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8 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

9 **IN AND FOR THE COUNTY OF MARICOPA**

10 STATE OF ARIZONA, *ex rel.* MARK  
11 BRNOVICH, Attorney General,

12 Plaintiff,

13 vs.

14 EDUCATION MANAGEMENT CORPORATION,  
a Pennsylvania corporation, ARGOSY  
15 UNIVERSITY OF CALIFORNIA LLC, a  
California limited liability company, SOUTH  
16 UNIVERSITY, LLC, a Georgia limited liability  
company, BROWN MACKIE EDUCATION II  
17 LLC, a Delaware limited liability company, THE  
ART INSTITUTES INTERNATIONAL II LLC, a  
18 Pennsylvania limited liability company, THE ART  
INSTITUTES INTERNATIONAL LLC, a  
19 Pennsylvania limited liability company, THE ART  
INSTITUTE OF TUCSON, INC., an Arizona  
20 Corporation, BROWN MACKIE COLLEGE –  
21 PHOENIX, INC., an Arizona corporation,  
BROWN MACKIE COLLEGE – TUCSON, INC.,  
22 an Arizona corporation, THE INSTITUTE OF  
23 POST-SECONDARY EDUCATION, INC., an  
Arizona corporation, SOUTH UNIVERSITY OF  
24 ARIZONA LLC, and Arizona limited liability  
company, THE ART INSTITUTE OF  
25 PITTSBURGH LLC, a Pennsylvania limited  
26 liability company,

Defendant(s).

Case No.:

**CONSENT JUDGMENT**

1 This Consent Judgment is entered into between the State of Arizona, by the Office of the  
2 Attorney General (“State” or “Arizona”), and defendants Education Management Corporation,  
3 Argosy University of California LLC, South University, LLC, Brown Mackie Education II LLC,  
4 The Art Institutes International LLC, The Art Institutes International II LLC, The Art Institute of  
5 Tucson, Inc., Brown Mackie College – Phoenix, Inc., Brown Mackie College – Tucson, Inc.,  
6 The Institute of Post-Secondary Education, Inc., South University of Arizona LLC, and The Art  
7 Institute of Pittsburgh LLC including, except as otherwise provided herein, all of their respective  
8 subsidiaries, affiliates, successors, and assigns (collectively, “EDMC” or “Defendants,” and,  
9 together with the State, the “Parties”).  
10

11 This Consent Judgment resolves the Arizona’s concerns regarding EDMC’s compliance  
12 with the Arizona Consumer Fraud Act, Ariz. Rev. Stat. (“A.R.S.”) §§ 44-1521 to 44-1534  
13 (collectively, the “Arizona Consumer Fraud Act”), and particularly with respect to EDMC’s  
14 recruitment and enrollment practices relating to its post-secondary educational offering.  
15

## 16 **I. PARTIES**

17 1. The State is acting through its Attorney General pursuant to the Arizona  
18 Consumer Fraud Act.

19 2. Education Management Corporation is a Pennsylvania corporation with corporate  
20 headquarters at Pittsburgh, Pennsylvania. Argosy University of California LLC, a California  
21 limited liability company, South University, LLC, a Georgia limited liability company, Brown  
22 Mackie Education II LLC, a Delaware limited liability company, The Art Institutes International  
23 II LLC, a Pennsylvania limited liability company, The Art Institutes International LLC, a  
24 Pennsylvania limited liability company, The Art Institute of Tucson, Inc., an Arizona  
25 corporation, Brown Mackie College – Phoenix, Inc., an Arizona corporation, Brown Mackie  
26

1 College – Tucson, Inc., an Arizona corporation, The Institute of Post-Secondary Education, Inc.,  
2 an Arizona company, South University of Arizona LLC, an Arizona limited liability company,  
3 and The Art Institute of Pittsburgh LLC, a Pennsylvania limited liability company, are wholly-  
4 owned, indirect subsidiaries of Education Management Corporation.

## 5 **II. COORDINATION WITH OTHER ACTIONS**

### 6 **BY OTHER STATES ATTORNEYS GENERAL**

7 3. The Parties acknowledge that this Consent Judgment is being filed  
8 simultaneously with similar judgments in the States of Alabama, Arkansas, Colorado,  
9 Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas,  
10 Kentucky, Louisiana, Maine, Maryland, Mississippi, Missouri, Montana, Nebraska, New Jersey,  
11 New Mexico, New York, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Rhode  
12 Island, South Dakota, Tennessee, Utah, Vermont, Virginia, Washington, West Virginia and  
13 Wyoming and the District of Columbia. The Parties intend to coordinate implementation of the  
14 terms of this Consent Judgment with those referenced above.  
15

## 16 **III. DEFINITIONS**

17 Whenever the terms listed below are used in this Consent Judgment, the following  
18 definitions shall apply:

19 4. “**Abusive Recruitment Methods**” means the intentional exploitation of a  
20 Prospective Student’s fears, anxieties, or insecurities, or any method intentionally calculated to  
21 place unreasonable pressure on a Student to enroll in an EDMC school.  
22

23 5. “**Administrator**” shall have the meaning set forth in paragraphs 34 through 38  
24 below.

25 6. “**Admissions Representative**” means any natural person employed by EDMC  
26 who has substantial responsibility for encouraging Prospective Students to apply or enroll in a

1 Program of Study or recruiting Prospective Students, including, but not limited to, assisting  
2 Prospective Students with the application process and informing Prospective Students about  
3 Programs of Study at EDMC's schools, including but not limited to employees with job titles  
4 such as "student success advisors" and "admissions representatives."

5 7. **"Anticipated Total Direct Cost"** means the estimated cost of tuition, fees,  
6 books, supplies, and equipment to complete a Program of Study.

7 8. **"Attorneys General"** means the Attorneys General of Alabama, Arizona,  
8 Arkansas, Colorado, Connecticut, Delaware, the District of Columbia, Florida, Georgia, Hawaii,  
9 Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Mississippi,  
10 Missouri, Montana, Nebraska, New Jersey, New Mexico, New York, North Carolina, North  
11 Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Utah, Vermont,  
12 Virginia, Washington, West Virginia and Wyoming.

13 9. **"CIP Code"** means the six-digit U.S. Department of Education Classification of  
14 Instructional Program ("CIP") code identified for a particular Program of Study.

15 10. **"CIP to SOC Crosswalk"** means the crosswalk developed by the National  
16 Center for Educational Statistics and the Bureau of Labor Statistics relating CIP Codes to  
17 Standard Occupational Classification ("SOC") codes and available at  
18 <http://nces.ed.gov/ipeds/cipcode/resources.aspx> or its successor site.  
19

20 11. **"Clearly and Conspicuously"** or **"Clear and Conspicuous,"** when referring to a  
21 statement or disclosure, means that such statement or disclosure is made in such size, color,  
22 contrast, location, and duration that it is readily noticeable, readable, and understandable. A  
23 statement may not contradict or be inconsistent with any other information with which it is  
24 presented. If a statement modifies, explains, or clarifies other information with which it is  
25 presented.  
26

1 presented, it must be presented in proximity to the information it modifies, in a manner that is  
2 likely to be noticed, readable, and understandable, and it must not be obscured in any manner.

3 12. “**Completer**,” only for purposes of calculating a Job Placement Rate in  
4 accordance with this Consent Judgment, means a Student who is no longer enrolled in a Program  
5 of Study and who has either completed the time allowed or attempted the maximum allowable  
6 number of credits for the Program of Study but who did not accomplish the requirements for  
7 graduation, such as:

- 8 a. achieving the necessary grade point average;
- 9 b. attaining required competencies or speed skills; or,
- 10 c. satisfying non-academic requirements, including but not limited to paying  
11 outstanding financial obligations.

12  
13 13. “**Core Skills**” means skills that are necessary to receive a diploma or degree in a  
14 Student’s field of study, such that failure to master these skills will result in no diploma or  
15 degree being awarded. “Core Skills” are specific to the Program of Study and are not taught in  
16 general education courses or generally taught across all fields of study, and are not the same as  
17 basic skills, which are skills that are necessary for success in a Student’s field of study, but  
18 which the Student should possess upon entry into a Program of Study. Core Skills do not include  
19 generic skills such as “collaboration,” “team work,” and “communication,” and for bachelor’s  
20 degree programs, Core Skills do not include skills taught in 100-level courses unless the skill is  
21 refined and specifically identified in upper-level courses.

22  
23 14. “**Cost of Attendance**” means cost of attendance as defined in the Federal Higher  
24 Education Act of 1965, § 472, 20 U.S.C.A. § 108711, or as that statute may be amended.

25 15. “**Do Not Call Registry**” means the national registry established by the Federal  
26 Communications Commission and the Federal Trade Commission, and any state registry

1 established by the Arizona Attorney General's Office that prohibits the initiation of outbound  
2 telephone calls, with certain statutory exemptions, to registered consumers.

3 16. **"Effective Date"** means January 1, 2016.

4 17. **"Electronic Financial Impact Platform"** means an interactive, internet-based  
5 program that produces a personalized disclosure for a Prospective Student of the financial  
6 impact of pursuing a particular Program of Study and incurring a specific amount of debt. The  
7 platform shall permit Prospective Students to input and/or adjust fields to customize the  
8 resulting disclosure, including but not limited to the fields that pertain to sources of funding (*i.e.*,  
9 scholarships, grants, student contributions, federal loans, and private loans) and post-graduation  
10 expenses, and shall generate a customized disclosure for the Prospective Student that shows  
11 estimates of (a) the Prospective Student's Anticipated Total Direct Costs in pursuing the  
12 Program of Study, (b) the Prospective Student's Cost of Attendance, including each component  
13 thereof, (c) the Prospective Student's total debt at the time of repayment and the corresponding  
14 monthly loan payments over a term of years based on current interest rate information, (d) the  
15 Prospective Student's income if he/she successfully graduates from the Program of Study, and  
16 (e) the Prospective Student's post-graduation expenses, including personal financial obligations  
17 such as rent or mortgage payments, car payments, child care expenses, utilities, and the like.  
18 The Electronic Financial Impact Platform shall also provide information about the Program of  
19 Study, including Program Completion Rates, Median Debt for Completers, and Program Cohort  
20 Default Rate.  
21  
22

23 18. **"Enrollment Agreement"** shall mean the document executed by a Prospective  
24 Student that sets forth certain terms and conditions of the Prospective Student's enrollment in a  
25 Program of Study.  
26

1           19.     **“Executive Committee”** shall refer to the Attorneys General of the States of  
2 Connecticut, Illinois, Iowa, Kentucky, Oregon, and Pennsylvania.

3           20.     **“Former Employee”** means any person who was employed by EDMC on or after  
4 the Effective Date and who is no longer employed by EDMC.

5           21.     **“Good Cause”** means: (a) a material and substantial breach of the terms of this  
6 Consent Judgment by the Administrator, including the failure to comply with the terms and  
7 limitations of this Consent Judgment, (b) any act of dishonesty, misappropriation,  
8 embezzlement, intentional fraud, or similar conduct, (c) any intentional act of bias or prejudice  
9 in favor or against either party or Students by the Administrator, or (d) conduct by the  
10 Administrator that demonstrates unfitness to serve in any administrative capacity. Good Cause  
11 shall not include disagreements with the decisions of the Administrator pursuant to this Consent  
12 Judgment, unless there is a clear pattern in the Administrator’s decisions that demonstrates or  
13 shows that the Administrator has not been acting as an independent third party in rendering  
14 decisions.  
15

16           22.     **“Graduate,”** only for purposes of calculating a Job Placement Rate in accordance  
17 with this Consent Judgment, means a Student who has accomplished all of the requirements of  
18 graduation from a Program of Study, such as, for example, achieving the necessary grade point  
19 average, successfully passing all required courses and meeting all clinical, internship, and  
20 externship requirements, and satisfying all non-academic requirements.

21           23.     **“Job Placement Rate”** means the job placement rate calculated in accordance  
22 with this Consent Judgment and is a numeric rate calculated by dividing the total number of  
23 placed Graduate/Completers by the total number of Graduate/Completers who do not qualify for  
24 exclusion from the calculation as set out below. EDMC shall count a Graduate/Completer as  
25 placed or excluded for purposes of calculating a Job Placement Rate in accordance with this  
26

1 Consent Judgment only where EDMC is able to successfully contact a Graduate/Completer or  
2 employer to verify employment or exclusion and possesses at the time it is calculating the Job  
3 Placement Rate the documentation required below.

4 a. For purposes of calculating the Job Placement Rate in accordance with  
5 this Consent Judgment, the Job Placement Rates shall be calculated from the total of  
6 Graduates/Completers between July 1, 20XX and June 30, 20XX, and shall be calculated  
7 for each Program of Study at the campus level.

8 b. In calculating Job Placement Rates in accordance with this Consent  
9 Judgment, EDMC shall assess whether the Student has been placed within six (6) months  
10 of the later of (i) the end of the month in which the Student becomes a  
11 Graduate/Completer or (ii) if a license or certification is required for the relevant  
12 occupation, the date on which the results of the first licensing or certification exam for  
13 which the Graduate/Completer was eligible to sit become available; *provided, however,*  
14 that such six (6) month period shall be extended for up to sixty (60) days to permit  
15 Students who accepted employment prior to the expiration of such six (6) month period  
16 to satisfy the minimum employment threshold set forth in paragraph 69(a)(5) and (a)(6),  
17 in which case the Graduate/Completer shall be excluded from the current reporting  
18 cohort and included in the next reporting cohort.

19 c. In calculating a Job Placement Rate in accordance with this Consent  
20 Judgment, a Graduate/Completer may be excluded from the total number of  
21 Graduates/Completers (*i.e.*, the denominator) if EDMC obtains written documentation  
22 that the Graduate/Completer:

23 i. has a medical condition or disability that results in the  
24 Graduate/Completer's inability to work or the Graduate/Completer is not  
25  
26



1 available for employment because the Graduate/Completer has a parent, child, or  
2 spouse who has a medical condition that requires the care of the  
3 Graduate/Completer;

4 ii. is engaged in full time active military duty;

5 iii. is enrolled at least half-time in an additional program of post-  
6 secondary education;

7 iv. is deceased;

8 v. is not eligible for placement in the United States because of visa  
9 restrictions;

10 vi. is a spouse or dependent of military personnel who have moved  
11 due to military transfer orders;

12 vii. is incarcerated; or

13 viii. qualifies for any other job placement rate calculation exclusion  
14 that the U.S. Department of Education adopts subsequent to the Effective Date,  
15 unless the Attorneys General determine in their reasonable judgment within thirty  
16 (30) days of being notified by EDMC of the adoption of such waiver that  
17 recognizing the waiver for purposes of calculating the Job Placement Rate would  
18 be contrary to the interests of Prospective Students; *provided, however*, that  
19 EDMC shall have the right to apply to the Court for a ruling as to whether any  
20 such determination by the Attorneys General was reasonable under the  
21 circumstances.  
22

23  
24 d. Where EDMC excludes a Graduate/Completer from the total number of  
25 Graduate/Completers for the purposes of calculating the Job Placement Rate, EDMC  
26 shall not count that Graduate/Completer as “placed.”

1           24.     **“Median Earnings for Completers”** means the earnings calculated according to  
2 the definitions and method provided by the U.S. Department of Education in 34 CFR  
3 668.413(b)(8) and as that regulation may be amended or recodified.

4           25.     **“Median Debt for Completers”** includes Title IV loans, institutional loans,  
5 private loans, credit, or unpaid balances extended by or on behalf of the EDMC school to  
6 Students, as provided in 34 CFR 668.404(d)(1). Median Debt for Completers is the median debt  
7 for Students who completed the program during the most recent award year and is determined  
8 according to the definitions and method provided in 34 CFR 668.413(b)(4) and as that regulation  
9 may be amended or recodified. Until such time as the U.S. Department of Education  
10 commences calculation of the median debt according to such definitions and methodology,  
11 EDMC itself shall make a good faith effort to calculate the Median Debt for Completers  
12 according to the definitions and methodology provided in 34 CFR 668.413(b)(4).

14           26.     **“Program Cohort Default Rate”** means the program cohort default rate  
15 determined according to 34 CFR 668.413(b)(13) and as that regulation may be amended or  
16 recodified. Until such time as the U.S. Department of Education commences calculation of the  
17 program cohort default rate as provided in 34 CFR 668.413(b)(13), EDMC shall make a good  
18 faith effort to determine the Program Cohort Default Rate using the methodology required by 34  
19 CFR 668.413(b)(13).

21           27.     **“Program Completion Rate”** means the program completion rate for full-time  
22 Students calculated according to the definitions and method provided by the U.S. Department of  
23 Education in 34 CFR 668.413 and as that regulation may be amended or recodified. Until such  
24 time as the U.S. Department of Education commences calculation of program completion rates  
25 according to such definitions and methodology, EDMC itself shall make a good faith effort to  
26 calculate the Program Completion Rate for full-time Students who complete the program within

1 150% of the length of the program according to the definitions and methodology provided in 34  
2 CFR 668.413.

3 28. **“Program of Study”** shall mean a series of courses, seminar, or other educational  
4 program offered at an EDMC school in the United States, for which EDMC charges tuition  
5 and/or fees, which is designed to lead toward a degree, certificate, diploma, or other indication  
6 of completion, and which (a) is eligible for Title IV funding, (b) involves more than 25 contact  
7 hours in a credit bearing course, (c) is designed to make a Student eligible to sit for any state or  
8 national certification or licensing examination, or (d) is designed to prepare a Student for another  
9 series of courses, seminar, or other educational program that is eligible for Title IV funding.

10 Notwithstanding anything in the foregoing sentence to the contrary, non-credit courses or  
11 programs offered for personal enrichment, *i.e.*, hobby courses, that are not Title-IV eligible,  
12 courses that are not taken for the purpose of ultimately obtaining a degree, certificate, diploma,  
13 or other indication of completion, and review courses that are designed to assist with a Student’s  
14 preparation for a state or national certification or licensing exam for which the Student is already  
15 eligible to sit, shall not be Programs of Study.  
16

17 29. **“Prospective Student”** means any natural person who is being recruited for a  
18 Program of Study and/or pursuing enrollment at an EDMC school in a Program of Study.  
19

20 30. **“Student”** means any natural person who is or was enrolled at an EDMC school  
21 in a Program of Study.

22 31. **“Student Financial Services Representative”** means any natural person  
23 employed by EDMC who has substantial responsibility for assisting or advising Students and  
24 Prospective Students with respect to financial aid matters.  
25  
26

1           32.     **“Third-Party Lead Vendor”** means any third-party vendor (whether a person,  
2 corporation, partnership, or other type of entity) that is directly retained and authorized by  
3 EDMC to provide Prospective Student inquiries to EDMC.

4           33.     **“Transferability of Credits Disclosure”** means a disclosure with respect to the  
5 transferability of credits earned at EDMC schools. For regionally accredited schools, each such  
6 disclosure shall state: “Course credits are not guaranteed to transfer to other schools.” For all  
7 other schools, each such disclosure shall state: “Course credits will likely not transfer to other  
8 schools. Degrees will likely not be honored by other schools.” EDMC shall be permitted to  
9 make such reasonable changes to the Transferability of Credits Disclosure that are approved by  
10 the Administrator in consultation with the Attorneys General.  
11

#### 12                                   **IV.     ENJOINED CONDUCT**

13           Pursuant to the Arizona Consumer Fraud Act, Ariz. Rev. Stat. §§ 44-1521 to 44-1534,  
14 EDMC is hereby enjoined as follows:

#### 15                                   **ADMINISTRATOR PROVISIONS**

##### 16           **Appointment of an Administrator**

17           34.     Thomas J. Perrelli, Esq. is appointed as the Administrator to oversee EDMC’s  
18 compliance with the provisions of this Consent Judgment, effective as of the Effective Date.  
19 The Administrator may act directly or through staff, agents, employees, contractors, and  
20 representatives in overseeing EDMC’s compliance with the terms of this Consent Judgment.  
21

22           35.     Within sixty (60) days of the Effective Date, the Attorneys General, EDMC, and  
23 the Administrator shall agree on a proposed work plan and contract that shall include all  
24 reasonable and necessary costs of the Administrator. If the Administrator, the Attorneys  
25 General, and EDMC fail to reach agreement within that time, the Attorneys General shall  
26

1 determine a fair and reasonable work plan and contract in consultation with EDMC and the  
2 Administrator.

3 36. In the event of any dispute arising over the Administrator's performance or the  
4 reasonableness of the Administrator's costs and fees, either EDMC or the Attorneys General  
5 may request that the issue be submitted to the Iowa Attorney General, with the issue to be  
6 resolved in accordance with the provisions of EDMC's consent judgment with the State of Iowa.

7 37. The Administrator may be dismissed for any reason by agreement of the Parties.  
8 In the event the Parties do not agree to the dismissal of the Administrator, either the Attorneys  
9 General or EDMC may submit the question of the Administrator's dismissal to the Iowa  
10 Attorney General, with the issue to be resolved in accordance with the provisions of EDMC's  
11 consent judgment with the State of Iowa.  
12

13 38. The Administrator shall be appointed for a term of three (3) years, to run from the  
14 Effective Date. If the Administrator is dismissed or leaves the position for any reason before the  
15 end of the term, another Administrator shall be appointed by agreement of EDMC and the  
16 Attorneys General to serve the remainder of the term.  
17

18 **Costs of the Administrator**

19 39. EDMC shall pay the reasonable and necessary fees and costs of the  
20 Administrator. Reasonable and necessary fees and costs shall be limited to those set out in the  
21 Administrator's contract, but in no event shall the Administrator's fees exceed \$1,000,000.00  
22 per year.

23 **Powers and Duties of the Administrator**

24 40. The Administrator shall independently review EDMC's compliance with the  
25 terms of this Consent Judgment in accordance with the work plan referenced in paragraph 35. In  
26 furtherance of this purpose, and without limiting the power of the Administrator to review any

1 relevant matter within the scope of this Consent Judgment, the Administrator shall be permitted  
2 to:

3 a. observe Admissions Representative and Student Financial Services  
4 Representative training sessions;

5 b. monitor telephone calls and meetings between Admissions  
6 Representatives or Student Financial Services Representatives, on the one hand, and  
7 Students or Prospective Students, on the other; the Administrator shall not be permitted  
8 to participate in such calls or attend such meetings, but it is expressly understood that the  
9 Administrator may utilize “mystery shoppers”; a “mystery shopper” is a person hired to  
10 pose as a Prospective Student and collect information regarding an Admissions  
11 Representative’s or Student Financial Service Representative’s compliance with this  
12 Consent Judgment;

13 c. review transcripts, recordings, and/or reports related to any telephone call  
14 or meeting with Prospective Students;

15 d. review materials used to train Admissions Representatives and Student  
16 Financial Services Representatives;

17 e. review complaints made to EDMC, its accreditors, the Attorneys General,  
18 the Better Business Bureau, or any state or federal governmental body, after the Effective  
19 Date of this Consent Judgment, which potentially concern or relate to any of EDMC’s  
20 recruitment, admissions, Student financial aid, or career services practices;

21 f. receive and review complaints concerning EDMC referred by the United  
22 States of America, acting through the United States Department of Justice and on behalf  
23 of the U.S. Department of Education (collectively, for purposes of this subparagraph and  
24 paragraph 50, the “United States”), the States of California, Florida, Illinois, Indiana, and  
25  
26

1 Minnesota (collectively, the “Intervened States”), and the Commonwealth of  
2 Massachusetts, the District of Columbia, and the States of Kentucky, Montana, New  
3 Jersey, New Mexico, New York, and Tennessee (collectively, the “Non-Intervened  
4 States”);

5 g. review EDMC’s advertisements, marketing materials, websites, catalogs,  
6 enrollment agreements, disclosures, and other public-facing media to verify compliance  
7 with this Consent Judgment;

8 h. review documents, data, and information related to EDMC’s calculation  
9 of any job placement rate;

10 i. monitor EDMC’s compliance practices with respect to the conduct of  
11 Third-Party Lead Vendors;

12 j. review documents in the possession of EDMC or reasonably accessible to  
13 EDMC related to the conduct of Third-Party Lead Vendors;

14 k. review communications with Students and Prospective Students in the  
15 possession of EDMC or reasonably accessible to EDMC related to Student recruitment,  
16 admissions, financial aid, or career services;

17 l. monitor EDMC’s compliance with its refund policy;

18 m. monitor EDMC’s compliance with data reporting requirements imposed  
19 by this Consent Judgment;

20 n. monitor EDMC’s complaint resolution practices;

21 o. review reports related to EDMC’s audit of Third-Party Lead Vendors;

22 p. review EDMC’s institutional and programmatic accreditation status to  
23 verify compliance with this Consent Judgment;  
24  
25  
26

1           q.       review EDMC's records to verify EDMC's compliance with its obligation  
2 to forgo efforts to collect outstanding debt from certain Students pursuant to paragraphs  
3 120 and 121 of this Consent Judgment;

4           r.       have reasonable access to books, records, other documents, and staff  
5 sufficient to insure implementation of and compliance with this Consent Judgment; and

6           s.       have reasonable access to employees and Former Employees of EDMC as  
7 the Administrator deems necessary to insure implementation of and compliance with this  
8 Consent Judgment; reasonable access for purposes of this subparagraph includes  
9 disclosing the identity of any current employee or Former Employee if the identity is  
10 requested by the Administrator and can be determined by EDMC; reasonable access to  
11 current employees shall include providing appropriate times and locations for staff  
12 interviews; and reasonable access to Former Employees shall include providing the most  
13 recent contact information available;

14  
15 *provided, however,* that this Consent Judgment shall not effectuate a waiver of the attorney-  
16 client privilege or the attorney-work-product doctrine, and the Administrator shall not have the  
17 right to demand access to documents or information protected by the attorney-client privilege or  
18 the attorney-work-product doctrine.  
19

20           41.     The Administrator shall make a good faith effort to leverage EDMC's existing  
21 compliance mechanisms when reviewing EDMC's compliance with this Consent Judgment.

22           42.     The Administrator shall make a good faith effort to perform his or her duties in a  
23 manner designed to cause minimal disruption to EDMC's activities. In this regard, EDMC shall  
24 designate senior officials within the Office of the Chief Compliance Officer (or any office  
25 subsequently organized to succeed to the duties of the foregoing office) to serve as the primary  
26 points of contact for the Administrator in order to facilitate the Administrator's access to



1 documents, materials, or staff necessary to review EDMC's compliance with this Consent  
2 Judgment. The Administrator shall communicate any request for documents, materials, or  
3 access to staff to the designated contacts, unless otherwise instructed. For the avoidance of  
4 doubt, nothing in this paragraph shall be interpreted to prohibit the Administrator from speaking  
5 with a current or Former Employee of EDMC.

6 43. If at any time the Administrator believes that there is undue delay, resistance,  
7 interference, limitation, or denial of access to any records or to any employee or Former  
8 Employee deemed necessary by the Administrator to implement or review compliance with this  
9 Consent Judgment, the Administrator may meet and confer with the designated EDMC officials  
10 referenced in paragraph 42. If the Administrator cannot resolve such limitation or denial, it shall  
11 be immediately reported to the Attorneys General.  
12

13 44. Nothing in this Consent Judgment shall limit the ability of the Administrator to  
14 communicate at any time with the Attorneys General regarding EDMC's conduct or to provide  
15 documents or information to the Attorneys General.  
16

### 17 **Oversight and Compliance**

18 45. The Administrator and the designated EDMC officials referenced in paragraph 42  
19 shall meet on a quarterly basis, or more frequently if the Administrator deems reasonably  
20 necessary, in order to discuss any facts, matters, issues, or concerns that may arise in the  
21 administration of this Consent Judgment or that may come to the attention of the Administrator.  
22 The purpose of these meetings is to permit EDMC to confer with the Administrator and address  
23 issues and concerns as they arise. In addition, the Administrator may in his discretion and on  
24 reasonable advance notice invite the EDMC officials referenced in paragraph 42 and the  
25 Attorneys General to meet and confer to the extent he deems it reasonably necessary for the  
26 administration of this Consent Judgment.

1           46.     The Administrator shall issue a report (hereinafter “Annual Report”) to the  
2 Attorneys General and to EDMC within nine (9) months after the Effective Date and every  
3 twelve (12) months thereafter for the duration of the Administrator’s term. The Administrator  
4 may make more frequent reports as deemed reasonably necessary or upon request of the  
5 Attorneys General. All written reports requested by the Attorneys General shall be provided to  
6 EDMC prior to their presentation to the Attorneys General. The Administrator and EDMC shall  
7 meet and confer to discuss all written reports and Annual Reports prior to their presentation to  
8 the Attorneys General. As part of this conferral process, the Administrator shall in good faith  
9 consider all reasonable modifications to the report proposed by EDMC. Upon request, the  
10 Attorneys General shall be granted access to the draft reports.  
11

12           47.     The Annual Report shall include:

- 13               a.     a description of the methodology and review procedures used;  
14               b.     an evaluation of whether EDMC is in compliance with the provisions of  
15 this Consent Judgment, together with a description of the underlying basis for that  
16 evaluation; and  
17               c.     a description of any practice which the Administrator believes may  
18 constitute a deceptive or unfair practice (as those terms are commonly understood in the  
19 context of consumer protection laws).  
20

21           48.     The Administrator’s reports (including the Annual Reports) shall identify only  
22 practices or patterns of noncompliance by EDMC, if any, and are not intended to identify  
23 isolated incidents, unless the Administrator determines that such incidents are indicative of  
24 EDMC’s substantial non-compliance with the Consent Judgment.  
25

26           49.     If, at the conclusion of the Administrator’s three-year term, the Attorneys General  
determine in good faith and in consultation with the Administrator that justifiable cause exists,

1 the Administrator's engagement shall be extended for an additional term of up to two (2) years,  
2 subject to the right of EDMC to commence legal proceedings for the purpose of challenging the  
3 decision of the Attorneys General and to seek preliminary and permanent injunctive relief with  
4 respect thereto. For purposes of this paragraph, "justifiable cause" means a failure by EDMC to  
5 achieve and maintain substantial compliance with the substantive provisions of the Consent  
6 Judgment.

7 **Use of the Administrator's Reports**

8         50. The Administrator's reports (including the Annual Reports) and testimony may  
9 be used by the Attorneys General or EDMC in any action or proceeding relating (a) to this  
10 Consent Judgment or (b) to any EDMC conduct reported by the Administrator to the Attorneys  
11 General, and the reports shall be admissible into evidence in any such action or proceeding. In  
12 addition, the United States, the Intervened States, and the Non-Intervened States shall have  
13 whatever rights to receive and/or use reports or other information provided by the Administrator  
14 to the Attorneys General that may be created in any settlement agreement that is subsequently  
15 executed by and between the United States, the Intervened States, and the Non-Intervened States  
16 and EDMC. For the avoidance of doubt, the Parties do not intend for the Administrator's reports  
17 (including the Annual Reports) to be admissible in any action or proceeding other than an action  
18 or proceeding described in the preceding sentences. No action or lack of action by the Attorneys  
19 General regarding information received from the Administrator regarding EDMC's conduct  
20 shall be considered affirmation, acceptance, or ratification of that conduct by the Attorneys  
21 General, and the Attorneys General reserve the right to act at any time regarding information  
22 provided to them by the Administrator.  
23  
24  
25  
26

1 **Confidentiality**

2 51. The Administrator shall keep confidential any information, documents, and  
3 reports obtained or produced in the course of the Administrator's duties from any and all  
4 individuals, entities, regulators, government officials, or any other third party that is not a party  
5 to this Consent Judgment. Nothing in the preceding sentence shall limit the ability of the  
6 Administrator to make any disclosure compelled by law.

7 52. It is understood that any document, information, or report shared with the  
8 Attorneys General pursuant to this Consent Judgment (including reports created by the  
9 Administrator pursuant to paragraphs 46 and 116) is subject to Arizona's Public Records Laws,  
10 A.R.S. §§ 39-101 to 39-221 (collectively, "Arizona's Public Records Laws"). Nevertheless, the  
11 Attorneys General recognize that some or all of such documents, information, or reports may be  
12 confidential pursuant to Arizona's Public Records Laws or other applicable state or federal laws.  
13 In the event that the Attorneys General (or any of them) receive a request to disclose a  
14 document, information, or report, and the Attorneys General (or any of them) determine that the  
15 requested document, information, or report is not confidential pursuant to applicable law and is  
16 subject to disclosure, or if the Attorneys General (or any of them) are compelled to produce the  
17 material pursuant to a court or administrative order, the relevant Attorney(s) General shall  
18 provide notice to EDMC ten (10) business days prior to disclosing the document, information, or  
19 report to any third party, or any lesser period required under state law. Notwithstanding the  
20 above requirements, the Attorneys General may share any document, information, or report  
21 subject to this paragraph with any other local, state, or federal agency empowered to investigate  
22 or prosecute any laws, regulations, or rules. Subject to the foregoing, unless required under  
23 applicable state law, the Attorneys General shall not release to the public any confidential  
24 document or information provided by EDMC pursuant to this Consent Judgment.  
25  
26

1           53.     The Administrator shall create a summary public version of each Annual Report  
2 created pursuant to paragraph 46 of this Consent Judgment. The summary public version of  
3 each Annual Report shall exclude all information that the Administrator determines, in  
4 consultation with EDMC, to be the proprietary information of EDMC.

5     **Miscellaneous Administrator Provisions**

6           54.     Non Retaliation Clause: EDMC shall not intimidate, harass, threaten, or penalize  
7 any employee or Former Employee for his or her cooperation with or assistance to the  
8 Administrator relating to the Administrator's Powers and Duties to ensure implementation of  
9 and compliance with this Consent Judgment.

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

15  
16                             **REQUIRED DISCLOSURES**

17     **General Disclosures**

18           56.     Before obtaining signed Enrollment Agreements, EDMC shall Clearly and  
19 Conspicuously disclose to Prospective Students a "Single-Page Disclosure Sheet" that conforms  
20 as to form to the sample disclosure sheet attached as Exhibit B hereto and contains the following  
21 information:

- 22  
23                   a.     the Anticipated Total Direct Cost for the Program of Study at the  
24 prospective campus; *provided, however*, that this provision shall not be interpreted to  
25 restrict EDMC's ability to change tuition, fees, or expenses;  
26

- 1                   b.       the Median Debt for Completers for the Program of Study for the most  
2 recent reporting period;
- 3                   c.       the Program Cohort Default Rate for the most recent reporting period;
- 4                   d.       the Program Completion Rate for the most recent reporting period;
- 5                   e.       the Transferability of Credits Disclosure;
- 6                   f.       the Median Earnings for Completers for the Program of Study for the  
7 most recent reporting period, if available; and
- 8                   g.       the Job Placement Rate Disclosure for the Program of Study at the  
9 prospective campus for the most recent reporting period, if available.

10               57.       Specifically, EDMC shall Clearly and Conspicuously disclose the Single-Page  
11 Disclosure Sheet for the Program of Study in which the Prospective Student is seeking to enroll  
12 prior to a Prospective Student's execution of the Enrollment Agreement in the following ways:  
13 (1) by Clearly and Conspicuously disclosing the Single-Page Disclosure Sheet during the  
14 application process, prior to the Prospective Student's submission of a completed application;  
15 and (2) by Clearly and Conspicuously disclosing and discussing with the Prospective Student the  
16 Single-Page Disclosure Sheet when a representative of an EDMC school reviews or discusses  
17 with a Prospective Student a completed FAFSA and/or financial plan. When the requirements  
18 of subparagraphs (1) and/or (2) are performed at an in-person meeting with the Prospective  
19 Student, in addition to any other method of Clear and Conspicuous disclosure, EDMC shall also  
20 provide the Prospective Student with a printed copy of the Single-Page Disclosure Sheet;  
21 *provided, however*, that EDMC shall not be required to provide multiple printed copies of the  
22 Single-Page Disclosure Sheet to a Prospective Student who attends more than one in-person  
23 meeting. Additionally, except where the Prospective Student has not provided EDMC with an  
24 email address, EDMC shall also email the Single-Page Disclosure Sheet to the Prospective  
25  
26

1 Student prior to the execution of the Enrollment Agreement.

2 58. Before an already-enrolled Student begins a new Program of Study, EDMC shall  
3 Clearly and Conspicuously disclose to the Student the Single-Page Disclosure Sheet for that  
4 Program of Study. Additionally, except where the Student has not provided EDMC with an  
5 email address, EDMC shall also email the Single-Page Disclosure Sheet to the Student prior to  
6 that Student enrolling in the new Program of Study.

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

10 60. EDMC may calculate and disclose to Students and Prospective Students, in  
11 materials other than the Single-Page Disclosure Sheet, information with respect to the income  
12 earned by EDMC's graduates in reporting periods as to which the Median Earnings for  
13 Completers is not available, provided that such information is not false, misleading, or  
14 deceptive.  
15

16 61. If an EDMC school elects to disclose that it has articulation agreements for the  
17 transferal of credits to other schools, then, in addition to the foregoing, the EDMC school shall  
18 also Clearly and Conspicuously: (a) list any school(s) with articulation agreements with that  
19 EDMC school, (b) list the classes for which the receiving school allows credits to transfer, (c)  
20 disclose any conditions upon the acceptance of transferred credits, and (d) disclose that credits  
21 are accepted by the receiving school for elective credit only, if that is the case.  
22

23 **Job Placement Rate Disclosures**

24 62. For any Program of Study at an EDMC school that is required to calculate or  
25 provide a job placement rate by any accreditor or any federal, state, or local law, rule, or  
26 judgment, EDMC shall calculate a Job Placement Rate for such Program of Study in accordance

1 with this Consent Judgment, and such rate shall be disclosed on the Single-Page Disclosure  
2 Sheet described in paragraph 56. If an EDMC school voluntarily calculates a job placement rate  
3 for any Program of Study offered at an EDMC campus, it must calculate the Job Placement Rate  
4 in accordance with this Consent Judgment for that Program of Study and also calculate a Job  
5 Placement Rate in accordance with this Consent Judgment for all Programs of Study that are  
6 offered at that same EDMC campus, and such rates shall be disclosed on the Single-Page  
7 Disclosure Sheet described in paragraph 56. For purposes of this paragraph, all online offerings  
8 of each one of EDMC's schools shall be considered a "campus." Notwithstanding the  
9 foregoing, EDMC shall not be required to calculate Job Placement Rates for (a) any Program of  
10 Study that EDMC is teaching out (*i.e.*, that is not accepting new Students) or (b)  
11 Graduates/Completers of Western State College of Law.  
12

13 63. If EDMC does not calculate a job placement rate for a Program of Study, and it is  
14 not required to calculate a Job Placement Rate by this Consent Judgment, then EDMC shall  
15 disclose to Prospective Students on the Single Page Disclosure Sheet that: "[EDMC school]  
16 does not calculate a job placement rate for students who completed this program."  
17

18 64. EDMC shall not make any claims or representations to Prospective Students  
19 about the likelihood of such Prospective Students obtaining employment after completing a  
20 Program of Study if it does not calculate and disclose a Job Placement Rate in accordance with  
21 this Consent Judgment.

22 65. The Job Placement Rate calculated in accordance with this Consent Judgment  
23 shall be disclosed on the U.S. Department of Education's Gainful Employment Program  
24 Disclosure Template, which is the disclosure form issued by the Secretary of the U.S.  
25 Department of Education for Gainful Employment Programs, as well as at the time(s) and in the  
26 manner(s) provided herein. Moreover, with respect to job placement rates that EDMC calculates



1 after the Effective Date, EDMC shall not report and/or disclose any job placement rate other  
2 than the Job Placement Rate calculated in accordance with this Consent Judgment, except as  
3 permitted by paragraph 69(e) or as may be required by a government entity or accreditor.

4 EDMC must comply with any state regulations in addition to the requirements of this Consent  
5 Judgment.

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

10 67. Notwithstanding anything to the contrary in this Consent Judgment, EDMC shall  
11 not be required to calculate a Job Placement Rate for new Programs of Study that have not had  
12 any Completers or Graduates. A Program of Study is not “new” for purposes of this paragraph  
13 if the same campus at which the Program of Study is offered previously offered a program of  
14 substantially similar subject matter, content, length, and ending credential. For the avoidance of  
15 doubt, a Program of Study will be “new” for purposes of Job Placement Rate calculations if any  
16 governmental entity or any relevant accreditor considers the Program of Study substantially  
17 different from a prior Program of Study in terms of subject matter, content, length, or ending  
18 credential.  
19  
20

21 68. If EDMC relies on a third party for verifying and/or calculating Job Placement  
22 Rates, EDMC shall enter into a contract with such third party pursuant to which the third party  
23 shall agree to adhere to the requirements of this Consent Judgment concerning calculation and/or  
24 verification of Job Placement Rates (to the extent applicable) and require the third party to  
25 provide any requested information regarding the calculation and/or verification of Job Placement  
26

1 Rates to the Administrator. EDMC shall monitor such third party's compliance with these  
2 requirements.

3 69. EDMC shall deem an individual as "placed" only if the Graduate or Completer  
4 meets the below conditions of "employed" or "self-employed."

5 a. Employed. The individual shall be deemed "employed" if each of the  
6 following six (6) requirements are met:

7 i. The position is in the field of study or a related field of study. The  
8 position shall be considered to be in the field of study or a related field of study if  
9 it meets one of the following criteria:

10 1. the position is included on the list of job titles for the  
11 Graduate's/Completer's Program of Study published by the school and is  
12 included in the most recent CIP to SOC Crosswalk for the applicable CIP  
13 Code; *provided, however*, that it is understood that in an instance where a  
14 Graduate/Completer's actual job title is not listed on the CIP to SOC  
15 Crosswalk, EDMC may include the job as a placement under this  
16 provision if the job title the Graduate/Completer obtained is listed as a  
17 "Lay Title" on the O\*Net Code Connector for an SOC job title that is  
18 linked to the Graduate/Completer's Program CIP per the CIP to SOC  
19 Crosswalk, regardless of any job level within the Graduate/Completer's  
20 title (*e.g.*, Registered Nurse 1, Registered Nurse 2, etc.), and the job  
21 description by the employer for the job title the Graduate/Completer  
22 obtained predominantly matches the job description, tasks, and work  
23 activities for the SOC job title that is linked to the CIP for the  
24 Graduate/Completer's program; or  
25  
26

1                   2.       the position requires the Graduate/Completer to use, during  
2                   a majority of the time while at work, the Core Skills listed in the school's  
3                   published program and course descriptions expected to have been taught  
4                   in the Student's program; and (x) the written job description requires  
5                   education beyond a high school diploma or provides that a postsecondary  
6                   credential is preferred, (y) the position is one as a supervisor or manager,  
7                   or (z) the Graduate/Completer or the employer certifies in writing that the  
8                   education received by the Graduate/Completer provided a benefit or  
9                   advantage to the Graduate/Completer in obtaining the position.  
10

11               ii.       The position is a permanent position (*i.e.*, there is no planned end  
12               date) or a temporary position that the Graduate/Completer expects to maintain for  
13               a minimum of one hundred and eighty (180) days;

14               iii.       The position is a paid position;

15               iv.       The position requires at least twenty (20) work hours per week;

16               v.       The Graduate/Completer has worked in the position for a  
17               minimum of thirty (30) days; and  
18

19               vi.       EDMC has verified the employment after the Graduate/Completer  
20               has worked in the position for a minimum of thirty (30) days by: (i) speaking to  
21               either the employer or an agent of the employer to confirm employment, (ii)  
22               contacting the Graduate/Completer directly, (iii) receiving an email from the  
23               Graduate/Completer, or (iv) the Graduate/Completer's employer provides  
24               employment information about the Graduate/Completer by email or other written  
25               confirmation, or on-line.  
26

1           b.       Self-Employed. The individual shall be deemed placed as “self-  
2 employed” if each of the following four (4) requirements is met:

3           i.       The position is in the field of study or a related field of study. The  
4 position shall be considered to be in the field of study or a related field of study if  
5 it meets one of the following criteria:

6                   1.       the position is included on the list of job titles for the  
7 Graduate’s/Completer’s Program of Study published by the school and is  
8 included in the most recent CIP to SOC Crosswalk for the applicable CIP  
9 Code; *provided, however*, that it is understood that in an instance where a  
10 Graduate/Completer’s actual job title is not listed on the CIP to SOC  
11 Crosswalk, EDMC may include the job as a placement under this  
12 provision if the job title the Graduate/Completer obtained is listed as a  
13 “Lay Title” on the O\*Net Code Connector for an SOC job title that is  
14 linked to the Graduate/Completer’s Program CIP per the CIP to SOC  
15 Crosswalk and the job description by the employer for the job title the  
16 Graduate/Completer obtained matches the job description, tasks, and work  
17 activities for the SOC job title that is linked to the CIP for the  
18 Graduate/Completer’s program; or  
19

20                   2.       the position requires the Graduate/Completer to use, during  
21 a majority of the time while at work, the Core Skills listed in the school’s  
22 published program and course descriptions expected to have been taught  
23 in the Student’s program; and the Graduate/Completer certifies in writing  
24 that the education received by the Graduate/Completer provided a benefit  
25  
26

1 or advantage to the Graduate/Completer in performing the tasks entailed  
2 in such self-employment;

3 ii. The Graduate/Completer has received some compensation in  
4 return for services provided in connection with the self-employment;

5 iii. In the case of grant-funded or similar employment, the position is  
6 anticipated to employ the Graduate/Completer for a period of no less than three  
7 (3) months; and

8 iv. EDMC has verified the self-employment and the  
9 Graduate/Completer has either (a) completed at least 135 hours of work  
10 (including, for example, time devoted to marketing or other unpaid preparatory or  
11 developmental work) in connection with the Graduate/Completer's self-  
12 employment or (b) received no less than \$4,500.00 in compensation, over a  
13 period of no more than ninety (90) days, in return for services provided in  
14 connection with the self-employment, provided that EDMC has obtained written  
15 verification directly from the Graduate/Completer that includes: (i) an attestation  
16 that s/he is self-employed with a description of the nature of the self-employment  
17 and (ii) the number of hours worked and/or amount of compensation earned.

18  
19  
20 c. Federal Work/Study positions at EDMC or any affiliated school shall not  
21 be counted as "employment" or "self-employment."

22 d. Continuing Employment.

23 i. Graduates/Completers continuing employment in a position that  
24 was held prior to enrolling in the Program of Study shall not be deemed "placed"  
25 unless:  
26

1                   1.       the requirements of subsections (a)(1) through (a)(6) of this  
2 paragraph are met; and

3                   2.       completing the Program of Study enabled the  
4 Graduate/Completer to maintain the position, or the Graduate/Completer  
5 earned a promotion or an increase in pay as a result of completing the  
6 Program of Study.

7                   ii.       If a Graduate/Completer continuing in a pre-enrollment position  
8 enrolled in the Program of Study pursuant to an “established employer  
9 educational assistance program,” and the conditions of subsection (d)(1)(ii) of  
10 this paragraph are not satisfied, then the Graduate/Completer shall be excluded  
11 from the Job Placement Rate calculation. (The term “established employer  
12 educational assistance program” shall mean a program evidenced in writing in  
13 which an employer pays 50% or more of the cost of tuition for its employee to  
14 attend a Program of Study to gain skills related to the employee’s current position  
15 with the employer.)

16                   e.       EDMC’s first calculation of the Job Placement Rate in accordance with  
17 the provisions of this Consent Judgment will be for the cohort of Graduates and  
18 Completers from July 1, 2015 through June 30, 2016. EDMC has represented that prior  
19 to the execution of this Consent Judgment it collected job placement information for  
20 some or all of the Graduates/Completers in the July 1, 2013 through June 30, 2014 and  
21 July 1, 2014 through June 30, 2015 cohorts (for purposes of this subparagraph, the  
22 “Interim Cohorts”). It is understood that any job placement rate calculation made by  
23 EDMC with respect to the Interim Cohorts shall comply with the conditions and  
24 limitations provided in paragraph 23(c) and (d), except for job placement rates required  
25  
26

1 by a government entity or accreditor. Additionally, whenever disclosing a job placement  
2 rate with respect to the Interim Cohorts that was calculated pursuant to EDMC's own  
3 methodology, EDMC shall Clearly and Conspicuously disclose, if applicable, that the  
4 rate calculated pursuant to EDMC's methodology includes as placements employment  
5 positions that Graduates/Completers had obtained prior to enrolling in the Program of  
6 Study. EDMC shall not calculate and disclose any job placement rates with respect to  
7 the Interim Cohorts except in accordance with this subparagraph or as may be required  
8 by any accreditor or government entity.  
9

10 70. EDMC shall implement a protocol for performance checks of those employees  
11 responsible for verifying, calculating, and/or disclosing job placement rates. Such performance  
12 checks shall be designed to provide a reliable assessment of the accuracy of disclosed job  
13 placement rates and compliance by EDMC's employees, agents, and/or contractors with the  
14 verification, calculation, and disclosure of job placement rates. The performance checks shall be  
15 carried out regularly by EDMC's compliance department or an independent third party, if used.  
16 If the school obtains placement data by contacting employers and Completer/Graduates, the  
17 information should be documented in writing, including, to the extent practicable, the name of  
18 the employer, name of the Student, address and telephone number of Student and employer, title  
19 of employment, duties of employment, length of employment, hours worked, the name and title  
20 of the person(s) providing the information to EDMC, the name and title of the person(s) at  
21 EDMC who received and recorded the information, and the date the information was provided.  
22 EDMC shall maintain a copy of the above information for a period no less than three (3) years.  
23

#### 24 **Electronic Financial Impact Platform Disclosures**

25 71. Prior to enrolling in a Program of Study, a Prospective Student must generate a  
26 personalized disclosure using the Electronic Financial Impact Platform; *provided, however*, that

1 Prospective Students who are ineligible for federal student aid or who are not borrowing funds  
2 to finance their education shall be exempt from this requirement. For the avoidance of doubt, in  
3 the event that a Student chooses to revisit the Electronic Financial Impact Platform after  
4 enrolling in a Program of Study, EDMC shall not have any additional obligations to that Student  
5 under this paragraph.

6 72. EDMC shall undertake reasonable efforts to provide feedback to the Consumer  
7 Financial Protection Bureau (“CFPB”) with regard to any preliminary versions of the Electronic  
8 Financial Impact Platform that the CFPB presents to EDMC. Once the CFPB has provided a  
9 ready-to-implement version of its Electronic Financial Impact Platform to EDMC, EDMC shall  
10 have sixty (60) days to determine whether it will use the CFPB’s Electronic Financial Impact  
11 Platform.  
12

13 73. If EDMC determines not to use an Electronic Financial Impact Platform that is  
14 developed by the Consumer Financial Protection Bureau, EDMC and the Administrator, in  
15 consultation with the Attorneys General, shall work in good faith to establish the content,  
16 operation, and presentation of the Electronic Financial Impact Platform and the form of the  
17 disclosure required by paragraph 71, and EDMC must thereafter present any material changes to  
18 the content, operation, or presentation of the Electronic Financial Impact Platform to the  
19 Administrator, in consultation with the Attorneys General, for approval prior to use.  
20

21 **MISREPRESENTATIONS, PROHIBITIONS, AND REQUIRED CONDUCT**

22 74. In connection with the recruitment of any Prospective Students, Defendants are  
23 prohibited from:

- 24 a. making any false, deceptive, or misleading statements;  
25 b. omitting any material fact;  
26



1 c. engaging in unfair practices (as that term is commonly understood in the  
2 context of consumer protection laws);

3 d. using any Abusive Recruitment Methods to persuade a Student to enroll  
4 or remain enrolled at an EDMC school; and

5 e. making any representation inconsistent with required Disclosures of the  
6 U.S. Department of Education found in Title 34 of the Code of Federal Regulations  
7 Chapter 668 as such regulations may be amended or recodified.

8 75. In connection with any communication with Students or Prospective Students,  
9 Defendants shall not:

10 a. make a false, misleading, or deceptive statement about any governmental  
11 (federal, state, or other) approval related to a Program of Study;

12 b. represent that a “recommendation” is required for acceptance into a  
13 Program of Study or that an Admissions Representative must recommend the Student for  
14 acceptance prior to admission unless such recommendation is an independent  
15 requirement for admission and is expressly stated in the catalog; or

16 c. provide inaccurate statistics regarding any statistic required to be  
17 disclosed by this Consent Judgment or by the U.S. Department of Education in Title 34  
18 of the Code of Federal Regulation Chapter 668.

19 76. In connection with any communication with Students or Prospective Students,  
20 Defendants shall not make any false, deceptive, or misleading statements or guarantees  
21 concerning Student outcomes by:

22 a. misrepresenting that Students will be assured program completion  
23 or graduation;

1                   b.       misrepresenting that Students will be assured a job or employment  
2 following graduation; or

3                   c.       misrepresenting how many of the Student's credits will transfer in  
4 or out of the school, or representing to the Student that any credits obtained while  
5 attending the school are transferable (unless EDMC receives written assurance  
6 from another school or transfer of credits is assured through an articulation  
7 agreement or is required by state law).

8           77.     In connection with any communication with Students or Prospective Students  
9 concerning financial aid, Defendants shall not:  
10

11               a.       make any false, deceptive, or misleading statements concerning whether a  
12 Student will receive financial aid or any particular amount of financial aid;

13               b.       purport to guarantee a Student particular military or veteran benefit  
14 without proper documentation on file; or

15               c.       imply that financial aid or military funding will cover the entire costs of  
16 tuition, the costs of books or supplies, or the costs of attending a Program of Study,  
17 including living expenses, if such is not the case.  
18

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

22           78.     Defendants shall not make express or implied false, deceptive, or misleading  
23 claims to Prospective Students with regard to the likelihood of obtaining employment as a result  
24 of enrolling, including, but not limited to misrepresenting:

25               a.       the percentage, rate, or portion of Students who obtain employment  
26 following the completion of a Program of Study;

- b. the annual starting salary for persons employed in a given field;
- c. the annual starting salary of Graduates employed in a given field; and
- d. the annual starting salary of Graduates.

79. Defendants shall not make any express or implied false, deceptive, or misleading claims that Program Completion Rates, job placement rates, or annual salaries that are generally applicable to EDMC are equivalent to those for a specific Program of Study or that school-wide rates for a Program of Study are equivalent to those for a specific campus.

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

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

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

4           a. the transferability, or lack thereof, of any credits, including but not limited  
5 to any credits for which the Student wishes to receive credit from an EDMC school and  
6 for all credits from an EDMC school for which the Student may wish to receive credit  
7 from another school;

8           b. the accreditation and the name of the accrediting organization(s);

9           c. the Student/faculty ratio;

10          d. the percentage of faculty holding advance degrees in the program;

11          e. the names and academic qualifications of all full-time faculty members;

12          f. the course credits and any requirements for satisfactorily completing a  
13 Program of Study, such as clinicals, internships, and externships; and  
14

15          g. the Program Completion Rates for each of its offered Programs of Study.

16           82. Defendants shall not make express or implied false or misleading claims to  
17 Prospective Students regarding actual or potential financial obligations the Student will incur  
18 regarding a Program of Study, including but not limited to:  
19

20          a. the Cost of Attendance;

21          b. the Anticipated Total Direct Cost the Student will incur to complete the  
22 Program of Study;

23          c. the Program Cohort Default Rate; and

24          d. the Median Debt of Completers of each Program of Study.

25           83. EDMC shall provide all Admissions Representatives and Student Financial  
26 Services Representatives with the information reasonably necessary to inform Prospective

1 Students about EDMC and its Programs of Study, including but not limited to the Single-Page  
2 Disclosure Sheet, and if a representative of EDMC truthfully advises a Student or Prospective  
3 Student that he or she does not have the information requested by the Student or Prospective  
4 Student at hand, then EDMC shall subsequently, to the extent such information is reasonably  
5 ascertainable prior to the expiration of the applicable refund period established by paragraph 104  
6 (or, if no such refund period applies, prior to the first day of the Student's semester, quarter, or  
7 payment term), provide such information.

8           84. Except in circumstances in which paragraph 86 applies, if a Prospective Student  
9 expresses an interest in pursuing a career as a medical assistant, psychologist, surgical  
10 technician, surgical technologist, or surgical assistant following graduation from a Program of  
11 Study, the following shall apply:

12           a. If the Prospective Student has expressed an interest in pursuing a career as  
13 a medical assistant following graduation from a Program of Study, and the Program of  
14 Study lacks accreditations from the Commission on Accreditation of Allied Health  
15 Education Programs ("CAAHEP") or the Accrediting Bureau of Health Education  
16 Schools ("ABHES"), EDMC shall inform the Prospective Student that employers may  
17 prefer to hire medical assistants who have been designated as Registered Medical  
18 Assistants ("RMA") or Certified Medical Assistants ("CMA"), and shall further inform  
19 the Prospective Student that graduates from the Program of Study will be eligible to sit  
20 for the examination to obtain the RMA designation but will not be eligible to sit for the  
21 examination to obtain the CMA designation.

22           b. If the Prospective Student has expressed an interest in pursuing a career as  
23 a psychologist following graduation from a Program of Study, the Prospective Student is  
24 considering enrolling in a Program of Study that is not accredited by the American  
25  
26

1 Psychological Association (“APA”), and APA accreditation is required for licensure in  
2 the state where the student resides or the campus is located, EDMC shall inform the  
3 Prospective Student that because the Program of Study is not APA-accredited, the  
4 Prospective Student is not eligible to obtain licensure as a clinical psychologist, school  
5 psychologist, or counseling psychologist at the state level in the relevant state(s).

6 c. If the Prospective Student has expressed an interest in pursuing a career as  
7 a surgical technician, surgical technologist, or surgical assistant, and the Prospective  
8 Student is considering enrolling in a Program of Study that is not accredited by  
9 CAAHEP or ABHES, EDMC shall inform the Prospective Student that employers may  
10 prefer to hire surgical technicians, surgical technologists, and surgical assistants who  
11 have obtained certification as Certified Surgical Technologists (“CST”), and shall further  
12 inform the Prospective Student that because the Program of Study lacks CAAHEP or  
13 ABHES accreditation, the Prospective Student will not be eligible to become a CST.

14 d. If EDMC, the Administrator, or the Attorneys General become aware of  
15 credible information indicating that a lack of programmatic accreditation for a particular  
16 Program of Study is prohibiting a significant number of graduates from that Program of  
17 Study from obtaining a specific career due to employer preferences in a state, regional, or  
18 national market, the parties shall work in good faith to determine whether such  
19 information is reasonably reliable and, if necessary, develop an appropriate disclosure  
20 similar to the disclosures required by subparagraphs (a) through (c).

21 85. Except as set forth in paragraph 87, EDMC shall not represent in advertising,  
22 marketing, or promotional materials or otherwise that graduates of a Program of Study would be  
23 qualified for a particular occupation if that Program of Study lacks an accreditation necessary to  
24 qualify graduates for such occupation.  
25  
26

1           86.     Except as set forth in paragraph 87, for Programs of Study that prepare Students  
2 for employment in fields that require Students to obtain state licensure or authorization for such  
3 employment, Defendants shall not enroll Students in the Program of Study if graduation from  
4 the Program of Study would not qualify such Students for state licensure or authorization or to  
5 take the exams required for such licensure or authorization in the state in which:

6               a.     the EDMC campus is located, if the Program of Study is offered at an on-  
7 ground campus;

8               b.     the Prospective Student resides, if the student resides in a different state  
9 from the on-ground campus; or  
10

11              c.     the Prospective Student resides if the Program of Study is offered online.

12           87.     The prohibitions established by paragraphs 85, 86, and 89 shall not apply if:

13              a.     the Program of Study is a new program that cannot obtain a programmatic  
14 accreditation that would be necessary to qualify Students for state licensure or  
15 authorization or to take exams required for such licensure or authorization in the relevant  
16 state until the program is operational, the school is making a good faith effort to obtain  
17 the necessary programmatic accreditation in a timely manner, the school Clearly and  
18 Conspicuously discloses to Prospective Students on all promotional materials for the  
19 Program of Study and in a Clear and Conspicuous written disclosure prior to the Student  
20 signing an Enrollment Agreement that such programmatic accreditation would need to be  
21 obtained before the Student would qualify for state licensure or authorization or to take  
22 exams required for such licensure or authorization, and EDMC teaches-out the program  
23 if the school's application for accreditation for a program subject to this paragraph is  
24 denied, and it is not subject to further review;  
25

26              b.     the Prospective Student has notified EDMC in writing that the Student

1 intends to seek employment in a state where the program does lead to immediate state  
2 licensure or authorization or qualification to take the exams required for such licensure or  
3 authorization;

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

10  
11 d. the reason that graduation from the Program of Study would not qualify  
12 the Prospective Student for state licensure or authorization or to take the exams required  
13 for such licensure or authorization is that the Prospective Student has a criminal record  
14 that is disqualifying, and EDMC has complied with the disclosure and acknowledgement  
15 requirements of paragraph 90.

16 88. Defendants shall take reasonable measures to arrange and facilitate sufficient  
17 placements for Students in internships, externships, practicums, or clinicals that are prerequisites  
18 for graduation, licensure, or certification; *provided, however*, that nothing herein shall prevent an  
19 EDMC school from requiring its Students to seek to obtain an internship, externship, practicum,  
20 or clinical through their own efforts in the first instance.

21  
22 89. EDMC shall not knowingly enroll a Student in a Program of Study that does not  
23 possess the accreditation typically required by employers in the Student's locality for  
24 employment. "Typically" shall mean 75% or more of job opportunities in a particular  
25 occupation are open only to graduates of a school with certain accreditation(s) and/or an  
26



1 academic program with certain programmatic accreditation(s). EDMC shall make reasonable  
2 efforts to assess local employer requirements in localities where they enroll Students.

3 90. If EDMC knows that a criminal record may disqualify a Student from  
4 employment in the field or a related field for which the Program of Study is a prerequisite, then  
5 EDMC shall (a) Clearly and Conspicuously disclose that a criminal record may disqualify the  
6 Student for the chosen field or related field of employment and (b) require the Student's  
7 acknowledgment of such disclosure in writing at or before the time of enrollment. If EDMC  
8 knows that a criminal record will disqualify a Student from employment in the field or a related  
9 field for which the Program of Study is a prerequisite, then EDMC shall (a) Clearly and  
10 Conspicuously disclose that a criminal record will be disqualifying and (b) require the Student's  
11 acknowledgment of such disclosure in writing at or before the time of enrollment.  
12

13 91. Arbitrations between EDMC and any Student shall not be protected or treated as  
14 confidential proceedings, unless confidentiality is required by law or the Student requests  
15 confidentiality. EDMC shall not ask or require any Student, participant, or witness to agree to  
16 keep the arbitration confidential. Except as may be prohibited by law or a Student request for  
17 confidentiality, and subject to appropriate assertions of the attorney-client privilege and/or the  
18 attorney-work-product doctrine, the Administrator and government entities and regulating  
19 bodies, including, but not limited to, state Attorneys General, shall not be prohibited from  
20 reviewing or inspecting the parties, proceedings, and evidence pertaining to the arbitration.  
21

22 92. EDMC shall not adopt any policy or engage in any practice that delays or  
23 prevents Students with complaints or grievances against EDMC from contacting any accrediting  
24 body, state or federal regulator, or Attorney General regarding the complaint or grievance.  
25 Notwithstanding anything to the contrary in this paragraph, EDMC shall be permitted to  
26 encourage Prospective Students and Students to file any complaint or grievance with EDMC in

1 the first instance, so long as EDMC does not represent or imply that Students are required to file  
2 their complaints or grievances with EDMC before contacting any accrediting body, state or  
3 federal regulator, or Attorney General regarding the complaint or grievance, unless the  
4 accrediting body, state or federal regulator, or Attorney General so requires.

### 5 **EDMC RECRUITING PRACTICES**

6 93. EDMC shall not engage in any false, misleading, deceptive, abusive, or unfair  
7 acts or practices (as those terms are commonly understood in the context of consumer protection  
8 laws) when recruiting Prospective Students, including during the orientation program and refund  
9 periods referenced in paragraphs 103 and 104.

10  
11 94. EDMC shall not use Abusive Recruitment Methods when communicating with  
12 Prospective Students during the admissions and enrollment process. EDMC shall train  
13 Admissions Representatives and other employees to avoid use of Abusive Recruitment Methods.  
14 EDMC shall audit its communications with Prospective Students, including those of its  
15 Admissions Representatives, to ensure that Abusive Recruitment Methods are not being used.  
16 EDMC shall make the results of such audits reasonably available to the Administrator and the  
17 Attorneys General upon request.

18  
19 95. EDMC shall record all telephone calls and online chats between Admissions  
20 Representatives or Student Financial Services Representatives, on the one hand, and Students or  
21 Prospective Students, on the other, subject to interruptions in the ordinary course of business;  
22 *provided, however,* that EDMC shall not be required to record telephone calls between Students  
23 and Admissions Representatives when the purpose of the telephone call or online chat is not to  
24 discuss recruiting, admissions, financial aid, or career services issues, but the Admissions  
25 Representative is instead serving an advisory role related to the Student's performance in the  
26 Program of Study. This provision shall not require EDMC to record telephone calls or online

1 chats placed or received on personal devices, such as cell phones. Admissions Representatives  
2 and Student Financial Services Representatives will be trained not to engage in communications  
3 with Students on personal devices. EDMC shall acquire and implement an automated voice  
4 interaction analytics platform acceptable to the Attorneys General and the Administrator capable  
5 of analyzing all of the call recordings required under this paragraph; *provided, however*, that  
6 EDMC shall not be required to analyze calls with a duration of two minutes or fewer. EDMC  
7 shall make the call recordings required under this paragraph reasonably available to the  
8 Administrator and the Attorneys General upon request. The voice analytics platform acquired  
9 and implemented shall provide conceptual and intuitive search capability and shall permit  
10 searching and remote retrieval. EDMC shall be relieved of its obligations under this paragraph  
11 on the seventh anniversary of the Effective Date.

13 96. Notwithstanding anything to the contrary in this Consent Judgment, EDMC shall  
14 not be required to record a telephone conversation if the Student or Prospective Student, after  
15 receiving the disclosure required by paragraph 98, objects to the conversation being recorded,  
16 nor shall EDMC be prohibited from continuing a telephone conversation with a Student or  
17 Prospective Student on an unrecorded line once such an objection has been made; *provided*,  
18 *however*, that EDMC shall be prohibited from encouraging Students or Prospective Students to  
19 object to recording the conversation.

21 97. Call recordings shall be maintained for a period not less than sixty (60) days after  
22 the date of the call. The Administrator shall have full and complete access to all recordings via  
23 the voice analytics platform.

24 98. EDMC shall inform a Prospective Student at the outset of any telephone call after  
25 the initial greeting that the call may be being recorded. EDMC shall be permitted to make this  
26 disclosure in pre-recorded form.

1           99.     EDMC shall not initiate unsolicited telephone calls to a telephone number that  
2 appears on any current Do Not Call Registry. EDMC shall keep an accurate record of and  
3 comply with any request to not receive further telephone calls. EDMC shall not initiate any  
4 outbound telephone calls to a person who has previously stated to EDMC that he or she does not  
5 wish to receive telephone calls from EDMC, or who has expressed a desire not to be contacted  
6 anymore by EDMC, or who has requested that they be placed on EDMC's internal do-not-call  
7 list.

8           100.   EDMC shall not continue a telephone call after a Prospective Student has  
9 expressed a desire to conclude the call or has clearly stated that he/she does not want to apply to  
10 or enroll at an EDMC school.

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

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

15                   **REQUIRED ORIENTATION AND REFUND PROVISIONS**

16           103.   EDMC shall require all incoming Students (other than graduate Students and  
17 Students who have already obtained twenty-four (24) or more credits at the post-secondary  
18 education level) to complete an online and/or in-person orientation program prior to the  
19 Student's first class at no cost to the Student. This orientation program shall be approved by the  
20 Administrator in consultation with the Attorneys General. This orientation program shall  
21 address such topics as study skills, organization, literacy, financial skills, and computer  
22 competency. A Student may withdraw from enrollment in a Program of Study at any time  
23 during the orientation program without any cost, and any grants or financial aid received on  
24 behalf of the Student shall be returned to the grantor or lender.  
25  
26

1           104. All Students who are newly enrolled in any fully online Program of Study at an  
2 EDMC school (other than graduate Students and Students who have already obtained twenty-  
3 four (24) or more online credits at the post-secondary education level) shall be permitted to  
4 withdraw within twenty-one (21) days of the first day of the Student's semester, quarter, or (with  
5 respect to students enrolled in a non-term program) payment term at the EDMC school in which  
6 the Student enrolled. All Students who are newly enrolled in any on-ground Program of Study  
7 at an EDMC school (other than graduate Students) shall be permitted to withdraw within seven  
8 (7) days of the first day of the Student's first term or first scheduled day of class, whichever is  
9 latest in time, at the EDMC school in which the Student enrolled. EDMC shall Clearly and  
10 Conspicuously disclose the availability of the refund periods described in this paragraph in the  
11 Enrollment Agreement. EDMC shall not hold a qualifying Student who withdraws in  
12 accordance with this paragraph liable for any tuition and fees associated with attending classes  
13 and shall return to grantors or lenders any grants and financial aid received for or on behalf of  
14 the Student. Under no circumstances shall the time of a Student's attendance in the orientation  
15 program required pursuant to paragraph 103 be included in the refund periods required pursuant  
16 to this paragraph.  
17

18           105. Except for qualifying Students who withdraw during the new Student orientation  
19 program required pursuant to paragraph 103 or the applicable refund period established by  
20 paragraph 104, when a Student withdraws from a Program of Study, EDMC may retain or be  
21 entitled to payment for a percentage of any tuition and fees and other educational costs earned,  
22 based on the percentage of the enrollment period attended by the Student, subject to the EDMC  
23 school's internal refund policies and applicable law; *provided, however*, that where a student has  
24 not attended sixty (60) percent of the academic term as calculated in accordance with 34 CFR  
25 668.22, EDMC shall not retain or be entitled to payment for a percentage of any tuition and fees  
26

1 or other educational costs for a class that was scheduled to be taken during the relevant academic  
2 term but was not attended because the student withdrew from school prior to the commencement  
3 of the class. No EDMC school shall change its internal policy with respect to calculating the  
4 percentage of tuition and fees and other educational costs that a Student remains obligated to pay  
5 upon withdrawal in a manner that results in the policy becoming less favorable to Students  
6 unless EDMC obtains the prior approval of the Administrator or, if the Administrator's term has  
7 expired, the Executive Committee. EDMC shall comply with all state and federal record-  
8 keeping requirements for documenting Student attendance and determining dates of withdrawal.  
9

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

### 13 **THIRD-PARTY LEAD VENDOR REQUIREMENTS**

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

- 16 a. a provision requiring that the Third-Party Lead Vendor comply with:
  - 17 i. EDMC's Administrator-approved Online Vendor Compliance
  - 18 Guide in effect at the time of contracting or as may be modified subsequently,
  - 19 subject to approval by the Administrator;
  - 20
  - 21 ii. all applicable state and federal consumer protection laws;
  - 22 iii. all provisions in the Code of Conduct referenced in paragraph 108,
  - 23 when applicable; and
  - 24 iv. all provisions of the Telephone Consumer Protection Act, 47
  - 25 U.S.C. § 227.
  - 26

1           b.       a prohibition on attracting Students or obtaining leads by misleading  
2 advertising suggesting available employment opportunities rather than educational  
3 opportunities;

4           c.       a prohibition on representing that a Student or Prospective Student is  
5 guaranteed to receive “free” financing from the federal or a state government; *provided,*  
6 *however,* that EDMC may permit its Third-Party Lead Vendors to represent that grants  
7 and scholarships may be available and would not need to be repaid;

8           d.       a prohibition on representing that loans are grants that do not carry with  
9 them an obligation to be repaid;

10           e.       a provision prohibiting Third-Party Lead Vendors from transferring a  
11 consumer inquiry to an EDMC school unless the consumer has expressly informed the  
12 Third-Party Lead Vendor that he or she is interested in educational opportunities. Prior  
13 to directing a consumer to an EDMC school, Third-Party Lead Vendors shall be required  
14 to ask the consumer if they are interested in educational opportunities. Should the  
15 consumer say “no,” or otherwise provide a clear negative response as to their interest in  
16 pursuing educational opportunities, the consumer cannot be directed to an EDMC school.  
17 Should the consumer say “I’m not sure,” or otherwise provide an equivocal response as  
18 to their interest in pursuing educational opportunities as opposed to job opportunities, the  
19 Third-Party Lead Vendor shall be permitted to describe the advantages an education may  
20 provide in creating additional job opportunities, but in so doing, the Third-Party Lead  
21 Vendor shall be prohibited from referencing any specific salary amounts. The Third-  
22 Party Lead Vendor shall then again ask the consumer if they are interested in educational  
23 opportunities. Should the consumer respond by providing a clear and affirmative  
24 indication that they are interested in educational opportunities, the Third-Party Lead  
25  
26

1 Vendor shall be permitted to continue directing the consumer to an EDMC school;  
2 otherwise, the consumer cannot be directed to an EDMC school. In all events, prior to  
3 transferring any consumer to a representative of any EDMC school, Third-Party Lead  
4 Vendors shall be required to reconfirm the consumer's interest in pursuing educational  
5 opportunities; and

6 f. a requirement that all Third-Party Lead Vendors begin calls made on  
7 behalf of EDMC with the following statement immediately after the consumer answers  
8 the phone, "This is [insert name] from [insert company], this call may be recorded for  
9 quality assurance and training purposes," or words to that effect. Should the consumer  
10 that answers the phone transfer the call to another consumer, the preceding statement  
11 must be repeated for this consumer and any other consumer that may be later connected  
12 to the call. Additionally, the Third-Party Lead Vendor will clearly state that "this call  
13 may be recorded for quality assurance and training purposes" before transferring a call to  
14 EDMC.  
15

16 108. In addition, EDMC shall negotiate in good faith with the Attorneys General and  
17 other industry participants with the goal of codifying a Code of Conduct for the recruitment of  
18 Students through Third-Party Lead Vendors. The Code of Conduct shall include provisions to  
19 help ensure that Third-Party Lead Vendors do not make misleading claims or use misleading  
20 solicitation strategies when generating leads for the industry participants. EDMC shall be bound  
21 to abide by the provisions of the Code of Conduct that the industry participants agree to follow  
22 and implement as long as those provisions do not conflict with any other requirement of this  
23 Consent Judgment. EDMC shall not be obligated to abide by the Code of Conduct provisions  
24 unless and until the Code of Conduct becomes effective as to industry participants representing  
25 (together with EDMC) at least 50% of students enrolled in for-profit schools, with such  
26



percentage to be calculated using the most recent available data from The Integrated Postsecondary Education Data System regarding student enrollments at four-year and two-year for-profit institutions that award degrees at the associate's degree level or above.

109. EDMC and the Administrator shall, in consultation with the Attorneys General, devise a plan for EDMC to monitor the conduct of EDMC's Third-Party Lead Vendors and verify that they are complying with the contractual terms set forth in paragraph 107, including but not limited to whether the Third-Party Lead Vendors are using any unfair, false, misleading, deceptive, or abusive acts or practices (as those terms are commonly understood in the context of consumer protection laws), and the use of any incentive, discount, or inducement of any kind to encourage Student inquiries or otherwise used to recruit Students.

110. If EDMC learns that a Third-Party Lead Vendor has failed to comply with the contractual terms set forth in paragraph 107, EDMC shall retain a record of such violation (which record shall be available to the Administrator and the Attorneys General upon request) for a period of two (2) years and shall address such violation by taking one or more adverse actions against the segment of the Third-Party Lead Vendor's business in which the violation occurred (for example, if the Third-Party Lead Vendor commits a violation related to a webpage, electronic solicitation, or other online advertisement, EDMC shall not be required to take adverse action against that Third-Party Lead Vendor with respect to any call center services that the Third-Party Lead Vendor may be providing to EDMC) as follows:

- a. First violation within any rolling 12-month period: EDMC shall notify the Third-Party Lead Vendor of the violation and the steps it must take to correct the violation. If, within five (5) business days, the Third-Party Lead Vendor does not document that it is actively engaged in making the required changes, the violation shall be escalated to EDMC's Chief Marketing Officer who shall inform the Third-Party Lead

1 Vendor and pause the campaign until the violation is corrected;

2 b. Second violation within any rolling 12-month period: EDMC shall notify  
3 the Third-Party Lead Vendor of the violation and the steps it must take to correct the  
4 violation. If, within five (5) business days, the Third-Party Lead Vendor does not  
5 document that it is actively engaged in making the required changes, the violation shall  
6 be escalated to EDMC's Chief Marketing Officer who shall inform the Third-Party Lead  
7 Vendor and pause the campaign for thirty (30) days or until the violation is corrected,  
8 whichever is longer; and

9 c. Third violation within any rolling 12-month period: EDMC shall notify  
10 the Third-Party Lead Vendor of the violation and the steps it must take to correct the  
11 violation. If, within five (5) business days, the Third-Party Lead Vendor does not  
12 document that it is actively engaged in making the required changes, the violation shall  
13 be escalated to EDMC's Chief Marketing Officer who shall inform the Third-Party Lead  
14 Vendor that the segment of the Third-Party Lead Vendor's business in which the  
15 violations occurred shall be removed from EDMC's vendor list for a period of at least  
16 one (1) year;

17  
18  
19 *provided, however,* that nothing in this paragraph shall be deemed to limit or otherwise affect  
20 EDMC's obligations under paragraph 111 of the Consent Judgment.

21 111. Termination Violations.

22 a. For purposes of this paragraph, a "Termination Violation" means any one  
23 of the following occurrences:

24 i. a Third-Party Lead Vendor's webpage, electronic solicitation, or  
25 other online advertisement references both a post-secondary educational  
26 opportunity and an employment opportunity, and the webpage, electronic

1 solicitation, or online advertisement (i) uses a substantially smaller font size to  
2 present the educational opportunity as compared with the employment  
3 opportunity or (ii) represents the educational opportunity as a “want ad” or  
4 employment application;

5 ii. a Third-Party Lead Vendor’s webpage, electronic solicitation, or  
6 other online advertisement states that the Prospective Student (i) is eligible for a  
7 scholarship, grant, or financial aid as the result of a drawing or raffle, (ii) has  
8 been specially selected to receive a scholarship, grant, or financial aid, or (iii) is  
9 entitled to receive compensation to fund his or her education in exchange for  
10 completing a form; or  
11

12 iii. a Third-Party Lead Vendor’s webpage, electronic solicitation, or  
13 other online advertisement states that a Prospective Student will receive  
14 compensation to fund his or her post-secondary education that will not need to be  
15 repaid, unless the statement refers to grants that are expressly stated to be subject  
16 to eligibility.  
17

18 b. Notwithstanding anything in paragraph 110 to the contrary, in the event  
19 that a Third-Party Lead Vendor incurs three Termination Violations within a 180-day  
20 period, EDMC shall, within thirty (30) days of discovering the third such Termination  
21 Violation, terminate any outstanding insertion orders to the segment of the Third-Party  
22 Lead Vendor’s business in which the Termination Violations occurred and not issue any  
23 new insertion orders to that business segment for at least ninety (90) days; *provided,*  
24 *however,* that the requirements of this subparagraph shall not apply if the EDMC and/or  
25 the Third-Party Lead Vendor document to the reasonable satisfaction of the  
26 Administrator that the three Termination Violations that would otherwise have triggered

1 the requirements of this subparagraph represented, in the aggregate, no more than 1% of  
2 the total Prospective Student leads from the Third-Party Lead Vendor during the relevant  
3 period.

4 112. Upon written notice from the Attorneys General or Administrator that a Third-  
5 Party Lead Vendor has failed to comply with the contractual terms set forth in paragraph 107 of  
6 this Consent Judgment, or any provision of an applicable state consumer protection law, EDMC  
7 shall conduct an investigation of the Third-Party Lead Vendor practice and report the results of  
8 that investigation to the Attorneys General and to the Administrator within thirty (30) days,  
9 unless the Attorneys General agree otherwise.  
10

11 113. EDMC shall maintain policies and procedures and take appropriate action,  
12 including but not limited to exercising any rights available to it under a contract, to require  
13 Third-Party Lead Vendors to comply with this Consent Judgment. Appropriate action shall be  
14 determined by the nature and circumstance of the alleged violation, including but not limited to  
15 the pattern or severity of the alleged conduct.  
16

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

20 115. Nothing in this Consent Judgment limits the right of the Attorneys General to  
21 investigate or take any action against Third-Party Lead Vendors for any violation of applicable  
22 law, nor shall anything in the Consent Judgment be construed to limit the remedies available to  
23 the Attorneys General for any violation of applicable law by Third-Party Lead Vendors.  
24

## 25 **V. ENFORCEMENT**

26 116. The terms of this paragraph apply only during the term of the Administrator.

1           a.       If at any time it appears that EDMC is engaged in a practice or pattern of  
2 non-compliance, or commits an egregious act of non-compliance, either on the basis of  
3 information obtained by the Administrator pursuant to the workplan or from information  
4 obtained through any other source, then the Administrator shall review the relevant facts,  
5 collect whatever additional facts the Administrator deems necessary, seek EDMC's  
6 position as to the practice, pattern, or egregious act of non-compliance and related  
7 instances of individual violations, and shall work in conjunction with EDMC to devise a  
8 corrective action plan to remedy such practice or pattern of non-compliance, including a  
9 reasonable period for corrective action and implementation of such plan. To the extent  
10 that the Administrator and EDMC are unable to agree to a corrective action plan, the  
11 Attorneys General may take whatever action they deem necessary, including but not  
12 limited to bringing an action to enforce this Consent Judgment, filing a new original  
13 action, conducting further investigation, or attempting to negotiate a corrective action  
14 plan directly with EDMC. Should the Attorneys General choose to file a new original  
15 action, nothing referred to in this paragraph shall affect the release in paragraph 130.

16  
17           b.       At a reasonable time following the period for corrective action, the  
18 Administrator shall provide a report to the Executive Committee, setting forth:  
19

- 20                   i.       a description of the practice or pattern of non-compliance and  
21 related instances of individual violations of the Consent Judgment (including the  
22 relevant facts);  
23                   ii.       a description of the corrective action plan;  
24                   iii.       findings by the Administrator as to whether the Administrator  
25 deems it reasonably likely that EDMC is in substantial compliance with the terms  
26

1 of the Consent Judgment, including but not limited to whether EDMC has ceased  
2 to engage in a practice or pattern of non-compliance; and

3 iv. a description of EDMC's views as to the foregoing matters.

4 c. The Attorneys General agree that they will meet and confer with EDMC  
5 concerning the subject of the action before filing any action related to this Consent  
6 Judgment, so long as EDMC makes necessary representatives available to meet and  
7 confer in a timely manner. However, an Attorney General may take any action where the  
8 Attorney General concludes that, because of a specific practice, a threat to the health,  
9 safety, or welfare of the citizens of the State exists, or the practice creates a public  
10 emergency requiring immediate action.  
11

12 d. The Attorneys General agree that no action may be filed to enforce the  
13 terms of this Consent Judgment unless they have proceeded as set forth in this paragraph.  
14 However, an Attorney General may take any action where the Attorney General  
15 concludes that, because of a specific practice, a threat to the health, safety, or welfare of  
16 the citizens of the State exists, or the practice creates a public emergency requiring  
17 immediate action.  
18

19 117. The terms of this paragraph shall apply following the term of the Administrator.

20 a. For the purposes of resolving disputes with respect to compliance with  
21 this Consent Judgment, should any of the Attorneys General have a reasonable basis to  
22 believe that EDMC has engaged in a practice that violates a provision of this Consent  
23 Judgment and decide to pursue the matter, then such Attorney General shall notify  
24 EDMC in writing of the specific practice in question, identify with particularity the  
25 provision of this Consent Judgment that the practice appears to violate, and give EDMC  
26 thirty (30) days to respond to the notification. Within thirty (30) days of its receipt of

1 such written notice, EDMC shall provide a good-faith written response to the Attorney  
2 General notification, containing either a statement explaining why EDMC believes it is  
3 in compliance with the Consent Judgment, or a detailed explanation of how the alleged  
4 violation occurred and a statement explaining how EDMC intends to remedy the alleged  
5 breach.

6 b. EDMC shall provide the Attorneys General reasonable access to inspect  
7 and copy relevant, non-privileged records and documents in the possession, custody, or  
8 control of EDMC that relate to EDMC's compliance with each provision of this Consent  
9 Judgment pursuant to that State's CID or investigative subpoena authority. If the  
10 Attorneys General make or request copies of any documents during the course of that  
11 inspection, the Attorneys General will provide a list of those documents to EDMC. This  
12 provision does not limit the Attorneys General's rights to otherwise serve subpoenas or  
13 CIDs on EDMC or to enforce them.

14 c. The Attorneys General may assert any claim that EDMC has violated this  
15 Consent Judgment in a separate civil action to enforce compliance with this Consent  
16 Judgment, or may seek any other relief afforded by law, but only after providing EDMC  
17 an opportunity to respond to the notification described in subparagraph (a); *provided,*  
18 *however,* that an Attorney General may take any action if the Attorney General  
19 concludes that a specific practice of EDMC requires immediate action due to a threat to  
20 the health, safety, or welfare of the public, or the practice creates a public emergency  
21 requiring immediate action.  
22

23  
24 118. The Attorneys General agree to make good faith efforts to coordinate any future  
25 efforts to enforce violations of the injunctive relief herein, to the extent they are reasonably able  
26 and willing to do so. To that end, each Attorney General agrees to provide notice to the

1 Executive Committee at least ten (10) business days prior to the filing of any action to enforce  
2 this Consent Judgment against any of the parties released from liability pursuant to paragraph  
3 130. However, nothing in this paragraph shall be construed so as to limit the right of a state to  
4 enforce any law in any action by that state. In addition, the notice requirement stated herein  
5 shall not apply to the extent that the relevant Attorney General concludes that further delay in  
6 acting constitutes a threat to public health, safety, or welfare, or that the action intended to be  
7 taken addresses a public emergency requiring immediate action. For the avoidance of doubt,  
8 nothing in this paragraph shall relieve the Attorneys General of the requirements of paragraphs  
9 116 and 117 of this Consent Judgment, which must be satisfied before any Attorney General  
10 may provide the notices required by this paragraph.  
11

12 119. Subject to the release set forth in paragraph 130, nothing in this Consent  
13 Judgment limits the right of the Attorneys General to conduct investigations or examinations or  
14 file suit for any violation of applicable law, nor shall anything in the Consent Judgment be  
15 construed to limit the remedies available to the Attorneys General for any violation of applicable  
16 law that is not released by this Consent Judgment. For the avoidance of doubt, nothing in this  
17 paragraph shall be construed to modify the procedures to be followed prior to the filing of an  
18 action to enforce the terms of this Consent Judgment, as set forth in paragraphs 116 through 118.  
19

## 20 **VI. INSTITUTIONAL DEBT AND ARIZONA SPECIFIC RESTITUTION**

21 120. For purposes of this paragraph and paragraph 121, a “Qualifying Former Student”  
22 means any former student who meets the following criteria: (a) enrolled in a Program of Study  
23 with fewer than twenty-four (24) hours of transfer credit, (b) withdrew from the Program of  
24 Study within forty-five (45) days of the first day of their first term, and (c) whose final day of  
25 attendance at an EDMC school was between January 1, 2006, and December 31, 2014. As  
26 partial consideration for the release set forth in paragraph 130, without any admission of



1 wrongdoing, Defendants agree to forgo efforts to collect all amounts that Defendants claim is  
2 owed to EDMC by Qualifying Former Students (hereinafter “Institutional Debt”), which  
3 amounts totaled, as of September 11, 2015, approximately \$102,800,000.00. For the avoidance  
4 of doubt, Institutional Debt shall not include debts that are owed to non-EDMC entities, such as,  
5 for example, federal student loans owed to the United States government. In the event that a  
6 Qualifying Former Student or a co-signer for a Qualifying Former Student attempts to make a  
7 payment to EDMC subsequent to the Effective Date that relates to Institutional Debt, EDMC  
8 shall use its reasonable best efforts to refuse such payment and return the payment. Defendants  
9 shall request that any and all trade line information related to amounts covered by this paragraph  
10 be deleted from Qualifying Former Students’ credit reports, to the extent that such trade line  
11 information exists, at Defendants’ own expense.

12  
13 121. Within ninety (90) days of the Effective Date, Defendants shall send a letter by  
14 U.S. mail to each Qualifying Former Student at his or her last known mailing address notifying  
15 such former students that Defendants are foregoing collection on their Institutional Debt,  
16 including all interest and fees. The notice shall state that due to a recent settlement with the  
17 Attorneys General the student’s account balance owing to EDMC is \$0 and shall encourage the  
18 student to advise any and all co-signers that the student’s account balance owing to EDMC has  
19 been reduced to \$0. The notice shall also inform the student that Defendants will send a copy of  
20 the notice to each of the credit reporting agencies (*i.e.*, TransUnion, Equifax, and Experian).  
21 The notice shall further inform the student that if the student finds that the amounts owed to  
22 Defendants by the student are still erroneously appearing on the student’s credit report after one  
23 hundred and twenty (120) days and notifies Defendants, then Defendants, at their own expense,  
24 shall promptly and properly notify the appropriate credit reporting agency, whether directly or  
25 indirectly, of any change(s) to be made to the credit reporting resulting from the application of  
26

1 the terms of this Consent Judgment. The notice shall provide Defendants' contact information  
2 for making a request to correct a credit report and for any additional inquiries about the student's  
3 account.

4 122. Nothing in this Consent Judgment shall limit the ability of the Arizona Attorney  
5 General to seek restitution on behalf of an eligible consumer who filed and/or files a complaint  
6 with the Arizona Attorney General's Office or the Better Business Bureau regarding the Brown  
7 Mackie nursing program in Tucson, Arizona. The term eligible consumer as used by this  
8 paragraph shall mean a consumer for whom Arizona would be permitted to recover restitution  
9 pursuant to the Arizona Consumer Fraud Act. The Arizona Attorney General and EDMC shall  
10 confer in good faith regarding any obligation on the part of EDMC to pay restitution to an  
11 eligible consumer and the amount of restitution payable to the eligible consumer. Any dispute  
12 between EDMC and Arizona concerning the foregoing shall be resolved by this Court.  
13

#### 14 **VII. TIME TO IMPLEMENT AND DURATION**

15 123. Except as otherwise provided in paragraphs 35 and 121 and Exhibit A hereto,  
16 EDMC shall implement the terms of the Consent Judgment by no later than the Effective Date.

17 124. With respect to each of the paragraphs of the Consent Judgment listed in Exhibit  
18 A hereto, EDMC shall implement the terms of the relevant paragraph of the Consent Judgment  
19 by no later than the date set forth in Exhibit A.  
20

21 125. Except as otherwise provided in paragraphs 38, 49, and 95, EDMC shall be  
22 relieved of its obligations under this Consent Judgment on the twentieth anniversary of the  
23 Effective Date; *provided, however*, that EDMC's obligations under paragraphs 74 through 83,  
24 85, 93, 94 (first sentence only), 132, 136 through 139, and 142 of the Consent Judgment shall  
25 remain in effect unless and until the Consent Judgment is vacated or modified by the Court.  
26

1           126.   Beginning on the fourth anniversary of the Effective Date, EDMC shall have the  
2 right to petition the Executive Committee to be relieved of its obligations under specific  
3 identified paragraphs of the Consent Judgment that EDMC believes have become overly  
4 burdensome or unnecessary. EDMC shall set forth in writing the reasons why it believes it  
5 should be relieved from such obligations and any additional factors that it would like the  
6 Executive Committee to consider. Moreover, if the U.S. Department of Education adopts  
7 regulations that establish a uniform approach for the calculation and disclosure of job placement  
8 rates that is applicable to EDMC schools, then EDMC may petition the Executive Committee to  
9 be relieved of its obligations under paragraph 23 and paragraphs 62 through 70 on the date when  
10 such regulations become effective. The Executive Committee shall consider any petitions made  
11 by EDMC in good faith and, in each case, the Executive Committee shall be obligated to meet  
12 and confer with EDMC within sixty (60) days of the request being sent and to make a  
13 recommendation about the petition to the Attorneys General within sixty (60) days thereafter. In  
14 the event that EDMC sells or otherwise transfers control of one or more of its schools to a third-  
15 party acquirer (the “Acquiring Company”), and the Acquiring Company becomes subject to the  
16 terms of this Consent Judgment as a successor to EDMC, the Acquiring Company shall assume  
17 EDMC’s rights to petition under this paragraph with respect to the schools sold or transferred by  
18 EDMC.  
19  
20

## 21                                   **VIII.    MISCELLANEOUS PROVISIONS**

22           127.   If the position of the Administrator is vacant or the Administrator’s term has  
23 expired, then, to the extent that this Consent Judgment or the work plan referenced in paragraph  
24 35 requires the Administrator’s approval or consent for EDMC to take a particular action, then  
25 EDMC shall be entitled to take that action if it notifies the Attorneys General of its intent to act  
26 and the Attorneys General fail to object with particularity within thirty (30) days. If the

1 Attorneys General object and particularize the bases for the objection within the thirty (30) day  
2 period, then the Parties shall promptly meet and confer, following which EDMC shall be entitled  
3 to seek judicial review with regard to the objection if necessary.

4 128. Either the Attorneys General or EDMC may request to meet and confer with  
5 respect to any aspect of this Consent Judgment or its implementation by notifying the other  
6 party. The notice shall state the subjects proposed to be discussed. The recipient of the notice  
7 shall in good faith make itself and/or its representatives available to meet and confer at a  
8 mutually convenient time within thirty (30) days of the notice being sent.

9  
10 129. This Consent Judgment is for settlement purposes only. No part of this Consent  
11 Judgment constitutes or shall be deemed to constitute an admission by Defendants that they have  
12 ever engaged in any conduct proscribed by this Consent Judgment, nor shall this Consent  
13 Judgment constitute evidence against Defendants in any action brought by any person or entity  
14 for any violation of any federal or state statute or regulation or the common law, except in an  
15 action brought by the Attorney General to enforce the terms of this Consent Judgment.

16 130. With the exception of Arizona's claims for restitution identified in paragraph 122  
17 above, as of the Effective Date, the Plaintiff hereby releases Defendants from all civil claims,  
18 actions, causes of action, damages, losses, fines, costs, and penalties related to the allegations of  
19 the Complaint in this action, that have been or could have been brought against Defendants or  
20 any of their respective current or former affiliates, agents, representatives, or employees  
21 pursuant to the Arizona Consumer Fraud Act or other consumer-related or civil fraud laws  
22 (including common law claims concerning fraudulent trade practices) on or before the Effective  
23 Date. Notwithstanding any other term of this Consent Judgment, the following do not comprise  
24 Released Claims: private rights of action; UDAP enforcement actions relating to representations  
25 made to students in 2015 regarding the planned closure of campuses of The Art Institutes;  
26

1 criminal claims; claims of environmental or tax liability; claims for property damage; claims  
2 alleging violations of State or federal securities laws; claims alleging violations of State or  
3 federal antitrust laws; claims alleging violations of State or federal false claims laws, including  
4 but not limited to all claims brought in United States, et al. v. EDMC, et al., Case No. 2:07-cv-  
5 00461; claims brought by any other agency or subdivision of the State; claims alleging  
6 violations of State or federal privacy laws or State data breach laws; and claims alleging a  
7 breach of this Consent Judgment.

8  
9 131. The Parties agree that this Consent Judgment does not constitute an approval by  
10 the Attorneys General of any of Defendants' past or future practices, and Defendants shall not  
11 make any representation to the contrary.

12 132. The requirements of this Consent Judgment are in addition to, and not in lieu of,  
13 any other requirements of state or federal law. Nothing in this Consent Judgment shall be  
14 construed as relieving Defendants of the obligation to comply with all local, state, and federal  
15 laws, regulations, or rules, nor shall any of the provisions of this Consent Judgment be deemed  
16 as permission for Defendants to engage in any acts or practices prohibited by such laws,  
17 regulations, or rules.

18  
19 133. Nothing contained in this Consent Judgment shall be construed to create or waive  
20 any individual private right of action.

21 134. Except as permitted by paragraph 135, Defendants shall not participate directly or  
22 indirectly in any activity to form or proceed as a separate entity or corporation for the purpose of  
23 engaging in acts prohibited in this Consent Judgment or for any other purpose which would  
24 otherwise circumvent any part of this Consent Judgment.

25 135. EDMC shall be permitted, without the provisions of this consent judgment  
26 applying, to complete transactions in which it sells or otherwise transfers control of one or more

1 of its schools representing in the aggregate less than 3% of (a) EDMC's net revenues for the  
2 fiscal year ended June 30, 2015, or (b) the average starting student body at EDMC's post-  
3 secondary institutions during the fiscal year ended June 30, 2015, to an Acquiring Company, and  
4 neither the transferred schools shall remain nor the Acquiring Company shall become subject to  
5 the terms of this Consent Judgment, as successors to EDMC or otherwise (an "Exempted  
6 Transaction"); *provided, however*, that in no event may the aggregate of all Exempted  
7 Transactions ever exceed 10% of either (a) EDMC's net revenues for the fiscal year ended June  
8 30, 2015, or (b) the average starting student body at EDMC's post-secondary institutions during  
9 the fiscal year ended June 30, 2015. Notwithstanding the foregoing, in no event will the sale or  
10 transfer of a school by EDMC qualify as an Exempted Transaction if (a) the school was among  
11 the largest 11% of school locations at EDMC (excluding the impact of students attending fully  
12 online programs) based on the average starting student body during the fiscal year ended June  
13 30, 2015, or (b) the Acquiring Company is owned or controlled by any person or entity affiliated  
14 with EDMC or any EDMC board member or officer.

16       136. If any clause, provision or section of this Consent Judgment shall, for any reason,  
17 be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not  
18 affect any other clause, provision or section of this Consent Judgment and this Consent  
19 Judgment shall be construed and enforced as if such illegal, invalid, or unenforceable clause,  
20 section, or other provision had not been contained herein.

22       137. The section headings and subheadings contained in this Consent Judgment are  
23 included for convenience of reference only and shall be ignored in the construction or  
24 interpretation of this Consent Judgment.

25       138. To the extent that any changes in Defendants' business, advertisements, and/or  
26 advertising practices are made to achieve or facilitate conformance to the terms of this Consent

1 Judgment, the fact that such changes were made shall not constitute any form of evidence or  
2 admission, explicit or implicit, by Defendants of wrongdoing.

3 139. In the event that any statute, rule, or regulation pertaining to the subject matter of  
4 this Judgment is enacted, promulgated, modified, or interpreted by any federal or state  
5 government or agency, or a court of competent jurisdiction holds that such statute, rule, or  
6 regulation is in conflict with any provision of the Consent Judgment, and compliance with the  
7 Consent Judgment and the subject statute, rule or regulation is impossible, Defendants may  
8 comply with such statute, rule or regulation and such action in the affected jurisdiction shall not  
9 constitute a violation of this Consent Judgment. Defendants shall provide written notices to the  
10 Attorneys General and the Administrator, if applicable, that it is impossible to comply with the  
11 Consent Judgment and the subject law and shall explain in detail the basis for claimed  
12 impossibility, with specific reference to any applicable statutes, regulations, rules, and court  
13 opinions. Such notice shall be provided immediately upon EDMC learning of the potential  
14 impossibility and at least thirty (30) days in advance of any act or omission which is not in  
15 compliance with the Consent Judgment. Nothing in this paragraph shall limit the right of the  
16 Attorney General to disagree with EDMC as to the impossibility of compliance and to seek to  
17 enforce the Consent Judgment accordingly.  
18  
19

20 140. All notices under this Consent Judgment shall be provided to the following via  
21 email and Overnight Mail:

22 For EDMC:

23 J. Devitt Kramer  
24 Senior Vice President, General Counsel and Secretary  
25 Education Management Corporation  
26 210 Sixth Avenue, 33rd Floor  
Pittsburgh, Pennsylvania 15222  
devitt.kramer@edmc.edu

1 and

2 Bradley R. Wilson  
3 Wachtell, Lipton, Rosen & Katz  
4 51 West 52nd Street  
New York, New York 10019  
brwilson@wlrk.com

5 For the State of Arizona:

6 Nancy V. Anger  
7 David W. Garbarino  
8 Arizona Attorney General's Office  
9 Civil Litigation Division  
10 Consumer Protection and Advocacy Section  
1275 W. Washington  
Phoenix, Arizona 85007

11 141. Defendants shall be liable for all court costs.

12 142. The Court retains jurisdiction of this action for the purpose of ensuring  
13 compliance.

14 **IX. CONSENT TO JUDGMENT**

15 143. EDMC states that no promise of any kind or nature whatsoever was made to  
16 EDMC to induce EDMC to enter into this Consent Judgment, and has entered into this Consent  
17 Judgment voluntarily.

18 144. EDMC has fully read and understand this Consent Judgment, understand the legal  
19 consequences involved in signing it, assert that this is the entire agreement of the Parties, and  
20 that there are no other representations or agreements not stated in writing herein, and no force,  
21 threats, or coercion of any kind have been used to obtain EDMC's signatures.

22 145. EDMC understands that acceptance of this Consent Judgment is solely for the  
23 purpose of settling this litigation and does not preclude the State, or any other agency or officer  
24 of this State, or subdivision thereof, from instituting other civil or criminal proceedings as may  
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be appropriate for any acts unrelated to this litigation or committed after the entry of this  
Consent Judgment.

DATED: \_\_\_\_\_, 2015.

\_\_\_\_\_  
Judge of the Superior Court

**APPROVED**

**FOR DEFENDANTS:  
EDUCATION MANAGEMENT  
CORPORATION**

  
By: Mark A. McEachen  
Its: President and Chief Executive Officer

**ARGOSY UNIVERSITY OF CALIFORNIA,  
LLC**

By: Cynthia G. Baum  
Its: President

**SOUTH UNIVERSITY, LLC**

By: John T. South, III  
Its: President

**BROWN MACKIE EDUCATION II, LLC**

By: Danny D. Finuf  
Its: President

**THE INSTITUTE OF POST-SECONDARY  
EDUCATION, INC.**

  
By: J. Devitt Kramer  
Its: Secretary


**THE ART INSTITUTE OF PITTSBURGH  
LLC**

  
By: J. Devitt Kramer  
Its: Secretary

**THE ART INSTITUTES  
INTERNATIONAL II LLC**

By: Timothy P. Moscato  
Its: Chief Operating Officer

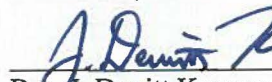
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**SOUTH UNIVERSITY OF ARIZONA  
LLC**

By: J. Devitt Kramer  
Its: Secretary

**THE ART INSTITUTES  
INTERNATIONAL LLC**

By: Timothy P. Moscato  
Its: Chief Operating Officer



**APPROVED**

**FOR DEFENDANTS:  
EDUCATION MANAGEMENT  
CORPORATION**

By: Mark A. McEachen  
Its: President and Chief Executive Officer

**ARGOSY UNIVERSITY OF CALIFORNIA,  
LLC**

By: Cynthia G. Baum  
Its: President

**SOUTH UNIVERSITY, LLC**

By: John T. South, III  
Its: President

**BROWN MACKIE EDUCATION II, LLC**

By: Danny D. Finuf  
Its: President

**THE INSTITUTE OF POST-SECONDARY  
EDUCATION, INC.**

By: J. Devitt Kramer  
Its: Secretary

**THE ART INSTITUTE OF PITTSBURGH  
LLC**

By: J. Devitt Kramer  
Its: Secretary

**THE ART INSTITUTES  
INTERNATIONAL II LLC**

By: Timothy P. Moscato  
Its: Chief Operating Officer

**THE ART INSTITUTE OF TUCSON,  
INC.**

By: J. Devitt Kramer  
Its: Secretary

**BROWN MACKIE COLLEGE –  
PHOENIX, INC.**

By: J. Devitt Kramer  
Its: Secretary

**BROWN MACKIE COLLEGE –  
TUCSON, INC.**

By: J. Devitt Kramer  
Its: Secretary

**SOUTH UNIVERSITY OF ARIZONA  
LLC**

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Its: Secretary

**THE ART INSTITUTES  
INTERNATIONAL LLC**

By: Timothy P. Moscato  
Its: Chief Operating Officer

**COUNSEL FOR DEFENDANTS**



By: Carol DiBattiste  
EVP, Chief Legal, Privacy, Security and  
Administrative Officer  
Education Management Corporation

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By: J. Devitt Kramer  
SVP, General Counsel and Secretary  
Education Management Corporation


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By: Meyer G. Koplow  
Counsel for Education Management Corporation  
Wachtell, Lipton, Rosen & Katz



1 **COUNSEL FOR DEFENDANTS**

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4 EVP, Chief Legal, Privacy, Security and  
5 Administrative Officer  
6 Education Management Corporation

7   
8 By: J. Devitt Kramer  
9 SVP, General Counsel and Secretary  
10 Education Management Corporation

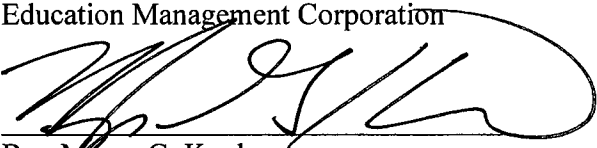
11 By: Meyer G. Koplow  
12 Counsel for Education Management Corporation  
13 Wachtell, Lipton, Rosen & Katz  
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By: Meyer G. Koplow  
Counsel for Education Management Corporation  
Wachtell, Lipton, Rosen & Katz

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2 STATE OF ARIZONA

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### **Exhibit A – Implementation Schedule**

<b>Consent Judgment Paragraph(s)</b>	<b>Subject Matter</b>	<b>Deadline for Compliance</b>
¶¶ 56-58 (and all other references)	Single-Page Disclosure Sheet <sup>1</sup>	180 days from the Effective Date, <u>except</u> : <ul style="list-style-type: none"><li>• the deadline for including the Median Earnings for Completers on the Single-Page Disclosure Sheet pursuant to ¶ 56(f) shall be ninety (90) days after the US Department of Education provides the final relevant data; <u>and</u></li><li>• the deadline for including a Job Placement Rate on the Single-Page Disclosure Sheet pursuant to ¶ 56(g) shall be March 1, 2017.</li></ul>
¶¶ 71-73	Electronic Financial Impact Platform	<p>If EDMC determines to use the platform that is developed by the Consumer Financial Protection Bureau, then EDMC shall implement that Electronic Financial Impact Platform within 180 days of the date of such determination.</p> <p>If EDMC determines not to use the platform that is developed by the Consumer Financial Protection Bureau, then EDMC shall have one year to develop, have approved by the Administrator in consultation with the Attorneys General, and implement its own Electronic Financial Impact Platform, running from the date of such determination.</p>

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<sup>1</sup> All capitalized terms used in this Exhibit A shall have the meaning given to them in the Consent Judgment.

<b>Consent Judgment Paragraph(s)</b>	<b>Subject Matter</b>	<b>Deadline for Compliance</b>
¶¶ 84-87, 89-90	Prohibitions relating to graduate eligibility for employment and/or required licensure	180 days from the Effective Date
¶¶ 95-98	Call recording and voice analytics	Phased in with full functionality 18 months from the Effective Date
¶¶ 99-100	Telephone Consumer Protection Act and related matters	90 days from the Effective Date
¶ 103	Mandatory orientation	180 days from the Effective Date
¶ 104	Refunds for newly enrolled students	180 days from the Effective Date
¶ 105	Internal policy regarding obligation to pay tuition and fees when student does not attend 60% of the term	180 days from the Effective Date
¶¶ 107-114	Third-Party Lead Vendor compliance	90 days from the Effective Date

# Argosy University

## Forensic Psychology (Online) Associates Degree

### Facts you should know about this program

#### Time and Cost Estimates

**4 YEARS** Time to complete if you continuously attend on a full-time basis

**\$59,475** Total tuition, fees and book costs

#### Transfer of Credits and Degrees

**Course credits** are not guaranteed to transfer to other schools

#### Success of Students who Enroll

**20%** complete the program



2 complete

8 do not complete

**40%** default on their federal student loans



6 are not in default

4 are in default

#### Outcomes for Students who Complete

**Job Placements** for students in this field are not calculated by Argosy University

**\$37,446** Median earnings for graduates

**\$43,714** Median student loan debt for graduates

Please read carefully the Frequently Asked Questions to further understand these facts

See [www.argosy.edu/programs-info](http://www.argosy.edu/programs-info) for program duration, tuition, fees and other costs, median debt, salary data, and other important information.

# Art Institute

## Graphic Design (Online) Associates Degree

### Facts you should know about this program

#### Time and Cost Estimates

**4 YEARS**

Time to complete if you continuously attend on a full-time basis

**\$59,475**

Total tuition, fees and book costs

#### Transfer of Credits and Degrees

**Course credits** will likely not transfer to other schools

**Degrees** will likely not be honored by other schools

#### Success of Students who Enroll

**20%** complete the program



**40%** default on their federal student loans



#### Outcomes for Students who Complete

**60%** are able to get a job in this field



**\$37,446** Median earnings for graduates

**\$43,714** Median student loan debt for graduates

Please read carefully the Frequently Asked Questions to further understand these facts

See [www.artinstitutes.edu/programs-info](http://www.artinstitutes.edu/programs-info) for program duration, tuition, fees and other costs, median debt, salary data, alumni success, and other important information.