculum to comport with employer needs and competency assuring delivery methodologies.*
- *Add majors to acquired business degrees at acquired campuses including web development, cyber security, UI/UX, and supply chain management.*
- *Obtain NC-SARA approval for acquired online division and migrate programs online.*
- *Obtain approvals to bring acquired and updated programs to Philadelphia and Los Angeles campuses.*
- *Commence development of programs in advanced cyber security, financial technology, marketing technology, nursing and dental hygiene for implementation in 2020. Nursing and dental hygiene would be offered at least one campus beginning in 2020. All other programs would be offered at all campuses beginning in 2020.*
- *Prepare regulatory and accreditation filings for all of the above, as appropriate, and submit as necessary.*

Technology Systems

- *Develop and maintain effective implementation of a technology plan that will meet the needs of the College and its affiliates with a primary focus on cloud based solutions.*

Financial

- *Achieve or exceed budgeted enrollment, revenue and EBIDTA targets.*

Facilities

- *Institute campus improvement plan for Philadelphia in 2019 and prepare plans for acquired campuses for 2020.*
- *Launch an initial offering of Hussian College controlled programs at the Studio School Branch Campus such that the College will have an ongoing presence after the disassociation of Studio School.*
- *Prepare expansion plans for additional delivery locations in Nashville, and Denver in 2020.*

Studio School Branch

- *Monitor and effect compliance of the Studio School Branch with all policies and procedures, laws and regulations applicable thereto.*
- *Build a cooperative and mutually advantageous relationship with Studio School Education that supports a broader revenue opportunity for Hussian College.*

Culture

- *Build a culture of service, humility and transparency within the College.*
- *Build a clear understanding and commitment to the values of the College amongst all staff, faculty, and other service providers.*

Strategic

- *Prepare a plan for transition of the Daymar College name to Hussian College and begin implementation with the advice and consent of the Board of Directors.*
- *Operate strategically in a manner that is designed to avoid comprehensive intervention by accreditors and regulators.*

Planning

- *Maintain a comprehensive business plan for the College that addresses all goals, objectives and outcomes for all areas of operation of the College.*
- *Assign and monitor the achievement of KPIs for all staff and key faculty leaders awarding salary and other bonus opportunities based upon achievements.*



EXHIBIT B

AMENDED AND RESTATED BYLAWS

of

HUSSIAN COLLEGE, INC.

For Review and Approval: February 26th, 2021
Proprietary and Confidential

TABLE OF CONTENTS

ARTICLE I. NAMES AND CORPORATE OFFICES	5
Section 1. Names	5
Section 2. Corporate Offices.....	5
ARTICLE II. PURPOSES	5
ARTICLE III. SPECIFIC PURPOSE AND OBJECTIVES OF THE COLLEGE.....	5
Section 1. Charter Purpose.....	5
Section 2. Mission.....	5
Section 3. Vision.....	6
Section 4. Core Values.....	6
Section 5. Public Benefits	6
ARTICLE IV. BYLAWS AND POLICIES	6
ARTICLE V. NON-DISCRIMINATION	6
ARTICLE VI. MEETINGS OF SHAREHOLDERS.....	7
Section 1. Place of Meetings.....	7
Section 2. Annual Meeting	7
Section 3. Special Meeting	7
Section 4. Notice of Shareholders’ Meetings	8
Section 5. Adjournment	8
Section 6. Fixing of Date for Determination of Shareholders of Record	8
Section 7. Shareholder List.....	9
Section 8. Quorum	10
Section 9. Proxies and Voting.....	10
Section 10. Consent of Shareholders in Lieu of Meeting	11
Section 11. Presiding Officer and Conduct of Meetings	12
ARTICLE VII. BOARD OF DIRECTORS.....	13
Section 1. Power and Authority	13
Section 2. Number of Directors	16
Section 3. Election and Term.....	16
Section 4. Vacancies	16
Section 5. Resignation; Removal.....	16
Section 6. Nomination	17

Section 7. Independence	17
Section 8. Compensation	18
Section 9. Conflict of Interest	18
Section 10. Directors Emeritus	18
Section 11. Board Officers, Terms and Duties	19
ARTICLE VIII. MEETINGS OF THE BOARD.....	19
Section 1. Regular Meetings.....	19
Section 2. Special Meetings.....	20
Section 3. Quorum and Voting	20
Section 4. Electronic Meetings	20
Section 5. Action by Written Consent	20
ARTICLE IX. COMMITTEES	21
Section 1. Committees of the Board	21
Section 2. General Limitations	21
Section 3. Committees Mandates.....	22
Section 3. Subsidiary Boards and Deliberative Bodies	26
Section 4. Organization of Committees	26
Section 5. Meetings.....	27
Section 6. Quorum and Manner of Acting.....	27
Section 7. Action by Written Consent	27
Section 8. Record of Committee Action; Reports	27
Section 9. Removal and Vacancies.....	27
ARTICLE X. OFFICERS	28
Section 1. Corporate Officers	28
Section 2. College Officers.....	29
Section 3. Removal	31
Section 4. Vacancies	31
Section 5. Compensation	31
Section 6. Resignations.....	32
ARTICLE XI. SHARES OF STOCK AND THEIR TRANSFER; DISTRIBUTIONS, BOOKS.....	32
Section 1. Forms of Certificates.....	32
Section 2. Issuance.....	32
Section 3. Transfer of Shares	32
Section 4. Shareholders of Record.....	33

Section 5. Lost, Stolen, or Destroyed Certificates	33
Section 6. Regulations	33
Section 7. Distributions.....	33
Section 9. Examination of Books by Shareholders.....	33
ARTICLE XII. INDEMNIFICATION AND INSURANCE.....	34
Section 1. Insurance	34
Section 2. Indemnification for Expenses	34
Section 3. Indemnification For Other Proceedings.....	34
Section 4. Non-Exclusivity Of Indemnification Rights.....	35
ARTICLE XIII. MISCELLANEOUS	35
Section 1. Amendments	35
Section 2. Methods of Notice.....	35
Section 3. The Seal	35
Section 4. Securities of Other Corporation.....	35
Section 5. Fiscal Year	36
Section 6. Dividends	36
Section 7. Reserves	36
Section 8. Signature of Negotiable Instruments	36
Section 9. Surety Bonds.....	36
Section 10. Loans and Guaranties.....	36
Section 11. Relation to Articles of Incorporation	37
Section 12. Conflict With Applicable Law.....	37
Section 13. Invalid Provisions	37
ARTICLE XIV. STANDARD OF CARE	37
ARTICLE XV. CONFIDENTIALITY	37
ARTICLE XVI. CONSTRUCTION AND DEFINITIONS	38

ARTICLE I. NAMES AND CORPORATE OFFICES

Section 1. Names

The name of the Corporation is Hussian College, Inc. (the “Corporation”). The business of the Corporation may be conducted under that name, or upon compliance with applicable laws, any other name that the Board of Directors of the Corporation (“Board”) deems appropriate or advisable. For purposes of these Bylaws, the word “College” shall refer to that certain principal educational operating unit of the Corporation, accredited by an institutional accrediting agency recognized by the U.S. Department of Education. The Company may operate more than one College or academic program. The Board of Directors shall cause the Corporation to file any fictitious name certificates and similar filings, and any amendments thereto, that the Board of Directors considers appropriate or advisable.

Section 2. Corporate Offices

The Board of Directors may at any time and from time to time establish corporate offices at any place or places where the Corporation is qualified to do business.

ARTICLE II. PURPOSES

The Corporation is incorporated under the Business Corporation Law of 1988 of the Commonwealth of Pennsylvania (“Business Corporation Law”) for the purpose of engaging in and doing any lawful act concerning any or all lawful business for which corporations may be incorporated under said Business Corporation Law. The specific purpose of the Corporation is to provide educational instruction and other educational services and products throughout the world and to conduct any business ancillary or related thereto as the Board of Directors may determine from time to time.

ARTICLE III. SPECIFIC PURPOSE AND OBJECTIVES OF THE COLLEGE

Section 1. Charter Purpose

The following charter statements are the statements of purpose and objectives of the Corporation pertaining to the College.

Section 2. Mission

An unrelenting commitment to excellence that reinforces academic success, personal significance, and prepares students for service in their communities.

Section 3. Vision

We Will:

- Be a preferred source of graduates for leading employers.
- Have an active alumni network.
- Be a valued contributor to and supporter of our communities.
- Consistently delight our students.
- Be a source of excellence in academic programming and student services.
- Be an employer of choice.
- Inspire students to be unrelenting in the pursuit of their goals.

Section 4. Core Values

The Core Values of the College are: selflessness, dedication, responsibility, excellence, innovation, and integrity.

Section 5. Public Benefits

The College's goal is to be a socially responsible company that does well by doing good. In pursuit of that goal, the College will pursue public benefits, established by the Board of Directors from time to time with approval of the shareholders of the Corporation, as co-equal corporate outcomes to the pursuit of shareholder value.

ARTICLE IV. BYLAWS AND POLICIES

These "Bylaws" shall contain those statements of fundamental purpose, organization and fiduciary compliance of the Corporation, as limited by or subject to the requirements of the Business Corporation Law. The Board of Directors may adopt policies and directives from time to time ("Board Policies") that are supplementary to or provide guidance or procedures for the implementation of these Bylaws, or relate to routine matters of Board of Directors or Corporate operations. Board Policies shall be codified by the Secretary of the Corporation and promulgated as appropriate.

ARTICLE V. NON-DISCRIMINATION

The Corporation and its governing board, officers, employees and contractors shall comply with all applicable non-discrimination laws and regulations. The services of the

Corporation shall be available to all qualified persons with equal opportunity as specified by law and as motivated by the mission and values of the Corporation.

ARTICLE VI. MEETINGS OF SHAREHOLDERS

Section 1. Place of Meetings

All meetings of the shareholders will be held at the principal office of the Corporation, or at such other place, within or outside the commonwealth of Pennsylvania, as is determined by the Board of Directors and specified in the notice of the meeting.

The Board of Directors may determine, in its discretion, that any meeting of the shareholders may be held solely by means of remote communication in accordance with these Bylaws, without designating a place for a physical assembly of shareholders.

If authorized by the Board of Directors, shareholders not physically present at a shareholders' meeting held at a designated place or solely by remote communication may participate in, be considered present in person, and vote at the meeting, subject to the conditions imposed by applicable law and any guidelines and procedures adopted by the Board of Directors.

Section 2. Annual Meeting

The annual meeting of the shareholders will be held at such date, time and place, either within or without the commonwealth of Pennsylvania, as will be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which meeting the shareholders will elect the members of the Board of Directors and transact such other business as may properly be brought before the meeting of the shareholders.

Section 3. Special Meeting

Special meetings of shareholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the Chair of the Board or the Board of Directors, and will be called by the President of the Corporation or Secretary at the request in writing of shareholders owning twenty percent (20%) of the outstanding shares of capital stock of the Corporation entitled to vote at such meeting. Such request will state the purpose(s) of the proposed meeting, and any purpose so stated will be conclusively deemed to be a "proper" purpose.

If a special meeting is called by any person or persons other than the Board of Directors, the Chair of the Board or the President, the request shall be in writing, specifying the time of such meeting and the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the Chair of the Board, the President, any vice president, or the Secretary of the corporation. No business may be transacted at such special meeting otherwise than specified in such notice. The officer receiving the request shall cause notice to be promptly

given to the shareholders entitled to vote, in accordance with the provisions of this Article, that a meeting will be held at the time requested by the person or persons calling the meeting, not less than ten (10) days nor more than sixty (60) days after the receipt of the request. If the notice is not given within twenty (20) days after the receipt of the request, the person or persons requesting the meeting may give the notice. Nothing contained in this paragraph of this Section 3 of Article VI shall be construed as limiting, fixing, or affecting the time when a meeting of shareholders called by action of the Board of Directors may be held.

Section 4. Notice of Shareholders' Meetings

All notices of meetings of shareholders shall be in writing and shall be sent or otherwise given in accordance with this Section 4 of Article VI of these Bylaws not less than ten (10) nor more than sixty (60) days before the date of the meeting to each shareholder entitled to vote at such meeting. The notice shall specify the place (if any), or the means of any remote communication by which shareholders and proxy holders may be considered present and may vote at the meeting, the date and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called.

Notice shall be given to a shareholder: (x) by first class or express mail (or by bulk mail with at least 20 days' notice before the meeting), postage prepaid, or courier service, charges prepaid, to the shareholder's postal address appearing on the books of the Corporation; or (y) by facsimile transmission, email, or other electronic communication to the number or address supplied by the shareholder to the Corporation for the purpose of notice. Without limiting the manner by which notice otherwise may be given effectively to shareholders, any notice to shareholders may be given by electronic mail or other electronic transmission, in the manner provided in Section 1702 of the Pennsylvania Business Corporation Law. An affidavit of the secretary or an assistant secretary or of the transfer agent of the Corporation that the notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Section 5. Adjournment

At any meeting of shareholders of the Corporation, if less than a quorum be present, a majority of the shareholders entitled to vote, present in person or by proxy, shall have the power to adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum shall be present. Any business may be transacted at the adjourned meeting which might have been transacted at the meeting originally noticed. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date, as provided for in Section 5 of this Article VI of these Bylaws, is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting.

Section 6. Fixing of Date for Determination of Shareholders of Record

The Board of Directors may, by resolution, fix in advance a date as the record date for the purpose of determining shareholders entitled to notice of, or to vote at, any meeting of

shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend or the allotment of any rights, or in order to make a determination of shareholders for any other purposes (other than determining shareholders entitled to consent to action by shareholders proposed to be taken without a meeting of shareholders). Such date, in any case, shall not be more than sixty (60) days and not less than ten (10) days prior to the date on which the particular action requiring such determination of shareholders is to be taken.

If the Board of Directors does not so fix a record date:

(a) The record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

(b) The record date for determining shareholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent (including consent by electronic mail or other electronic transmission as permitted by law) is delivered to the corporation.

(c) The record date for determining shareholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment of the meeting, if such adjournment is for thirty (30) days or less; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 7. Shareholder List

If there is more than one (1) shareholder, then at least ten (10) days before each meeting of shareholders, a complete list of shareholders entitled to vote at each such meeting or in any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each, will be prepared by the Secretary or the officer or agent having charge of the stock transfer ledger of the Corporation.

The list shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share register or transfer book, or a duplicate thereof shall be prima facie evidence as to who are the shareholders entitled to examine the list or share register or transfer book or to vote at any meeting of shareholders.

If any shareholders are participating in the meeting by means of remote communication, the list must be open to examination by the shareholders for the duration of the meeting on

a reasonably accessible electronic network, and the information required to access the list must be provided to shareholders with the notice of the meeting.

Such list will be open to the examination of any shareholder, for any purpose germane to the meeting, during the meeting.

Section 8. Quorum

The holders of a majority of the shares of capital stock issued and outstanding and entitled to vote, represented in person or by proxy, will constitute a quorum at all meetings of the shareholders for the transaction of business.

The vote of the holders of a majority of the shares entitled to vote and thus represented at a meeting at which a quorum is present shall be the act of the shareholders' meeting unless the vote of a greater number is required by law, the Articles of Incorporation or these Bylaws, in which case the vote of such greater number shall be requisite to constitute the act of the meeting. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

Section 9. Proxies and Voting

The shareholders entitled to vote at any meeting of shareholders shall be determined in accordance with the provisions of Section 6 of Article VI of these Bylaws, subject to the provisions of Sections 1760, 1761 and 1768 of the Pennsylvania Business Corporation Law (relating to voting rights of fiduciaries, pledgors and joint owners of stock and to voting trusts and other voting agreements).

Except as may be otherwise provided in the Articles of Incorporation or Board designation of rights of any series or class of Preferred Stock adopted in accordance with the Articles of Incorporation, each shareholder shall be entitled to one vote for each share of capital stock held by such shareholder.

When a quorum is present at any meeting, the holders of a majority of the stock represented and entitled to vote on any question (or if there are two or more classes of stock entitled to vote as separate classes, then in the case of each such class, the holders of a majority of the stock of that class represented and entitled to vote on any question) other than an election by shareholders shall, except where a larger vote is required by law, by the Articles of Incorporation or by these Bylaws, decide any question brought before such meeting. Any election by shareholders shall be determined by a majority of the votes cast.

Shareholders may vote in person or by written proxy dated not more than three years before the meeting named therein. Proxies shall be filed with the Secretary of the meeting, or of any adjournment thereof, before being voted. An appointment of a proxy is effective when received by the Secretary or other officer or agent authorized to tabulate votes.

Except as otherwise limited therein, proxies shall entitle the person named therein to vote at any meeting or adjournment of such meeting but shall not be valid after final adjournment of such meeting. A proxy with respect to stock held in the name of two or more persons shall be valid if executed by any one of them unless at or prior to its exercise the Corporation receives a specific written notice to the contrary from any one of them. A proxy purporting to be executed by or on behalf of a shareholder shall be deemed valid unless challenged at or prior to its exercise, and the burden of proving invalidity shall rest on the challenger.

A proxy shall be revocable unless the proxy form conspicuously states that the proxy is irrevocable and the proxy is coupled with an interest as defined by Pennsylvania law. An appointment made irrevocable is revoked when the interest with which it is coupled is extinguished. The death or incapacity of the shareholder appointing a proxy shall not affect the right of the Corporation to accept the proxy's authority unless notice of the death or incapacity is received by the Secretary or other officer or agent authorized to tabulate votes before the proxy appointee exercises his or her authority under the appointment.

Section 10. Consent of Shareholders in Lieu of Meeting

Unless otherwise provided in the Articles of Incorporation, any action required to be taken at any annual or special meeting of shareholders of the Corporation, or any action that may be taken at any annual or special meeting of such shareholders, may be taken without a meeting, without prior notice, and without a vote if a consent in writing, setting forth the action so taken, is (i) signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted, and (ii) delivered to the Corporation in accordance with Section 1766 of the Pennsylvania Business Corporation Law.

Every written consent shall bear the date of signature of each shareholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within 60 days of the date the earliest dated consent is delivered to the corporation, a written consent or consents signed by a sufficient number of holders to take action are delivered to the Corporation in the manner prescribed in this Section. A telegram, cablegram, electronic mail, electronic signature application, or other electronic transmission consenting to an action to be taken and transmitted by a shareholder or proxyholder, or by a person or persons authorized to act for a shareholder or proxyholder, shall be deemed to be written, signed and dated for purposes of this Section to the extent permitted by law. Any such consent shall be delivered in accordance with Section 1766 of the Pennsylvania Business Corporation Law.

Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those shareholders who have not consented in writing (including by electronic mail or other electronic transmission as permitted by law). If the action which is consented to is such as would have required the filing of a certificate under any section of the Pennsylvania Business Corporation Law if such action had been voted on by shareholders at a meeting thereof, then the certificate filed under such section shall state, in lieu of any statement required by such section concerning any vote of shareholders, that written notice and written consent have been given as provided in Section 1702 of the Pennsylvania Business Corporation Law.

Section 11. Presiding Officer and Conduct of Meetings

The Board of Directors may adopt by resolution, rules and regulations for the conduct of meetings of the shareholders, as it deems appropriate. The Chair of the Board of Directors shall preside at all meetings of the shareholders and shall automatically serve as Chair of such meetings. In the absence of the Chair of the Board of Directors, or if the Directors neglect or fail to elect a Chair, then the President of the Corporation shall preside at the meetings of the shareholders and shall automatically be the Chair of such meeting, unless and until a different person is elected by a majority of the shares entitled to vote at such meeting. The Secretary of the Corporation shall act as Secretary at all meetings of the shareholders. In the absence or disability of the Secretary, the Chair of the Board of Directors or the President of the Corporation shall appoint a person to act as Secretary at such meetings.

The chair of any meeting of shareholders shall determine the order of business and the procedure at the meeting, including the manner of voting and the conduct of business. The date and time of opening and closing of the polls for each matter upon which the shareholders will vote at the meeting shall be announced at the meeting. The presiding officer shall announce the close of the polls for each matter voted upon at the meeting, after which no ballots, proxies, votes, changes, or revocations will be accepted. Polls for all matters before the meeting will be deemed to be closed upon final adjournment of the meeting.

Section 12. Judges of Election. The Board of Directors may appoint a judge of election in advance of any shareholders' meeting to act at the meeting or any adjournment thereof. If a judge of election is not so appointed, the presiding officer of the meeting may, and on the request of any shareholder shall, appoint a judge of election at the meeting. One judge shall be appointed. Judges need not be shareholders, but no candidate for director shall serve as a judge. The judge of election shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the authenticity, validity, and effect of proxies, receive votes or ballots, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes, determine the result, and do such acts as may be proper to conduct the election or vote with fairness to all shareholders. The judge of election shall perform his or her duties impartially, in good faith, to the best of his or her ability, and as expeditiously as is practical.

Section 13. Waiver of Notice.

Whenever notice is required to be given under any provision of the Pennsylvania Business Corporation Law or of the Articles of Incorporation or these Bylaws, a written waiver thereof, signed by the person entitled to notice, or waiver by electronic mail or other electronic transmission by such person, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the shareholders need be specified in any written waiver of notice, or any waiver of notice by electronic transmission, unless so required by the Articles of Incorporation or these Bylaws.

ARTICLE VII. BOARD OF DIRECTORS

Section 1. Power and Authority

a. **General.** Subject to the provisions of the Business Corporation Law and any limitations in the Articles of Incorporation and these Bylaws relating to actions required to be approved by the shareholders or by the outstanding shares, the business and affairs of the Corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board of Directors ("Board").

The powers and prerogatives herein of the Board are subject to and limited by the rights of the shareholders under the Articles of Incorporation and the Business Corporation Law. Subject to such rights and limitations, the Board shall exercise a general oversight and supervision over, and direction and control of the Corporation and shall formulate and establish the general, educational and financial policies of the Corporation and the College as it shall deem necessary, appropriate and convenient for the proper development and management of the Corporation and the College in pursuit of established corporate mission and purposes.

The Board may provisionally delegate such of its authority as it shall deem convenient and prudent, provided, that the Board shall reserve to itself the final and ultimate power and authority to act at any time on any and all matters essential to the proper functioning of the Corporation and the College. Any policy, operating statement or grant of authority adopted by any person or entity acting in the name of or under the authority of the Board or within the governance structure that is subordinate to the Board, whether presently existing or hereafter created, that is inconsistent with the powers and authority of the Board established herein, shall not be binding on the Board or the Corporation.

b. **System Election.** The System Members, may at their election (hereinafter a "System Election"), require any of the following Board actions, or actions subject to a System Election elsewhere in these Bylaws, to be separately taken and/or approved by the

System or the System Members, with such actions of the Board becoming final and binding in the absence of the exercise of a System Election by the System Members delivered in writing to the Chair of the Board within forty-five (45) days:

- i changes to the purposes and mission of the Corporation;
- ii material amendments to the organizational structure of the Corporation, including its divisions and offices;
- iii the appointment of officers of the Corporation as provided in Article X of these Bylaws;
- iv the general terms and conditions of employment of all non-College employees of the Corporation;
- v any additional capital requirements of any of the operating divisions of the Corporation;
- vi the annual capital and operating budgets of the Corporation;
- vii the financial statements of the Corporation;
- viii the financial auditor proposed by the Audit Committee and any audited financial statements prepared by the auditor; and
- ix strategic and other plans required for the strategic direction and the proper management of the Corporation and/or its divisions.

c. **Board Authority and Responsibility.** Subject to a System Election solely to the extent of overlapping authority between the enumerated actions above and those below, the specific responsibilities of the Board shall include, without implication of limitation, the following duties to exercise in furtherance of the mission and purposes of the Corporation and the College:

- i Determine and periodically review and amend or reaffirm the mission and vision statements of the Corporation in relation to the College's operations;
- ii Ensure that College policies and affairs are in compliance with applicable educational laws, policies and regulations, including but not limited to those of the state and federal education departments and licensing and degree granting authorities, and the accrediting agencies of which the College holds membership;
- iii Select and annually evaluate the Chief Executive;

iv Manage the use of the resources of the Corporation in a manner that balances financial and administrative capacity to support the College, and the need to consistently support the improvement of student achievement;

v Cause to be prepared, approve and maintain a strategic plan for the Corporation that includes segregated planning for the College, accounting for a balanced use of financial resources, development and maintenance of physical assets, considering the short and long-term needs and objectives of the Corporation and the College, and seeks to maintain reasonable compliance with applicable measures of financial responsibility promulgated by the College's accrediting agencies and administrative agencies to which the College has subjected itself to mandatory or voluntary oversight;

vi Review and consider what the Board determines are reasonable and relevant interests of the College's internal and external constituencies during its decision-making deliberations;

vii Review and approve the annual operating and capital budgets of the College;

viii Periodically review and analyze the financial performance of the College as compared against approved budgets and the strategic plan of the College;

ix Regularly monitor student achievement indicators such as retention, graduation rates, student learning, and job placement and make adjustments to the strategic plan as needed;

x Approve and authorize all earned and honorary degrees and diplomas to be awarded by the College;

xi Periodically evaluate the performance of the Board in relation to the fulfillment of its responsibilities and its effectiveness;

xii Select and approve the engagement of the financial auditor for the financial reports of the College and review the financial audits;

xiii Ensure quality of instruction, that programmatic outcomes are aligned with reasonably identified needs of the target employment communities, approve and monitor a program of merit-based faculty accountability and improvement, and safeguard the student bodies' interest in effective instruction and programmatic relevance; and

xiv Perform each and every other function required to be performed by the Board by the regulatory and accrediting bodies with jurisdiction or agreed oversight authority over the College.

Section 2. Number of Directors

Upon the adoption of these Bylaws, the number of directors constituting the entire Board of Directors shall be no less than five (5) and no more than eleven (11) Directors. The range of Directors may be changed from time to time by amendment to these Bylaws. The total number of Directors elected or appointed within the range stated herein is subject to a System Election.

Section 3. Election and Term

The term of all Directors other than the System Members shall be three (3) years and Directors shall be appointed on staggered terms, permitting a portion of the Board to be elected or reelected each year. There shall be no limit to the number of terms to which a Director may be elected. No more than two (2) members of the Board of Directors shall be elected by the shareholders (the "System Members") and shall serve at the pleasure of the shareholders of the Corporation. Directors will be elected by a majority vote of the Board, with the election of Affiliate Members other than the System Members being subject to a System Election. Newly elected Directors will be elected at the Board's annual May meeting and will serve through the May meeting that is three (3) years from the meeting of their election.

Section 4. Vacancies

Vacancies on the Board of Directors, other than vacancies of a System Member position, shall be filled by a majority vote of the Board, and the Directors so elected shall hold office from the date of their election and until the completion of the term of the Director they replace. The election of Affiliate Members shall be subject to a System Election. A vacancy shall be deemed to exist by reason of the death, resignation of a Director, or upon the removal of a Director in accordance with Section 5 of this Article.

Section 5. Resignation; Removal

Any Director may resign at any time by giving written notice thereof to the Board of Directors. Any such resignation will take effect as of the date of its delivery unless some other date is specified therein, in which event it will be effective as of the indicated date. The acceptance of such resignation will not be necessary to make it effective. The Board of Directors may, by majority vote of the Directors then in office, remove a Director other than the System Members, for cause. The removal of Affiliate Members shall be subject to a System Election.

a. **Removal for Cause.** Any of the following reasons shall be deemed to constitute "cause" for removal of a Director:

- i. Conviction or admission of guilt of a felony or of a crime involving moral turpitude during the period of service on the Board of Directors or prior thereto if the conviction or admission of guilt was willfully concealed;

- ii. Professional incompetency, neglect of responsibilities, or ineffectiveness, including a persistent failure to participate in scheduled meetings of the Board of Directors;
- iii. Sale or distribution of illegal drugs, and other use of alcohol or illegal drugs which would interfere with a Director's performance of his or her duty as Director;
- iv. Physical or mental incompetency as determined by law or by a committee of three (3) or more licensed physicians and reviewed by the Director;
- v. Conduct inconsistent with the educational and civic responsibilities of the College;
- vi. A Director's failure to attend three (3) consecutive meetings of the Board of Directors;
- vii. Willful violation of the policies of the Board of Directors;
- viii. A failure to continue to qualify as an "Independent Member" to the extent such failure leads to less than a majority of the members of the Board of Directors qualifying as Independent Members; and
- ix. Failure of a Director identified as an Independent Member to disclose facts and circumstances that would disqualify them as such.

Section 6. Nomination

Wherever the election of a Director is contemplated in these Bylaws, the candidate(s) shall be chosen from a list of nominees provided by the Governance Committee.

Section 7. Independence

A majority of the persons serving on the Board, or the persons on any committee of the Board, and of the persons counted for purposes of establishing a quorum for the conduct of business of the Board or any committee of the Board, must be "Independent Members" (defined below). For purposes of these Bylaws, a person is an "Independent Member" if they do not have interests that might impair their independent decision making, create multiple and potentially conflicting relationships, or result in competing loyalties. Conversely, a person will be considered an "Affiliate Member" under these Bylaws, and thus not an Independent Member, if (a) they are employed or otherwise regularly compensated by the College, Corporation or a stockholder; (b) have an ownership interest in the Corporation or a stockholder; or (c) are a family member of an individual with an interest of the type set forth in parts (a) or (b) of this Section. System Members are Affiliate Members for purposes of these Bylaws, except where such treatment would conflict with

the separate and unique power, authority and/or treatment conferred upon the System Members in these Bylaws. Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature, but does not include reasonable stipends that are sufficiently insubstantial to provide an incentive to serve or remain on the Board or to create a sense of loyalty to an entity or person other than the College.

Section 8. Compensation

Subject to the independence requirements set forth in the above Section 7 of this Article VII, the Board of Directors shall have the authority to fix the compensation of Directors for their services, whether in the form of a fixed annual amount or an amount for attendance per meeting. Equally subject to the independence requirements set forth in the above Section 7 of this Article VII, a Director may also serve the Corporation in other capacities and receive compensation therefor.

Section 9. Conflict of Interest

A conflict of interest exists, with regard to a proposed action of the Board of Directors or any committee, where a reasonable person, having knowledge of all the relevant circumstances, would conclude that a Director or his or her family members or friends or associates, have an interest that may compel the Director to take action that (a) is incompatible with Director's duty to the Corporation, or (b) would result in financial gain.

In the event any Director becomes aware that they have a conflict of interest, they shall immediately notify the Secretary of the Corporation and the following procedures shall be followed:

- a. The material facts about the conflict of interest are fully disclosed to the appropriate committee or to the Board of Directors;
- b. The appropriate committee or the Board of Directors shall be given the opportunity to make inquiries about the conflict of interest; and
- c. The decision or transaction may proceed if it is authorized, approved, or ratified in good faith by a vote of the committee or Board of Directors without counting the vote of the conflicted Director.

No less than annually, the members of the Board of Directors shall complete a conflict of interest disclosure form for the purpose of identifying any conflicts that would cause them to be identified as an Affiliate Member as defined in Section 7 of this Article VII, or would otherwise rise to the level of a conflict of interest as more generally described in this Section 9.

Section 10. Directors Emeritus

The Board of Directors may establish the status of Director Emeritus with the rights and entitlements, if any, to be determined on a case-by-case basis. In no case may a Director Emeritus be a voting member of the Board.

Section 11. Board Officers, Terms and Duties

The Board of Directors shall elect from among its Independent Members a Chair of the Board, a Vice Chair of the Board, and a Secretary of the Board. The election of the Chair of the Board and Vice Chair of the Board shall be subject to a System Election. The Chair and Vice Chair of the Board shall be elected at the Annual Meeting of the Board with their terms and service to begin immediately upon election. The terms of the Chair and the Vice Chair of the Board shall be for one year or until the next Annual Meeting of the Board, whichever shall occur later in time, and shall be renewable. The Chair and Vice Chair of the Board may each be removed at any time by vote of 2/3rds of the members of the Board, the officer subject to such action being ineligible to vote. Any vacancy in these positions may be filled for the remainder of the term by election at any Board meeting or by written consent. Any person elected to fill the vacant office of Chair or Vice Chair of the Board shall immediately take office. The Secretary of the Board shall be appointed by and serve at the pleasure of the Chair of the Board.

(a) Chair of the Board. The Chair of the Board shall direct and administer the operations of the Board of Directors, preside at Board of Director meetings, perform such other functions as are required of the office in these Bylaws, the Articles of Incorporation, or as are common to the office as prescribed by Robert's Rules of Order.

(b) Vice Chair of the Board. The Vice Chair of the Board shall perform the duties of the Chair of the Board in the case of the absence or disability of the Chair of the Board.

ARTICLE VIII. MEETINGS OF THE BOARD

Section 1. Regular Meetings

There shall be no less than three (3) regular meetings of the Board annually, which shall be held on such dates and at such places as may be designated either by the Board or, in the absence of Board designation, by the Chair. One such meeting, which shall be designated as the Annual Meeting, shall be held in the month of May of each year. Regular meetings that are noticed in advance at prior Board meetings and recorded in the minutes of the meeting or as are on an official Board calendar that is maintained by the Board and published in a regular Board communication available to all Board members such as a Board website may be held at such times as are so designated by the Board of Directors without notice to the Directors other than such meeting notice or calendar publication.

Section 2. Special Meetings

Special meetings of the Board of Directors will be held whenever called by the Chair of the Board, the President of the Corporation, the Chief Executive, or by two or more Directors. Notice of each meeting will be given at least five days prior to the date of the meeting either personally, by telephone or by email to each Director by means reasonably calculated to effect actual notice, and will state the purpose, place, day and hour of the meeting and if applicable, the means of any remote communication by which directors may participate at the meeting.

Waiver by a Director in writing of notice of a Directors meeting, signed by the Director, whether before or after the time of said meeting, shall be equivalent to the giving of such notice. Attendance by a Director, whether in person or by proxy, at a Directors' meeting shall constitute a waiver of notice of such meeting of which the Director had no notice, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Section 3. Quorum and Voting

At all meetings of the Board of Directors (unless otherwise provided herein) a majority of the full number of duly elected Directors in good standing will be necessary and sufficient to constitute a quorum for the transaction of business, provided a majority of the Directors in attendance at a meeting at which a quorum is established are Independent Members. Duly elected Directors for purposes of establishing a quorum under these Bylaws shall include the System Members. The act of a majority of the Directors present at any meeting at which there is a quorum will be the act of the Board of Directors, except where the System Members have authority to make a System Election, in the case of the exercise of a System Election a unanimous vote of the System Members at a shareholder meeting or by means of a written action, in the form required by these Bylaws, of the Shareholder shall be required. If a quorum is not present at any such meeting of Directors, the Directors present may adjourn the meeting from time to time, without notice of the rescheduled meeting other than announcement at the meeting, until a quorum is present.

Section 4. Electronic Meetings

The Board of Directors may permit any or all directors to participate in any meeting by, or conduct the meeting through the use of, any means of communication by which all Directors participating may simultaneously hear each other during the meeting. A Director participating in a meeting by this means is considered to be present in person at the meeting.

Section 5. Action by Written Consent

Any action required or permitted to be taken at a meeting of the Board of Directors (or Committee thereof) may be taken without a meeting if taken by means of a consent in writing or by electronic transmission as authorized by Law or these Bylaws, and the writing

or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or Committee. Any such written consent must be approved by the number and status of Directors that would be required if the action were taken at a meeting of the Directors as specified hereinabove.

Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing, setting forth the action so taken, is unanimously approved and signed by all the members of the Board, all of the System Members, or the Committee, as the case may otherwise be in accordance with the requirements of these Bylaws.

All actions of the Board of Directors or any committee of the Board of Directors that is authorized to be taken by written consent may be subscribed by members of the Board or committee through the use of an electronic signature application that provides reasonable assurance that the signature is authentic.

ARTICLE IX. COMMITTEES

Section 1. Committees of the Board

There shall be four (4) standing committees that will provide to the Board of Directors advice and guidance for each of the following areas of operation: finance and administration, academic affairs, governance, and audit. These committees may recommend courses of action to the Chief Executive, the President of the Corporation, and the Board, but, shall not have the authority to take actions that are binding on the Corporation or the College or that establish binding statements of authority. The Board may at any time discontinue any standing committee for such time as it may designate.

The Board of Directors by resolution adopted by a majority, may designate one or more directors to constitute a task forces or ad hoc committee to serve at the pleasure of the Board and to exercise the authority of or perform functions mandated by the Board of Directors to the extent provided in the resolution establishing the committee and as permitted by law or these Bylaws.

The Chair of the Board, with the consent of the Board, may establish and discontinue special or ad hoc committees from time to time for the discharge of particular specified duties for a designated period of time or until the completion of the specified duties.

Section 2. General Limitations

Notwithstanding the foregoing, a committee of the Board of Directors shall not have the authority to:

- a. submit to shareholders any action requiring the approval of shareholders under the Business Corporate Law, the Articles of Incorporation, or these Bylaws;
- b. create a vacancy, either by removing a director or increasing the number of directors, or filling a vacancy on the Board of Directors;
- c. adopt, amend, or repeal any provision of these Bylaws;
- d. amend or repeal any resolution of the Board of Directors that by its terms may only be amended or repealed by the Board of Directors; or
- e. take action on matters to which exclusive authority is given to another committee by these Bylaws, a resolution of the Board of Directors, or that the Articles of Incorporation have reserved to the shareholders.

The designation of a committee of the Board of Directors and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed by law.

Section 3. Committees Mandates

- a. **Governance Committee.** There is hereby established a Governance Committee composed and empowered as provided hereinafter.

- i. Composition. The Committee shall be composed of no less than three (3) Board members.

- ii. Mandate. The Committee shall recommend to the Board the nominees for membership on the Board of Directors, as well as nominees to administrative offices of the College, subject to election or appointment by the Board, as required, and shall set forth in its recommendation the background and qualifications of each nominee. The Committee shall maintain an ongoing file of potential nominees from which to draw in making its nominations for each respective office. The Committee's file of nominees shall include individuals with demonstrated expertise in one or more of the following areas: (1) faculty and academic functions; (2) administrative functions, dynamics, and leadership; (3) higher education governance including faculty governance and policy development, (4) higher education accreditation policies, standards, and compliance methods, (5) technology and information systems; (6) strategic planning and institutional development; (7) financial management, financial modeling, budgeting, accounting standards, auditing. In addition to the foregoing areas of expertise, the Committee shall also include in its file of nominees, one or more individuals that have a demonstrated affinity for the mission of the College and/or the local communities in which the College has focused or desires to engage in considerable community involvement. The Committee shall make an assessment of the performance of each incumbent Board member and the effectiveness of the Board in performing its duties and responsibilities and shall furnish a report of such assessment to the Chair of the Board at or before the Annual Meeting of the Board. It shall also

evaluate the performance of the Board as a group. It shall provide education and orientation for new Board members, including clearly defined expectations, performance and basic information about the College and its operations. It shall also provide continuous education of Board members concerning their role in the governance of the College. The Committee shall also review and evaluate from time to time the governance structure of the College and make recommendations on changes to or the restructuring of the governance structure to the administration and the Board.

iii. Specific Duties. Specific duties of the Committee shall include:

A. To recommend policies and practices that are designed to create a Board culture of accountability for performance;

B. To develop policy and practice that fairly and objectively measures Board and individual Director performance;

C. To develop and recommend policies and practices that are designed to guide the selection of chief administrative officers;

D. To act as a resource to ensure that institutional governance practices are consistent with best practices;

E. To ensure a program of regular, continuing Board education and new Board member orientation;

F. To periodically review the Bylaws to assess whether they are consonant with the actual governance practices of the Board and the College and whether they require modifications to maintain their currency;

G. To ensure that all College bodies and officers are acting in all ways that are consistent with the content of these Bylaws; and

H. To recommend practices designed to ensure compliance with the conflict of interest policies of the College including the annual disclosure by all Directors of potential conflicts.

b. **Academic Affairs Committee**. There is hereby established an Academic Affairs Committee of the Board composed and empowered as provided hereinafter.

i. Composition. The Academic Affairs Committee shall be composed of no less than three (3) members of the Board and others whom the Chair of the Board believes would bring valuable expertise and insight to the work of the Academic Affairs Committee.

ii. Mandate. The Academic Affairs Committee shall: study and appraise the quality and effectiveness of the academic programs and support resources of the

College; recommend initiatives to the Board for advancing the academic mission of the College, maintain a general supervision of the College's compliance with licensing and accreditation standards, programmatic growth and development, and make such reports and recommendations to the Board relative to the foregoing as may be appropriate or required.

c. **Institutional Finance and Administration Committee.** There is hereby established an Institutional Finance and Administration Committee of the Board composed and empowered as provided hereinafter.

i. Composition. The Institutional Finance and Administration Committee shall be composed of not less than three (3) members of the Board and shall have, as ex officio members, the Treasurer and the Chief Financial Officer of the College.

ii. Mandate. The Institutional Finance and Administration Committee shall maintain a general supervision and oversight of the financial operations of the College including, without limitation, a review of its budget preparation and management process, the adequacy and availability of its financial resources, the adequacy and protection of its assets, the capability of its business office staff, the integrity of its financial systems, its compliance with financial standards and regulations, its compliance with student financial aid regulations, and its financial reporting.

d. **Audit Committee.** Pursuant to the authority of the Board of Directors and as set forth in the bylaws of the Corporation, there has been established an Audit Committee of the Corporation. The Audit Committee acts with respect to the audit activities of the Corporation and the College as provided hereinafter.

i. Composition. The Audit Committee shall be composed of three persons as the Chair shall appoint from time to time who by training, relationship to the Corporation and College and its business, and by disposition are able to exercise independent judgment concerning the financial affairs of the Corporation and the College. At least one member, preferably the chair of the Audit Committee, should be literate in financial reporting and control, including knowledge of tax and regulatory requirements, and should have past or current employment experience in finance or accounting or other comparable experience or background. A chair of the Audit Committee possessing the aforementioned qualities and characteristics shall be chosen by the Committee. The Audit Committee membership shall not include officers or employees of the Corporation or College and shall include at least one member who is not a Director.

ii. Mandate. The Audit Committee's role is to act on behalf of the Board of Directors to review the Corporation's and the College's financial reporting, internal control and audit functions. The Audit Committee's role includes a particular focus on the qualitative aspects of financial reporting and on organization processes for the management of business/financial risk and for compliance with significant applicable legal, ethical and regulatory requirements. The Audit Committee shall also coordinate

with other Committees and assist the Board with the maintenance of strong, positive working relationships with management, external and internal auditors, counsel and other Committee advisors. The Committee shall perform the following specific duties: interview and recommend the hiring and firing of the auditor; confer with the auditor from time to time to ensure that the financial affairs of the Corporation and College are in order; require that the auditor conduct the audit in accordance with GAAP and GAGAS; negotiate and recommend to the governing boards the terms of engagement of the auditor; approve any non-audit related service engagement to be conducted by the auditing firm; review and accept or reject the audit; and monitor remediation of or compliance with any audit findings or recommendations.

iii. Operating Guidelines of the Audit Committee.

A. *Communications.* The chair of the Audit Committee and others on the Audit Committee shall, to the extent appropriate, maintain an open avenue of contact throughout the year with senior management, other Committee chairs and other key Committee advisors (e.g., external and internal auditors, etc.), as applicable, to strengthen the Audit Committee's knowledge of relevant current and prospective organization issues.

B. *Education/Orientation.* The Audit Committee, with management, shall develop and participate in a process for review of important financial and operating topics that present potential significant risk to the organization. Additionally, individual Audit Committee members are encouraged to participate in relevant and appropriate education to ensure understanding of the organization's activities and risks.

C. *Annual Plan.* The Audit Committee, with input from management and other key Committee advisors, shall develop an annual plan responsive to the Audit Committee Mandate detailed herein.

D. *Expectations and Information Needs.* The Audit Committee shall communicate the Audit Committee expectations and the nature, timing and extent of Audit Committee information needs to management, internal auditors and external parties, including external auditors.

E. *External Resources.* The Audit Committee shall be authorized to access internal and external resources, as the Audit Committee requires, in carrying out its responsibilities. This includes the authority to hire and terminate internal and external auditors and advisors, as well as the responsibility to approve services and fees paid to such resources.

F. *Meeting Attendees.* The Audit Committee shall request members of management, counsel, and internal and external auditors, as applicable, to participate in the Audit Committee meetings, as necessary, to carry out the Committee's responsibilities. Periodically, and at least annually, the Audit

Committee shall meet in private sessions with only the Committee members. It shall be understood that meetings between the Committee and/or the Committee chair with either internal or external auditors or counsel may, at any time, be deemed necessary, with or without management's attendance. In any case, the Audit Committee shall meet in executive sessions separately with internal and external auditors, at least annually.

G. *Meeting Frequency.* The Audit Committee shall meet at least twice a year. Additional meetings shall be scheduled as considered necessary by the Committee or chair. The Audit Committee shall keep summary minutes of its meetings which shall be held in confidence and maintained in such manner as is required to maintain legal privileges.

H. *Reporting to the Board of Directors.* The Audit Committee, through the Audit Committee chair, shall report periodically, as deemed necessary, but at least semiannually, to the full governing boards in executive session.

I. *Self-Assessment.* The Audit Committee shall review, discuss and assess its own performance as well as its role and responsibilities, seeking input from senior management, the full board and others. Changes in role and/or responsibilities, if any, shall be recommended to the governing boards for approval.

Section 3. Subsidiary Boards and Deliberative Bodies

Subject to the limitations set under the Articles of Incorporation, Pennsylvania law and these Bylaws, the Board may from time to time establish, compose, and disband advisory boards and other governing Boards and deliberative bodies to provide oversight and direction of business operations of the Corporation and the College. The members of such boards or bodies shall be subject to direct appointment and removal by the Board, unless otherwise set forth in the charter and/or bylaws for any subsidiary board or body established under the authority of this Section 3 of Article IX, applicable law or agreement of the Corporation's shareholders. Any policy, operating statement, grant or presumption of authority adopted by any person or entity acting in the name of or under the authority of the Board or within the governance structure of the Corporation, whether presently existing or hereafter created, that is inconsistent with (i) the rights of the shareholders to approve certain actions of the Corporation (ii) the right or obligation of the Board to approve certain actions of the Corporation as set forth in Section 1 of Article VII, of these Bylaws, or under law, or (iii) the ultimate fiduciary obligations of the Board or the shareholders shall not be binding on the Board or the Corporation. The Board shall approve the charter and/or bylaws for any subsidiary board or body established under the authority of this Section 3 of Article IX, and any amendments thereto or restatements thereof.

Section 4. Organization of Committees

Except as otherwise set forth in this Article, the members of each committee will be chosen by the Chair of the Board of Directors, annually. A majority of the members of the

committee must be Independent Members. The chair of each committee of the Board of Directors will be chosen by the members thereof. Each committee will elect a secretary, who will be either a member of the committee, the Secretary of the Corporation or an assistant Secretary of the Corporation. The chair of each committee will preside at all meetings of such committee. No Director may serve as the chair of more than one committee of the Board and no Director may serve on more than two committees.

Section 5. Meetings

Regular meetings of each committee may be held without the giving of notice if a day of the week, a time, and a place will have been established by the committee for such meetings. Special meetings (and, if the requirements of the preceding sentence have not been met, regular meetings) will be called in the manner provided with respect to notices of special meetings of the Board of Directors.

Section 6. Quorum and Manner of Acting

At all meetings of the committees a majority of the full number of committee members will be necessary and sufficient to constitute a quorum for the transaction of business, provided a majority of the Directors in attendance at a meeting at which a quorum is established are Independent Members. The act of a majority of the members so present at a meeting at which a quorum is present will be the act of such committee. The members of each committee will act only as a committee, and will have no power or authority, as such, by virtue of their membership on the committee.

Section 7. Action by Written Consent

Any action required or permitted to be taken by any committee may be taken without a meeting if a consent in writing, setting forth the action so taken, is unanimously approved and signed by all the members of the committee.

Section 8. Record of Committee Action; Reports

Each committee will maintain a record, which need not be in the form of complete minutes, of the action taken by it at each meeting, which record will include the date, time, and place of the meeting, the names of the members present and absent, the action considered, and the number of votes cast for and against the adoption of the action considered. All action by each committee will be reported to the Board of Directors at its meeting next succeeding such action, such report to be in sufficient detail as to enable the Board to be informed of the conduct of the Corporation's and the College's business and affairs since the last meeting of the Board.

Section 9. Removal and Vacancies

Any member of any committee may be removed from such committee, either with or without cause, at any time, by the Chair of the Board of Directors. Any vacancy in any committee may also will be filled by the Chair.

ARTICLE X. OFFICERS

Section 1. Corporate Officers

Subject to a System Election, the Board shall be responsible for the election and removal of the officers of the Corporation. Each officer shall serve until a successor is elected and qualified or until the death, resignation, or removal of that officer. Vacancies or new offices shall be filled by the Board at the next regular or special meeting of the Board of Directors, and subject to a System Election.

The officers of the Corporation consist of the President, Secretary, and Treasurer and such other officers, including assistant corporate officers and agents, as may be deemed necessary by the Board, and subject to a System Election. Any two or more offices may be held by the same persons except that no person may occupy the offices of President and Secretary simultaneously.

The powers and duties of the officers of the Corporation shall be as provided from time to time by resolution of the Board subject to a System Election. In the absence of such resolution, except as provided below, the respective officers shall have the powers and shall discharge the duties customarily and usually held and performed by like officers of corporations similar in organization and business purposes to the Corporation.

Such powers and duties will include the following:

a. **President.** The President shall be the chief corporate officer for all operating divisions of the Corporation and have general supervision, direction, and control of the business and other officers of the Corporation. He or she shall have the general powers and duties of management usually vested in the office of President of a Corporation.

The President shall coordinate actions undertaken in pursuit of the responsibilities of the position with the officers of the College.

b. **Secretary.** The Secretary shall be the custodian of the records of the Corporation and shall cause to be kept all official business records of the Corporation in a form and manner that is consistent with legal requirements and good corporate practice. In addition, keep or cause to be kept, at the principal executive office of the Corporation or such other place as the Board may direct, a book of minutes of all meetings and actions of the Board of Directors, its committees and other bodies acting under the express mandate of the Board as established from time to time, unless otherwise provided for herein, and shareholders. The minutes shall show the time and place of each meeting and the names of those present at Directors' and committee meetings and a summary of matters considered and actions taken or recommendations made. The Secretary shall also maintain the records of actions and official proceedings of the shareholders as well as other matters required to be recorded

concerning meetings of the shareholders as prescribed in these Bylaws or as required by Law.

The Secretary shall keep, or cause to be kept, at the principal executive office of the Corporation or at the office of the Corporation's transfer agent or registrar, as determined by resolution of the Board of Directors and subject to a System Election, a share register, or a duplicate share register, showing the names of all shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates evidencing such shares, and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all meetings of the shareholders and of the Board of Directors required to be given by law or by these Bylaws. The Secretary shall keep the seal of the Corporation, if one be adopted, in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board subject to a System Election, or by these Bylaws.

c. **Treasurer.** The Treasurer shall direct and administer the treasury functions of the Corporation and shall establish policies and procedures that direct all matters related to the financial operations and record-keeping. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records with respect to all bank accounts, deposit accounts, cash management accounts and other investment accounts of the Corporation. All financial reports of the College and the Corporation shall be subject to review and approval by the Treasurer. The Treasurer shall direct the nature and form of all regular financial reports to be produce and provided by the financial administrators of the College and the Corporation. The books of account shall at all reasonable times be open to inspection by any member of the Board of Directors. The chief financial officer of the College shall report to the Treasurer as well as to the President of the College.

The Treasurer shall deposit, or cause to be deposited, all moneys and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board, subject to a System Election and shall keep or cause to be kept an inventory of the tangible and intangible assets of the Corporation. He or she shall disburse the funds of the Corporation as may be ordered by the Board subject to a System Election, and shall render to the Board of Directors, upon request, an account of all his or her transactions as Treasurer. He or she shall have the general powers and duties usually vested in the office of Treasurer of a Corporation and shall have such other powers and perform such other duties as may be prescribed by the Board, subject to a System Election, or these Bylaws.

The Treasurer shall coordinate actions undertaken in pursuit of the responsibilities of the position with the officers of the College.

Section 2. College Officers

The officers of the College shall be the Chief Executive, a Chief Financial Officer, and one or more chief administrative officers or vice presidents (the "College Officers"). The

College Officers shall be elected and removed by the Board of Directors and shall operate under the authority of and report to the Board. Except for those individuals initially identified by the Board as occupying the positions of Chief Executive and Chief Financial Officer as of the date of such positions' creation pursuant to these Bylaws, all elections to, removals from and the filling of vacancies related to the office of the Chief Executive and the Chief Financial Officer may only be undertaken once suitable candidate(s) have been approved by the Governance Committee.

a. **Chief Executive.** The Chief Executive shall be responsible for the administration of the affairs of the College in accordance with the plans, policies and budget established by the Board. The Chief Executive is responsible for leading the College and in the Chief Executive's discretion, adopt the title of University President, College President, Chancellor, Provost or School President with respect to any accredited location of the College as may be appropriate in accordance with naming restrictions imposed by state law or other applicable law, regulation or policy. The Chief Executive shall serve at the direction and pleasure of the Board of Directors and its designates. The Chief Executive shall have all authority and responsibility necessary to operate the College in all its activities and departments, subject only to such policies or instructions as may be issued by the Board or any of its committees from time to time. The Chief Executive shall report to the Board and is responsible for implementing all policies of the Board of Directors with respect to the College, keeping the Board informed on appropriate matters, consulting with the Board in a timely fashion on matters appropriate to its policy-making functions, and serving as the key spokesperson for the College.

The Chief Executive shall coordinate actions undertaken in pursuit of the responsibilities of the position with all other corporate officers and College Officers.

The Chief Executive shall be notified of and attend all Board meetings and committee meetings except personnel meetings pertaining to the Chief Executive.

b. **Chief Financial Officer.** The Chief Financial Officer shall operate under the direction and control of the Treasurer with respect to the treasury functions of the College. The Treasurer shall have overall responsibility for the general care and custody of the tangible and intangible assets and funds of the College and shall deposit such funds in the name of the College in such banks, trust companies or other depositories as shall be selected from time to time by the Treasurer or Board of Directors and shall follow the cash management policies and regulations established by the same. The Chief Financial Officer shall exercise general supervision over expenditures and disbursements made by officers, agents and employees of the College and the preparation of such records and reports in connection therewith as may be necessary or desirable and shall produce, promulgate, regularly assess the efficacy of, and revise policies and procedures for the use of College funds and the regulation of financial transactions by College officers and employees, including without limitation requisitions, credit cards, receipt of donations, purchasing, travel, contracting and other such matters. He or she shall disburse the funds of the College as may be ordered by the Board of Directors, shall render to the Board, the Treasurer and

the Chief Executive regular financial reports of the operations, assets and liabilities, cash flows, adherence to budget authorizations, restricted funds, student financial aid funds, financial health and responsibility ratios and other calculations required by law, regulation or accreditation, and such other matters on a regular basis not less than quarterly or as it otherwise shall request and generally provide an account of all transactions overseen as Chief Financial Officer and of the financial condition of the College, shall prepare and present for approval to the Chief Executive, Treasurer and the Board through its jurisdictional committees the annual budget of the College and the Corporation, and shall have such other powers and perform such other duties as may be assigned from time to time by the Board of Directors, the Treasurer or the Chief Executive. The Chief Financial Officer shall work with the Chief Executive in the preparation and maintenance of a strategic financial plan and shall establish keep performance indicators for the assessment and of the plan.

c. Other College Officers and Vice Presidents. With the advice and consent of the Governance Committee, the Chief Executive may establish and appoint one or more chief administrative officers or vice presidents supported and contemplated by Board approved planning and budget documents.

Section 3. Removal

Any officer or agent removed by the Board of Directors or pursuant to a System Election, as provided above, may be done with or without cause, whenever in the judgement of the Board of Directors or the Shareholder, or the System Members that the Corporation and the College will be better served thereby, but such removal will be without prejudice to the contract rights, if any, of the person so removed unless the removal is pursuant to cause. Election or appointment of an officer or agent will not of itself create contract rights.

Section 4. Vacancies

Whenever any vacancy shall occur in any office of any officer by death, resignation, increase in the number of officers of the Corporation, or otherwise, the same shall be filled by the Board or by a System Election, in the case of corporate officers, and a vote of a majority of the Board of Directors, in the case of the College officers, in each case for the unexpired portion of the term of the officer that vacated the position.

Section 5. Compensation

Subject to the rights of the shareholders under Business Corporation Law or as set forth in the Articles of Incorporation, the compensation of all officers of the College or the Corporation shall be determined, and altered from time-to-time, by the Board, subject to a System Election in the case of officers of the Corporation, and except as otherwise provided by contract. No officer shall be prevented from receiving compensation by reason of the fact such officer is also a Director. All officers shall be entitled to be paid or reimbursed for all costs and expenditures incurred in pursuit of matters within the scope of their authority on behalf of the Corporation or the College.

Section 6. Resignations

Any officer may resign at any time by giving written notice thereof to the Board of Directors. Any such resignation will take effect as of its date unless some other date is specified therein, in which event it will be effective as of the identified date. The acceptance of such resignation will not be necessary to make it effective.

ARTICLE XI. SHARES OF STOCK AND THEIR TRANSFER; DISTRIBUTIONS, BOOKS

Section 1. Forms of Certificates

Shares of the capital stock of the Corporation will be represented by certificates in such form, not inconsistent with law or with the Articles of Incorporation of the Company, as will be approved by the Board of Directors, and will be signed by any Corporate Officer and sealed with the seal of the Company; provided however, that the Board of Directors of the corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the corporation. Such seal may be facsimile, engraved, or printed.

Where any such certificate is countersigned by a transfer agent or by a registrar, the signature of such Corporate Officer upon such certificate may be facsimiles, engraved, or printed. Such certificates shall be delivered representing all shares to which shareholders are entitled.

Section 2. Issuance

Shares of stock with par value (both treasury and authorized but unissued) may be issued for such consideration (not less than par value) and to such persons as the Board of Directors may determine from time to time. Shares of stock without par value may be issued for such consideration as is determined from time to time by the Board of Directors. Shares may not be issued until the full amount of the consideration, fixed as provided by law, has been paid.

Section 3. Transfer of Shares

Shares of the Corporation shall be transferable in the manner prescribed by law and in these Bylaws. Transfers of shares shall be made on the books of the Corporation only by the holder of record thereof, by such person's attorney lawfully made in writing and, in the case of certificated shares, upon the surrender of the certificate thereof, which shall be cancelled before a new certificate or uncertificated shares shall be issued. No transfer of shares shall be valid as against the Corporation for any purpose until it shall have been entered in the share records of the Corporation by an entry showing from and to whom the shares were transferred.

Section 4. Shareholders of Record

Shareholders of record entitled to vote at any meeting of shareholders or entitled to receive payment of any dividend or to any allotment of rights or to exercise the rights in respect of any change or conversion or exchange of capital stock will be determined according to the Corporation's stock ledger and, if so determined by the Board in the manner provided by statute, and subject to System Election, will be such shareholders of record (a) at the date fixed for closing the stock transfer books, or (b) as of the date of record.

Section 5. Lost, Stolen, or Destroyed Certificates

The Board of Directors may direct the issuance of new or duplicate stock certificates in place of lost, stolen, or destroyed certificates, upon being furnished with evidence satisfactory to it of the loss, theft, or destruction and upon being furnished with indemnity satisfactory to it. Subject to System Election, the Board may delegate to any officer authority to administer the provisions of this Section.

Section 6. Regulations

Subject to System Election, the Board may make such rules and regulations as it may deem expedient concerning the issuance, transfer, and registration of certificates of stock. Subject to System Election, the Board may appoint one or more transfer agents or registrars, or both, and may require all certificates of stock to bear the signature of either or both.

Section 7. Distributions.

Subject to System Election, the Board may authorize, and the Corporation may make, distributions to its shareholders in cash, property (other than shares of the Corporation), or a dividend of shares of the Corporation to the extent permitted by the Articles of Incorporation and the Pennsylvania Business Corporation Law.

Section 8. Record Date for Distributions and Share Dividends.

For the purpose of determining shareholders entitled to receive a distribution by the Corporation (other than a distribution involving a purchase or redemption by the Corporation of any of its own shares) or a share dividend, the Board may, subject to System Election, at the time of declaring the distribution or share dividend, set a date no more than sixty (60) days prior to the date of the distribution or share dividend. If no record date is fixed, the record date shall be the date on which the resolution of the Board, subject to System Election, authorizing the distribution or share dividend is adopted.

Section 9. Examination of Books by Shareholders

The original or duplicate stock ledger of the Corporation containing the names and addresses of the shareholders and the number of shares held by them and the other books and records of the Corporation will, at all times during the usual hours of business, be available for inspection at its principal office, and any shareholder, upon compliance with

the conditions set forth in and to the extent authorized by Business Corporation Law, will have the right to inspect such books and records.

ARTICLE XII. INDEMNIFICATION AND INSURANCE

Section 1. Insurance

The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify him or her against such liability under the provisions of the Pennsylvania Business Corporation Law.

Section 2. Indemnification for Expenses

The Corporation shall indemnify any representative of the Corporation, to the extent the representative is successful, on the merits or otherwise, in the defense of any action or proceeding to which he or she was a party by reason of the fact that he or she is or was a representative of the Corporation or is or was serving at the request of the Corporation as a representative of another corporation or other enterprise, against actual and reasonable expenses incurred by him or her in connection with the action or proceeding. For purposes of this Article XII, a "representative" is a director, officer, trustee, fiduciary, employee, or agent of the Corporation.

Section 3. Indemnification For Other Proceedings

The Corporation may, to the fullest extent permitted by law, indemnify any person made or threatened to be made a party to any threatened, pending, or completed action or proceeding because the person is or was a representative of the Corporation or is or was serving at the request of the Corporation as a representative of another corporation or other enterprise, against expenses, including counsel fees, actually and reasonably incurred by such person in connection with the action or proceeding if the person:

- a. acted in good faith and in a manner the person reasonably believed to be in, or not opposed to, the best interests of the Corporation; and
- b. had no reasonable cause to believe the person's conduct was unlawful in the case of a criminal proceeding.

Notwithstanding any other provision of this Article XII, the Corporation may advance expenses, including counsel fees, to a representative, in the manner and to the extent provided by the Business Corporate Law.

Section 4. Non-Exclusivity Of Indemnification Rights

The foregoing rights of indemnification and advancement of expenses shall be in addition to and not exclusive of any other rights to which any person may be entitled pursuant to any agreement with the Corporation or any action taken by the directors or shareholders of the Corporation.

ARTICLE XIII. MISCELLANEOUS

Section 1. Amendments

These Bylaws may be altered, amended or repealed or new Bylaws may be adopted by a vote of the Directors and approved pursuant to a System Election. These Bylaws may also be altered, amended or repealed or new Bylaws may be adopted by authorized action of a majority of the outstanding shares of the Corporation's capital stock independent of Director action.

Section 2. Methods of Notice

Whenever any notice is required to be given in writing to any shareholder or Director pursuant to any statute, the Articles of Incorporation, or these Bylaws, it will not be construed to require personal or actual notice, and such notice will be deemed for all purposes to have been sufficiently given at the time the same is deposited in the United States mail with postage thereon prepaid, addressed to the shareholder or Director at such address as appears on the books of the Corporation. Whenever any notice may be or is required to be given by electronically facilitated means to any Director, it will be deemed for all purposes to have been sufficiently given at the time the same is properly issued according to the common methodology for issuance and delivery pursuant to the applicable technology.

Section 3. The Seal

The seal of the Corporation shall be in such form as shall be adopted and approved from time to time by the Board, subject to a System Election. The seal may be used by causing it, or a facsimile thereof, to be impressed, affixed, imprinted or in any manner reproduced.

The Board or the System Members pursuant to a System Election may determine not to adopt a seal for the Corporation, in which case any documents or instruments providing for the use of a seal shall be valid despite the lack of a corporate seal.

Section 4. Securities of Other Corporation

The President of the Corporation shall have power and authority to transfer, endorse for transfer, vote, consent, or take any other action with respect to any securities of another

issuer which may be held or owned by the Corporation and to make, execute, and deliver any waiver, proxy, or consent with respect to any such securities.

Section 5. Fiscal Year

The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 6. Dividends

Dividends upon the outstanding stock of the Corporation, subject to the provisions of the statutes and the Articles of Incorporation, may be declared by the Board, subject to a System Election, at any regular or special meeting. Dividends may be declared and paid in cash, in property, or in shares of the Corporation, or in any combination thereof.

Section 7. Reserves

There may be created from time to time by resolution of the Board of Directors, subject to a System Election, out of funds of the Corporation available for dividends, such reserve or reserves as the Directors from time to time in their discretion think proper to provide for contingencies, or to equalize dividends, or to repair or maintain any property of the Corporation, or for such other purpose as the Directors shall think beneficial to the Corporation and the College, and the Directors may modify or abolish any such reserve in the manner in which it was created.

Section 8. Signature of Negotiable Instruments

All bills, notes, checks, or other instruments for the payment of money shall be signed or countersigned by such officer, officers, agent or agents, and in such manner, as are prescribed by resolution (whether general or special) of the Board, subject to a System Election.

Section 9. Surety Bonds

Such officers and agents of the Corporation (if any) as the Board, subject to a System Election, may direct from time to time shall be bonded for the faithful performance of their duties and for the restoration to the Corporation, in case of their death, resignation, disqualification or removal from office, of all books, papers, vouchers, money, and other property of whatever kind in their possession or under their control belonging to the Corporation, in such amounts and by such surety companies as the Board, subject to a System Election, may determine. The premiums on such bonds shall be paid by the Corporation, and the bonds so furnished shall be in the custody of the Secretary.

Section 10. Loans and Guaranties

The Corporation may lend money to, guaranty obligations of, and otherwise assist its Directors, officers and employees if the Board determines, subject to a System Election,

such loans, guaranties, or assistance reasonably may be expected to benefit, directly or indirectly, the Corporation.

Section 11. Relation to Articles of Incorporation

These Bylaws are subject to, and governed by, the Articles of Incorporation. To the extent of a conflict between the terms of the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control.

Section 12. Conflict With Applicable Law

Unless the context requires otherwise, the general provisions, rules of construction, and definitions of the Pennsylvania Business Corporation Law shall govern the construction of these Bylaws. These Bylaws are adopted subject to any applicable law and the Articles of Incorporation. Whenever these Bylaws may conflict with any applicable law, such conflict shall be resolved in favor of such law.

Section 13. Invalid Provisions

If any one or more of the provisions of these Bylaws, or the applicability of any provision to a specific situation, shall be held invalid or unenforceable, the provision shall be modified to the minimum extent necessary to make it or its application valid and enforceable, and the validity and enforceability of all other provisions of these Bylaws and all other applications of any provision shall not be affected thereby.

ARTICLE XIV. STANDARD OF CARE

Each member of the Board of Directors shall stand in a fiduciary relation to the Corporation and perform their duties as a Director, including duties as a member of any committee of the Board, in good faith, in a manner such Board member reasonably believes to be in the best interest of the Corporation and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing the duties of a Board member, each person shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by: a) one or more officers or employees of the Corporation whom the Board member believes to be reliable and competent in the matters presented; b) legal counsel, independent accountants or other persons as to matters which the Board member believes to be within such person's professional or expert competence; or c) a committee of the Board upon which the Board member does not serve, as to matters within its designated authority, which committee the Board member believes to merit confidence.

ARTICLE XV. CONFIDENTIALITY

Except as may otherwise be required by law or the Board, no Director shall share, copy, reproduce, transmit, divulge or otherwise disclose any confidential information related to the affairs of the Board or the Corporation and each member of the Board, each corporate officer, College officer, and each employee of the Corporation shall uphold the strict confidentiality of all meetings and other deliberations and communications of the Board except as otherwise authorized. For the purpose of this Article XV, confidential information means confidential, trade secret and proprietary information, including but not limited to, business development or expansion plans, marketing plans, recruitment plans, strategic affiliations or partnerships, articulation arrangements, consortium agreements, market or feasibility studies, curriculum, curriculum development plans, business opportunities and business methodologies.

ARTICLE XVI. CONSTRUCTION AND DEFINITIONS

Unless the context otherwise requires, the general provisions, rules of construction, and definitions contained in the Business Corporation Law as amended from time to time shall govern the construction of these Bylaws. Without limiting the generality of the foregoing, the masculine gender includes the feminine and neuter, the singular number includes the plural and the plural number includes the singular, and the term "person" includes a Corporation as well as a natural person. If any competent court of law shall deem any portion of these Bylaws invalid or inoperative, then so far as is reasonable and possible (i) the remainder of these Bylaws shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion deemed invalid or inoperative.

CERTIFICATION OF SECRETARY

I, Peter Bemski, being the incumbent Secretary of Hussian College, Inc. ("Corporation"), do hereby certify that the foregoing Bylaws are the official and complete bylaws of the Corporation and were duly adopted by all required and proper action on the 9th day of February, 2022.

Peter Bemski

Secretary