

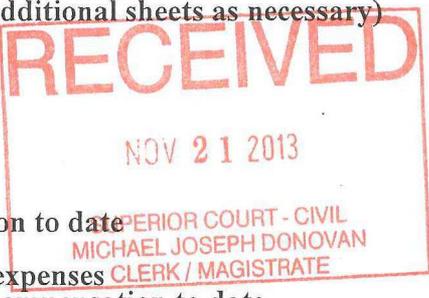
PLAINTIFF(S) COMMONWEALTH OF MASSACHUSETTS
DEFENDANT(S) THE CAREER INSTITUTE, LLC; ADVANCED CAREER TECHNOLOGIES, INC.; AND ABC TRAINING CENTER OF MARYLAND, INC.

Plaintiff Atty: JEFFREY WALKER, ASSISTANT ATTORNEY GENERAL
 Defendant's Attorney Name: Type Defendant's Attorney Name
 Address: OFFICE OF THE ATTORNEY GENERAL, 1 ASHBURTON PL.
 Defendant Atty: David G. Thomas, Esquire
 Address: GREENBERG TRAUIG, LLP, ONE INTERNATIONAL PLACE
 City: BOSTON State: MA Zip Code: 02108
 City: BOSTON State: MA Zip Code: 02110
 Tel: +1 (617) 727-2200 BBO#: 673,328

TYPE OF ACTION AND TRACK DESIGNATION (See reverse side)
 CODE NO. TYPE OF ACTION (specify) TRACK IS THIS A JURY CASE?
 E99 Misc Other (specify) - X track G.L. c. 93A Enforcement Action
 Yes No

The following is a full, itemized and detailed statement of the facts on which plaintiff relies to determine money damages. For this form, disregard double or treble damage claims; indicate single damages only.

TORT CLAIMS
 (Attach additional sheets as necessary)

A. Documented medical expenses to date:		
1. Total hospital expenses		\$ _____
2. Total doctor expenses		\$ _____
3. Total chiropractic expenses		\$ _____
4. Total physical therapy expenses		\$ _____
5. Total other expenses (describe)		\$ _____
Subtotal		\$ _____
B. Documented lost wages and compensation to date		\$ _____
C. Documented property damages to date		\$ _____
D. Reasonably anticipated future medical expenses		\$ _____
E. Reasonably anticipated lost wages and compensation to date		\$ _____
F. Other documented items of damages (describe)		\$ _____
G. Brief description of plaintiff's injury, including nature and extent of injury (describe)		\$ _____
Total		\$ _____

CONTRACT CLAIMS
 (Attach additional sheets as necessary)
 Provide a detailed description of claim(s):

TOTAL \$.....

PLEASE IDENTIFY, BY CASE NUMBER, NAME AND COUNTY, ANY RELATED ACTION PENDING IN THE SUPERIOR COURT DEPARTMENT

I hereby certify that I have complied with the requirements of Rule 5 of the Supreme Judicial Court Uniform Rules on Dispute Resolution (SJC Rule 1:18) requiring that I provide my clients with information about court-connected dispute resolution services and discuss with them the advantages and disadvantages of the various methods.
 Signature of Attorney of Record:  Date: November 21, 2013
 A.O.S.C. 3-2007

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, ss.

SUPERIOR COURT DEPARTMENT
CIVIL ACTION NO.

13-4128H

COMMONWEALTH OF
MASSACHUSETTS,

Plaintiff,

V.

THE CAREER INSTITUTE, LLC.;
ADVANCED CAREER TECHNOLOGIES,
INC.; and ABC TRAINING CENTER OF
MARYLAND, INC.,

Defendants.

COMPLAINT



1. The Commonwealth of Massachusetts, by and through its Attorney General, Martha Coakley, brings this enforcement action in the public interest against defendants, The Career Institute, Inc.; Advanced Career Technologies, Inc.; and ABC Training Center of Maryland, Inc., for violations of the Consumer Protection Act, G.L. c. 93A, § 2. Until January 9, 2013, when it abruptly closed, defendants operated a proprietary school with campuses in Braintree, Cambridge, Framingham, Springfield, and Woburn, Massachusetts and Baltimore, Columbia, and Wheaton, Maryland. For years leading up to its closure, defendants falsified documents and forged student signatures to maintain their accreditation and to continue to receive student loan proceeds, enrolled students who did not meet minimum qualifications, and then failed to provide students the education for which they incurred significant debts. Defendants unfairly pursued profit without regard to their supposed career training mission and left students indebted beyond their means. This complaint seeks restitution, including the return

of tuition and fee payments defendants collected from students, civil penalties, and attorneys' fees and costs for investigating and prosecuting this action. The complaint also seeks injunctive relief to remedy and prevent additional harm arising from defendants' unfair or deceptive acts or practices.

I. Jurisdiction and Venue

2. The Attorney General is authorized to bring this action pursuant to G.L. c. 93A, § 4. The Attorney General has an interest in preventing unfair or deceptive acts or practices to promote the health and economic well-being of those who live and transact business in the Commonwealth.

3. This Court has jurisdiction over the subject matter of this action pursuant to G.L. c. 93A, § 4.

4. This Court has jurisdiction over defendants pursuant to G.L. c. 223A, §§ 3(a) and (b). Pursuant to G.L. c. 223, § 5 and G.L. c. 93A, § 4, venue is proper in Suffolk County.

II. Parties

5. The Plaintiff is the Commonwealth of Massachusetts, represented by the Attorney General, who brings this action in the public interest to remedy defendants' unlawful conduct.

6. Defendant, The Career Institute, LLC, is a limited liability company with a principal place of business at 175 Crossing Boulevard, Suite 420, Framingham, Massachusetts.

7. Defendant, Advanced Career Technologies, Inc. ("ACT"), is a Massachusetts corporation with a principal place of business at 125 Newbury Street, Framingham, Massachusetts.

8. Defendant, ABC Training Center of Maryland, Inc. ("ABC") is a Maryland corporation with a principal place of business at 1114 Georgia Avenue, Wheaton, Maryland.

ABC did business at locations throughout Massachusetts, including 125 Newbury St., Framingham, Massachusetts.

9. The Career Institute, LLC owned 100% of ACT and was responsible for its operations. The Career Institute, LLC also owned 49% of ABC.

10. ACT and ABC did business as “American Career Institute” (“ACI”). ACT rented classroom space and provided administrative resources to ABC; ABC employed classroom instructors to provide for-profit career training. ACI management employees, including Andree Fontaine (“Fontaine”), were paid through ACT; ACI campus employees, including Gerard Dooley (“Dooley”), were paid through ABC.

11. ACI operated for-profit schools with campuses at 703 Granite Street, Braintree, Massachusetts; 186 Alewife Parkway, Cambridge, Massachusetts; 125 Newbury Street, Framingham, Massachusetts; 365 Caldwell Drive, Springfield, Massachusetts; 10 State Street, Woburn, Massachusetts; 190 West Ostend Street, Baltimore, Maryland; 8621 Robert Fulton Drive, Columbia, Maryland; and 11141 Georgia Avenue, Wheaton, Maryland.

12. The Career Institute, LLC; Advanced Career Technologies, Inc.; and ABC Training Institute, Inc. are collectively referred to herein by their d/b/a, “ACI.”

13. Fontaine holds a 53% ownership share, and serves as director and chief executive officer of the Career Institute, LLC. Fontaine is also the president, treasurer, secretary, and director of ACT and director of ABC. Fontaine served as chief executive officer of ACI during all times relevant to this complaint.

14. Dooley was the campus director for ACI’s Braintree campus during all times relevant to this complaint.

III. Statement of Facts

A. For-Profit Schools Rely on Government Funding of Student Loans.

15. For-profit schools, depending on their accreditation, may award bachelor's or associate degrees and certificates. ACI offered only certificate programs. For-profit schools, like ACI, are owned and operated by businesses and businesspersons with the principal purpose to produce returns for owners and shareholders.

16. The business model of for-profit schools typically focuses on recruiting students from low or lower income families with modest financial resources and who are eligible for government funds in the form of grants and loans.

17. For-profit education is expensive. For example, the total cost of ACI's "Digital Multimedia Design Program" was over \$23,040 for a one-year certificate program. The total program cost includes tuition (\$19,990), registration fee (\$50), books (\$1,225), lab fee (\$1,275), "elite fee" (\$275), uniforms (\$75), and exam fee (\$150).

18. About 96% of students attending for-profit institutions incur debt to pay for their training. *For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success*, United States Senate, Health, Education, Labor and Pensions Committee, p. 6 (July 30, 2012). For-profit schools enroll about 12% of all students seeking post-high school training, but take nearly 25% of all federal educational loans and grants. *Id.* Taxpayer investment in for-profit schools was \$32 billion in 2009-2010. *Id.* at 2.

19. In 2009, for-profit schools spent 42.1% of revenue on profit and marketing. *Id.* at 5. By contrast, in 2009, for-profit schools spent only 17.2% of revenue on instruction. *Id.*

20. Students at for-profit schools rarely realize a benefit commensurate with the debt they incur. Many do not graduate, and many students that do graduate are unable to obtain employment in their field of study. *Id.* at 7.

21. About 50% of students at for-profit schools default on their loans. Nearly 25% of students at for-profit schools default on their loans within three years of graduation.

22. In fiscal year 2012, ACI collected over \$30 million in government funding, an amount equal to 89% of its revenue, pursuant to Title IV of the Higher Education Act of 1965 (“Title IV”). *Proprietary School Revenue Percentages Report for Financial Statements with Fiscal years Ending Dates Between 7/1/2011 – 6/30/2012*, United States Department of Education, available at <http://studentaid.ed.gov/about/data-center/school/proprietary>. Title IV requires that eligible institutions obtain at least ten percent of revenue from non-Title IV sources. Additionally, ACI collected tuition on behalf of veterans pursuant to the Post-9/11 GI Bill and other veterans programs. Access to federal grants and loans was critical to ACI’s profits.

B. ACI Falsified Documents to Maintain its Accreditation.

23. To receive funding from government sources, ACI needed accreditation from an agency that the U.S. Department of Education (“USDE”) determined was a reliable authority for assessing the quality of training offered at educational institutions. This accreditation also enabled ACI to establish credibility in the marketplace.

24. The Accrediting Council for Continuing Education and Training (“ACCET”) was ACI’s accrediting agency. Accreditation from ACCET and a license from the Massachusetts Department of Professional Licensure (“DPL”) made ACI eligible to receive tuition payments from government sponsors. In its marketing materials, ACI promoted that “All American Career Institute locations in both Maryland and Massachusetts qualify for federal financial aid.” ACI

also used marketing materials to promote its accreditation from ACCET and DPL licensing, which provided ACI with a cloak of credibility to prospective students.

25. To be eligible for Title IV funding, Fontaine, in her role as ACI's chief executive officer, submitted an application to USDE for approval to participate in federal student financial aid programs. The application required that ACI be accredited by an agency like ACCET. Government funding sources relied on ACCET's accreditation to determine ACI's eligibility for these funds.

26. In support of ACI's Title IV application, Fontaine certified that the information in the application was true and correct. Fontaine further certified her understanding that providing false or misleading information in the application may cause ACI to be liable for all federal student financial aid funds ACI or its students received.

27. In fact, ACI's accreditation was premised on defendants' falsification of documents that ACCET used to accredit ACI. Defendants routinely falsified enrollment records, attendance records, and student grades and to maintain ACCET accreditation and, thus, remain eligible to receive Title IV funding.

28. To maintain accreditation, ACCET's Completion and Placement Policy required ACI to maintain a 67% completion rate. To complete a training program, ACCET required that a student maintain 80% attendance and a minimum 2.0 grade point average ("GPA"). Accordingly, ACI's enrollment agreements state that a minimum program attendance rate of 80% is required to complete a program.

29. Maintaining minimum attendance and GPA were also necessary to enable ACI to draw down government tuition proceeds. Title IV programs permitted ACI to draw down funds for a student at the start of the training program, at the midpoint, and upon completion. Title IV

permitted midpoint and completion draw-downs only if a student maintained satisfactory academic performance, *i.e.*, 80% attendance and a 2.0 GPA. Creating a record of student retention and progress was essential to allow ACI to continue to receive government funding.

30. To that end, Fontaine and Dooley altered documents, and/or instructed ACI employees to alter documents, to create the appearance that ACI students were meeting minimum attendance and GPA requirements.

31. Defendants' routinely falsified records to demonstrate and maintain compliance with minimum attendance and GPA standards for accreditation. This falsification of records allowed ACI to continue collecting tuition payments for students who were no longer in school.

32. As a matter of policy, classroom instructors were responsible for recording student attendance. Instructors entered attendance into ACI's electronic SABA database. According to ACI's written policy, a student who arrived more than 15 minutes late, or left more than one hour early, could not receive a full day's credit. But instructors often recorded that a student was present for a full day of class, when in fact, that student had only briefly appeared in class or had not appeared at all.

33. As director of the Braintree campus, one of Dooley's chief concerns was creating attendance records to demonstrate compliance with ACCET's 80% standard.

34. To maintain attendance for students with children, defendants facilitated students' fraudulent application for day care vouchers. The Massachusetts Department of Early Education and Care administers the child care voucher program in Massachusetts, which provides financial assistance to eligible families who are engaged in education or job training programs. To qualify for full time day care, a parent must participate in a full time education program.

35. No ACI program met the requirements for a full time education program. To ensure that students had daycare and could attend class, Dooley instructed ACI employees to create false documents that misrepresented the hours per week that students attended class, and enabled students to obtain vouchers for full time day care assistance to which they were not entitled.

36. But when Dooley's assistance to maintain required attendance levels for accreditation was insufficient, Fontaine and Dooley altered attendance records, or instructed others to alter attendance records, to create the false record that ACI was meeting ACCET attendance requirements. Dooley, in particular, was known to alter attendance records in the SABA database to inflate student attendance. When a student was falling short of the 80% attendance requirements, meaning that ACI would not qualify to draw down that student's tuition, Dooley asked ACI employees to alter attendance. In the event ACI employees refused to falsify attendance records, Dooley personally altered attendance records.

37. Like attendance, GPA records were critical to ACCET's accreditation and, in turn, ACI's eligibility to obtain government tuition dollars and maintain credibility in the marketplace. Fontaine and Dooley pressured instructors to inflate students' GPAs to ensure the student would complete his or her training program. Instructors routinely changed grades and attendance to push students through to completion. Students were occasionally pleasantly surprised to see that their GPAs and attendance rates increased from one day to the next without the student's participation.

38. To verify compliance with accreditation requirements, ACCET auditors visited ACI's campuses in early 2012. Defendants Fontaine and Dooley were present and participated in the audit of ACI's Braintree's campus in February 2012.

39. For auditing and accreditation purposes, ACCET required ACI to maintain enrollment agreements for all students. The enrollment agreements were contracts between students and ACI that included student information, costs, method of payment, program information, and refund policies. Importantly, the enrollment agreements also included the student's start date and expected completion date.

40. ACI used the enrollment agreements to demonstrate to government sponsors that a particular student had enrolled at ACI. ACI began invoicing government sponsors for tuition as of the start date indicated on the enrollment agreement, which was signed by the student and an ACI representative.

41. Often, students did not attend class at ACI for the first week or two, but ACI did not wait for a student to attend class before it started billing for tuition.

42. ACI used the original enrollment agreement to substantiate tuition billing. However, to ensure that enrollment agreements would correspond to student attendance records and pass ACCET scrutiny, Dooley instructed ACI employees to create a second, forged, enrollment agreement, which would correspond to the student's actual start date.

43. In the days and weeks preceding the February 2012 audit, numerous enrollment agreements were destroyed or forged to satisfy ACCET's accreditation requirements. Defendants destroyed enrollment agreements that falsely stated student start dates, and created new enrollment agreements to create the appearance that students were progressing toward completion of their programs. According to one employee's testimony, in the days preceding the ACCET reaccreditation audit, ACI employees "were there around the clock changing documents." Civil Investigative Demand, Transcript of Sworn Testimony of Former Employee, 66:13.

44. Defendants knew, or should have known, that ACI agents and employees falsified documents to achieve ACCET accreditation. Further, defendants knew, or should have known, that ACI induced students and government sponsors to pay tuition based on the false premise that ACI's accreditation was legitimate.

C. ACI Enrolled Unqualified Students and Burdened Them With Debt.

45. To maximize profit, Fontaine pressured her employees to enroll as many students as possible. As one former employee testified, "If the student had a heartbeat and they could sign their signature and get approved for a loan, they were accepted students... Everyone was accepted if they could get a loan... It was just get them in and get them in quickly." Civil Investigative Demand, Transcript of Sworn Testimony of Former Employee, at 155:5.

46. But ACCET and government sponsors required that a student have more than a heartbeat to be admitted to ACI and incur tens of thousands of dollars in debt. Students were required to have a high school diploma, a General Equivalency Diploma ("GED"), or to pass an Ability to Benefit ("ATB") exam. Per accreditation standards, a student is not permitted to enroll without meeting those minimum requirements.

47. Yet ACI enrolled students – and started collecting tuition payments – before the student had met the minimum education requirements.

48. ACI offered tutoring to students if those students committed to enrolling at ACI once they received their GED. Defendants required students to sign enrollment agreements with a start date anticipating that the student would pass the GED exam before the start date. Defendants charged students up to \$2,000 for GED tutoring. Yet many students did not pass the GED exam.

49. By way of example, "TR" had dropped out of school in eighth grade and was not academically qualified or prepared to enroll at ACI. TR did not have high school diploma, a GED, or an ATB. However, TR sought enrollment in ACI's digital multimedia design program during a month when ACI's enrollment numbers were low.

50. On March 20, 2012, ACI executed an enrollment agreement with TR that included a start date of March 23, 2012. Defendants charged tuition and fees of \$22,949, including \$1,250 for software that was essential to the curriculum. All tuition and fees, minus TR's \$50 credit card deposit, were to be paid with financial aid.

51. TR's enrollment agreement states that a high school diploma, GED, or ATB are required for admission. But ACI knew that TR did not meet any of these entrance requirements as of TR's start date. In fact, TR never passed the ATB exam.

52. Nevertheless, defendants allowed TR to begin classes, which allowed defendants to charge TR tuition. TR took classes for one month, without having passed the minimum education requirements, after which TR dropped out of ACI. ACI charged TR about \$2,000 for TR's one month of attendance.

53. In addition to meeting minimum academic requirements, for programs of study designed to provide job opportunities in the medical field, it was essential that the student did not have a criminal background. A criminal background would disqualify a student from an externship and employment in the medical field.

54. ACI failed to disclose to prospective students of medical and dental programs that their criminal history would disqualify them from employment in their field of study.

55. Defendants knew, or should have known, that ACI was enrolling students who did not meet educational enrollment requirements, as well as students with criminal backgrounds, in programs they would be unable to complete.

D. Once Enrolled, ACI Students Did Not Get What They Paid For.

56. In their marketing materials, defendants promoted ACI's "comprehensive career training programs" to prospective students as providing the "best possible education." For some programs, ACI represented a 100% job placement rate. In fact, ACI failed to provide students with the tools and the training they needed to obtain the promised employment.

i. ACI Failed to Provide Course Materials for Which Students Paid.

57. Students enrolled in ACI's digital media program, for example, to learn how to use digital design software. Students paid about \$1,250 for the software upfront, and nearly all students financed the cost of software together with their tuition and other fees. Yet for many students, ACI failed to provide the necessary software, or provided it only after the course was substantially complete. Notwithstanding that students had fully paid for the software, and that the curriculum was designed around the software, ACI failed to provide this essential course material to students, leaving students unable to participate in class or complete assignments.

58. Defendants knew, or should have known, that ACI did not provide students with materials integral to their education, for which students had paid, almost always by incurring significant debt.

ii. ACI Pushed Students Through to Externship Without Required Training.

59. To graduate from ACI's allied health programs, which were ACI's most popular programs, students were required to complete a 160 hour externship programs. For the allied health programs, a student had to complete her externship before ACI could collect its entire tuition disbursement. For ACI to maintain its accreditation and churn students, Fontaine and Dooley instructed employees to "push" students through their coursework to externship. Without necessary course materials and without attending required classes, students were often unprepared for externship.

60. ACI and Dooley falsified grades and attendance records to make students appear eligible for externships. Faculty members falsely certified that students had accomplished classroom goals, like learning to properly draw blood. Administrators, including Dooley, changed grades to improve students' grade point average. When those students transitioned to a work place externship, they did not have the skills that externship employers required.

61. Defendants knew, or should have known, that ACI students were unprepared for externships, because, among other reasons, externship employers frequently complained about ACI students' unpreparedness.

E. ACI Abruptly Closed Without Refunding Student Tuition.

62. On January 9, 2013, Fontaine announced that ACI was shutting down immediately. Students on the verge of completing their programs were locked out of class without warning. Approximately 1,400 Massachusetts students were affected by the closure. ACI's officers, including Fontaine, were paid in full, but no student received a refund from ACI.

63. Defendants blamed their sudden shutdown on insufficient cash flow and the termination of their line of credit. Defendants knew, or should have known, about expected

losses and insufficient cash flow, yet made no provision for transitioning students to programs that would allow them to complete their training.

64. Defendants have failed to refund tuition money and fees that are due to students pursuant to ACI's refund policy, which Massachusetts law, G.L. c. 255, §13K, required ACI to include in all enrollment agreements. In many cases, students were left owing significant debts to government and private lenders for education services ACI failed to provide.

IV. Causes of Action

Count One

(Violations of G.L. c. 93A, §2)

65. The Commonwealth repeats and realleges the foregoing paragraphs of the Complaint and incorporates them herein by reference.

66. Defendants engaged in unfair or deceptive acts or practices in violation of G.L. c. 93A, § 2. Such unfair acts or practices include, without limitation, the following:

- a. Defendants made false or misleading statements to consumers about ACI's accreditation, which defendants promoted as an indicator of credibility, but which was premised on defendants' false records of student attendance and performance, in violation of G.L. c. 93A, § 2;
- b. Defendants made false or misleading representations to consumers who were not qualified to enroll and encumbered students with debt, when those students had virtually no ability to complete a training program and/or obtain employment in the field of study, in violation of G.L. c. 93A, § 2;
- c. Defendants failed to disclose to consumers, before they incurred debt to participate in allied health training programs, that a criminal history would

disqualify a student from employment in their field of study, in violation of G.L. c. 93A, § 2;

- d. Defendants failed to provide essential course materials to students who had paid for those materials, leaving students unable to participate in training programs for which they had incurred debt to participate, in violation of G.L. c. 93A, § 2; and
- e. Defendants failed to refund students' tuition and fees, contrary to Massachusetts G.L. c. 255, § 13K, and the terms of student enrollment agreements, when they abruptly closed, in violation of G.L. c. 93A, § 2.

67. Defendants' unfair or deceptive conduct was material and had the tendency to deceive potential and existing consumers.

68. Defendants knew, or should have known, that their misrepresentations were false and/or misleading, in violation of G.L. c. 93A, § 2.

69. As a result of defendants' unfair or deceptive conduct, consumers suffered harm, including incurring tens of thousands of dollars in debt to attend ACI's training programs.

Count Two

(Violations of 940 CMR 3.10 and 3.16 and G.L. c. 93A, § 2)

70. The Commonwealth repeats and realleges the foregoing paragraphs of the Complaint and incorporates them herein by reference.

71. Defendants engaged in unfair or deceptive acts or practices in violation of 940 CMR 3.10 and 3.16. Such unfair or deceptive acts or practices include, without limitation, the following:

- a. Defendants made false or deceptive statements or representations, or statements or representations that have the tendency or capacity to mislead or deceive

students, prospective students or the public, by way of advertising or otherwise, concerning their activities in attempting to enroll students, or concerning the character, nature, quality, value, or scope of any course of instruction or educational service offered, its influence in obtaining employment for its students, and in other material respects, in violation of 940 CMR 3.10(1) and 3.16(1) and (2) and G.L. c. 93A, § 2.

- b. Defendants made false or deceptive statements or representations, or statements or representations that have the tendency or capacity to mislead or deceive students, prospective students, or the public regarding opportunities in vocations and fields of activity as a result of the completion of given courses of instruction or educational service, in violation of 940 CMR 3.10(3) and 3.16(1) and (2) and G.L. c. 93A, § 2.
- c. Defendants used language in marketing and in the enrollment process that had the tendency or capacity to mislead or deceive students, prospective students, or the public, in violation of 940 CMR 3.10(16) and 3.16(1) and (2) and G.L. c. 93A, § 2.
- d. Defendants induced the enrollment and retention of students for courses of instruction or training for jobs and positions for which the school knew, or had reason to know, the student was unfit by reason of educational or permanent physical disqualification, or other material disqualification, in violation of 940 CMR 3.10(17) and 3.16(1) and (2) and G.L. c. 93A, § 2.

72. Defendants' false and/or misleading statements to consumers, prospective students, and others were material and deceived, or had the tendency to deceive or mislead,

potential and existing students, inducing consumers to enroll in defendants' training programs and allowing defendants' to collect tuition and fees.

73. Defendants knew, or should have known, that their misrepresentations were false and/or misleading, or had the tendency to deceive or mislead consumers, in violation of 940 CMR 3.10 and 3.16 and G.L. c. 93A, § 2.

74. As a result of defendants' unfair or deceptive conduct, consumers suffered harm, including incurring tens of thousands of dollars in debt to attend ACI's training programs.

Count Three

Violation of Guaranty

75. The Commonwealth repeats and realleges the foregoing paragraphs of the Complaint and incorporates them herein by reference.

76. For good and valuable consideration, on August 18, 2011, Fontaine, as President of ABC, executed and delivered to the Commonwealth a guaranty of payment (the "Guaranty") of the obligations of ACI. A true and accurate copy of the Guaranty is attached hereto as *Exhibit I*.

77. The Guaranty provides, in part, that ABC "absolutely and unconditionally guarantees to the Commonwealth of Massachusetts prompt payment of all money obligations of American Career Institute, is liable in the first instance, in the event of its failure to perform its obligations to make tuition refunds to students as required by G.L. c. 255, § 13K."

78. By virtue of the foregoing, ABC is liable to the Commonwealth under the Guaranty in the aggregate sum of all tuition refunds owed to ACI students.

WHEREFORE, the Commonwealth requests that this Court:

1. Issue a Permanent Injunction enjoining defendants and their officers, agents, servants, employees, and attorneys, successors and assigns, and all other persons and entities who receive actual notice of the injunction, whether acting individually or in active concert or participation with defendants, through any corporation, trust or other device (including, without limitation, through any entities affiliated with or created by defendants), from engaging in the following conduct in the Commonwealth of Massachusetts or with respect to any Massachusetts consumer:

- a. Making false or misleading representations, and failing to disclose material information, to the public and to prospective and current consumers concerning the nature, character, scope, required qualifications, and cost of its educational programs; and
- b. Making false or misleading representations to the public, to prospective and current students, to its accreditor, and to DPL, or any federal or state authority, concerning attendance, grades, and job placement.

2. Order defendants to make full and complete restitution to:

- a. All former ACI students who enrolled based on false representations about ACI's accreditation;
- b. All former ACI students who enrolled based on false representations about the student's qualifications to enroll in, and complete, ACI training programs;
- c. All former ACI students who enrolled based on false representations about job placement;

- d. All former ACI students who paid for, or incurred debt to obtain, course materials that defendants failed to timely provide;
 - e. All former ACI students who paid for, or incurred debt to obtain, training that failed to prepare the student for promised employment; and
 - f. All former ACI students who were unable to complete training programs due to ACI's January 2013 closure.
3. Order defendants to pay the Commonwealth civil penalties of \$5,000 for each violation of G.L. c. 93A, § 2, and costs, including reasonable attorneys' fees, pursuant to G.L. c. 93A, § 4.
4. Grant such other relief as this Court deems just and proper.

Respectfully submitted,

COMMONWEALTH OF MASSACHUSETTS

MARTHA COAKLEY
ATTORNEY GENERAL



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Date: November 21, 2013



GUARANTY

For valuable consideration the undersigned hereby absolutely and unconditionally guarantees to the Commonwealth of Massachusetts prompt payment of all money obligations of American Career Institute, is liable in the first instance, in the event of its failure to perform its obligations to make tuition refunds to students as required by G.L. c. 255, § 13 K. Such monies when received by the Commonwealth of Massachusetts are to be held for the account of, and for the benefit of, students entitled to tuition refunds.

The undersigned further agrees that this guaranty shall apply to and bind the undersigned on any ultimate balance which shall remain unpaid following payment on any bond or other form of indemnification up to an amount necessary to make tuition refunds to students according to provisions of G.L. c. 255, § 13 K.

This guaranty is a guaranty of payment; and if there is more than one signatory, the liability shall be joint and several, and suits for enforcement of this guaranty may be brought successively against one or more of the undersigned and the Commonwealth may settle with any one of the undersigned without releasing or impairing the rights of the undersigned among themselves, including the right of contribution or subrogation.

This guaranty shall be construed according to the laws of the Commonwealth of Massachusetts.

Signed, sealed and delivered this 18TH day of AUGUST, 2011

ABC Training Center of Maryland, Inc.
d/b/a American Career Institute

Andrée L. Fontaine
By: ANDRÉE FONTAINE
Its' President

Signed in the presence of:

Joseph