

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

IN RE:

ITT EDUCATIONAL SERVICES, INC., et
al.,
Debtors.

Chapter 7

Case No. 16-07207-JMC-7A

Jointly Administered

JORGE VILLALBA, JAMES ERIC
BREWER, JOSHUA CAHILL, JUAN
HINCAPIE, and CHERYL HOUSE, on their
own behalf and on behalf of all other persons
similarly situated,

Plaintiffs,

v.

ITT EDUCATIONAL SERVICES, INC., et
al.,

Defendants.

Adv. Pro. No. 17- _____

CLASS ACTION ADVERSARY PROCEEDING COMPLAINT

Plaintiffs bring this adversary proceeding on behalf of a putative class of former ITT students. The students assert claims against Debtor ITT, its affiliates, and alter egos, based on consumer protection violations and breach of contract. Simultaneously with this adversary complaint, Plaintiffs have filed a class-wide Proof of Claim and a Motion for Class Treatment at the Claim Filing Stage.

This pleading is supported by testimony of thousands of former ITT students, describing extensive, widespread, and systematic deceit. ITT perpetrated these illegal actions pursuant to corporate policies and imperatives directed at churning students through a costly sham. ITT relentlessly pitched itself to students as a sound investment with a healthy return in the form of guaranteed or near-guaranteed entry-level employment in a lifelong career. In reality, ITT deliberately and severely underinvested in resources needed to deliver on these promises, leaving students with an expensive but valueless credential. Former ITT students have an easier time obtaining employment when they remove ITT from their resumes entirely.

ITT engaged in systemic and sustained activities to conceal the nature of its sham. It silenced whistleblowers and threatened students. It also falsely reported job placement statistics to its accreditor, and invented complicated ploys to achieve the appearance of regulatory compliance, all while students faltered.

In the last ten years alone, ITT took in over \$11 billion in revenue, including \$8.4 billion in federal student aid. ITT generated this revenue almost exclusively by facilitating student loan debt. In the past ten years alone, by a conservative estimate, ITT created \$7.3 billion in student loan debt, both federal and private. Lifetime default rates on these loans reach as high as 80%. ITT students, who earn on average the same or less than high school graduates with no college education, cannot sustain this debt. Yet, unlike ITT's obligations, students' debt cannot be discharged easily in bankruptcy.

ITT students are the true creditors of ITT. They seek recognition as creditors in this bankruptcy, a fair apportionment of the remaining estate, and an adjudication of their claims that will clear the path to loan cancellation in collateral proceedings.

JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334 and venue is proper under 28 U.S.C. §§ 1408 and 1409. This is a core proceeding under 28 U.S.C. § 157(b). The statutory bases for the relief requested herein are Bankruptcy Code sections 105(a), 501 and 502.

THE PARTIES

2. Plaintiff JORGE VILLALBA is 36 years old and resides in Glendale, California. Mr. Villalba attended ITT in California and completed a bachelor's degree in digital entertainment and game design in 2010.

3. Plaintiff JAMES ERIC BREWER is 32 years old and resides in Monrovia, Indiana. Mr. Brewer attended ITT in Indiana and completed an associate degree program in computer network systems in 2012.

4. Plaintiff JOSHUA CAHILL is 32 years old and resides in Omaha, Nebraska. Mr. Cahill attended ITT in Nebraska and completed a bachelor's degree in information systems cyber security in 2015.

5. Plaintiff JUAN HINCAPIE is 25 years old and resides in Taunton, Massachusetts. Mr. Hincapie attended ITT in Massachusetts and completed a bachelor's degree in information systems security in 2014.

6. Plaintiff CHERYL HOUSE is 37 years old and resides in Mesa, Arizona. Ms. House attended ITT in New Mexico and completed a bachelor's degree program in criminal justice in 2012.

7. Plaintiffs seek to represent a class of students who were enrolled in ITT programs between 2006 and 2016 and were harmed by ITT's deceptive conduct, and breach of contractual obligations, including its breach of the implied covenant of good faith and fair dealing.

8. Defendant ITT EDUCATIONAL SERVICES, INC. was a Delaware corporation, with its principal place of business located at 13000 North Meridian Street, Carmel, Indiana. Throughout we use ITT to refer to debtors in this case and their alter egos.

FACTUAL ALLEGATIONS COMMON TO THE CLASS

I. BACKGROUND

9. ITT was a publicly traded for-profit institution that was owned and operated by ITT Educational Services, Inc., with headquarters in Carmel, Indiana. At one time, ITT operated in 38 states, with over 140 campuses. ITT closed its doors in September 2016.

10. ITT offered associate and bachelor's degree programs in different schools: Business, Drafting and Design, Electronics Technology, Criminal Justice, Information Technology, and Health Sciences, which encompassed the Breckenridge School of Nursing at ITT.

11. ITT's business model depended on expansion and increasing enrollments year over year. In its 2009 Annual Report (Form 10-K), ITT explained that it was "implementing a growth strategy designed to increase revenue and operating efficiencies by increasing the number and types of program offerings and student enrollment at existing institutes" and adding programs and campuses. ITT also intended to increase revenue generation at its facilities by increasing over time the number of students who would enroll in bachelor's degree programs after completing an associate degree at ITT.

12. Marketing and advertising were critical to this expansion plan: "If we were unable to successfully market or advertise our programs, our ability to attract and enroll prospective students in our programs would be adversely affected and, consequently, our ability to increase revenue or maintain profitability would be impaired." Year after year, ITT reported on its "growth strategy," including in its 2015 Annual Report, published just six months before ITT filed for bankruptcy.

13. ITT's quarter-over-quarter "persistence rate"—the rate at which it was able to keep students enrolled—consistently hovered at approximately 75%. The 25% rate of attrition made enrolling new students, and therefore spending on marketing and advertising, vital.

14. In 2006, ITT's total student enrollment was approximately 45,000 students. Enrollment peaked in 2011 at over 89,000 students, and fell to approximately 35,000-40,000 at the time of its closing.

15. ITT's revenue came almost entirely from tuition, and the vast majority of that tuition was paid through federal financial aid programs administered by the U.S. Department of Education. Over the years, ITT drew billions of dollars in federal financial aid.

16. The number of new students enrolling each year followed the same pattern—from 49,935 in 2006 to a peak of 89,123 in 2010 and then down to 52,163 in 2015.

17. In the ten-year period between 2006 and 2015 ITT took in a total of \$11,203,799,500 in revenue. ITT's yearly revenue topped a billion dollars each year from 2008 through 2013. In this period, tuition accounted for 96 to 97 percent of this revenue. The remainder was from a combination of student fees and tool kit sales.

18. Also over this ten-year period, an average of 75.3 percent—approximately \$8.4 billion— of ITT's total revenue came from federal student aid.

19. ITT's continued access to revenue from government-provided student aid (in the form of grants and loans) depended on ITT's ability to appear compliant with a host of regulatory requirements. It needed to be authorized by each state in which it operated. It needed to be accredited by an accrediting agency recognized as a reliable arbiter of educational quality. Additionally, it needed to comply with federal financial aid program integrity rules. Such rules include the requirement that ITT receive no more than 90% of its revenue from the Department of Education ("90/10 Rule"), *see* 34 C.F.R. § 668.28; that its students didn't default on their student loan obligations in high numbers ("cohort default rule"), *see* 34 C.F.R. § 668.217; and that its programs prepare students for gainful employment in a recognized occupation, as measured by the ratio of their loan debt to their income ("gainful employment rule"), *see* 34 C.F.R. § 668.6.

A. Highly Centralized and Tightly Controlled Operation

20. ITT was headquartered in Carmel, Indiana. ITT's President, Chief Operating Officer, and Senior Vice President of Operations, among others, all worked out of ITT's headquarters.

21. ITT headquarters provided centralized services to all campuses in the areas of accounting, marketing, public relations, curricular development, management information systems, purchasing, legal, regulatory, legislative affairs, real estate, human resources, and compliance and internal audits.

22. Major institutional functions, including recruiting, finance, academic affairs, career services, library, and registration all operated out of ITT's headquarters. ITT also maintained a centralized call center in Indiana, part of the function of which was to call students who had not reenrolled in ITT and threaten to take them to collections if they did not pay their alleged outstanding balances to ITT or re-enroll.

23. ITT was divided into twelve regions nationwide, all overseen by a district manager who was supervised by the senior vice president of operations. The college director of each campus reported directly to the district manager. Each campus also had a director of recruitment, a director of career services, a director of finance, a dean, and a registrar.

24. Corporate headquarters dictated policies and procedures at all ITT campuses, including program offerings and curriculum, instructor hiring, staffing levels, and policies and procedures for recruitment, financial aid, and career services departments.

25. Corporate headquarters produced promotional materials and advertising for ITT campuses, including the website and catalog for each location.

26. Kevin Modany was ITT's Chief Executive Officer at the time of its closing, and had held that position since 2007. Mr. Modany was President of ITT from April 2005 until March 2009. He also served as director from July 2006 until August 2014. Daniel Fitzpatrick was ITT's Senior Vice President and Chief Financial Officer until 2015, having held that position since 2005.

27. In or around 2011, ITT sought and received from its accreditor, ACICS, classification as a centrally-controlled institution. ACICS accreditation standards applicable to such institutions required ITT to maintain an "academic administrative center" capable of controlling educational activities at multiple locations. ITT also demonstrated to ACICS that the

administrative center, located at corporate headquarters in Indiana, dictated and controlled the development and delivery of instructional programming, hiring, facilities, and the selection and purchasing of instructional equipment. The administrative center also played an active role in the accreditation of each ITT campus, including in the site visits paid by ACICS to each ITT campus.

28. One former campus director described the level of control by ITT headquarters as “100 percent,” and the overall operation as a “command and control entity.”

29. This lack of autonomy hampered ITT’s ability to respond to local job market conditions and cater its programming to local needs. For example, each campus allegedly sent surveys to local employers for their opinion and input in determining course content. As reported to ACICS during a site visit to a California campus in 2012, these employer surveys were never seen by the local campus; they were returned directly to ITT headquarters.

30. Any recommendations for curriculum changes were considered by the central administration academic affairs department. Actual curricular decision-making, including curriculum authoring and resource materials selection was performed by central administration, under the supervision of the chief academic officer of ITT.

31. This central control of curriculum and resources extended across every program offered by ITT, including the nursing schools. For example, in 2015, the Indiana State Board of Nursing observed, regarding the ITT South Bend nursing program, “the curriculum continues to be created by the corporate parent company with little to no input from local faculty.” A May 15, 2015 consent agreement between the Arizona State Board of Nursing and the Breckenridge School of Nursing at ITT contained numerous findings of wrongdoing by the school, including that “[c]ontrol of Respondent’s program, including day-to-day classroom activities, such as testing requirements, daily schedule, calculation of grades and curriculum, rests with ITT Education Services, Inc. (corporate), and not the local faculty and program administrator,” as required by state nursing regulations. The Board found that this violation had been persistent and ongoing since the inception of the program.

32. Headquarters also made decisions about which classes a campus would offer at a given time. If enrollment was too low, and therefore not profitable, central administration would make a decision to cancel the class or program altogether.

33. Campuses also used software provided by ITT headquarters in their operations, including “Smart Forms” in the financial aid department and “Student Success System” or “S3” in the career placement department.

34. Neither local campuses nor regional districts had their own Human Resources Department. Rather, all personnel, compliance, and other human resources issues were managed by the central administration.

35. Central headquarters closely tracked performance metrics at each campus. For example, headquarters sent weekly emails to district managers, campus directors, and managers containing a performance chart that compared the actual number of enrollments or financial aid “packages” with the projected numerical targets that corporate headquarters had set for the campus.

36. ITT headquarters ensured that recruiters and their supervisors were subject to constant pressure. Headquarters required that all corrective actions be approved by the central human resources office. Recruitment numbers, including enrollment rates and financial aid packaging rates, were reviewed on a weekly basis. ITT asked recruiters to meet all of ITT’s expectations including those that were “written and implied.” These expectations were suggested on a counseling form provided by ITT headquarters.

37. District managers disseminated instructions to campuses within their region at the direction of central headquarters regarding recruiting techniques. For example, after headquarters ascertained that ITT’s “TV close rate,” or the rate of enrollments on prospective students who saw TV advertisements for the school, had gone down, a member of ITT’s headquarters contacted regional offices with instructions for campus directors to set a “phone-a-thon” for TV leads and to divide admissions representatives within a campus into groups that would compete against one another for enrollments.

38. On another occasion, ITT’s national Vice President of Recruitment Karen Corlozzi provided a roster comparing “closing rates” across ITT campuses, and instructed campuses to “personally reach out to all individuals that were confirmed [for an appointment] but did not attend.” This tactic of encouraging competition among campuses was commonly used by corporate headquarters.

39. District managers also reviewed enrollment and financial aid packaging numbers on a weekly basis with campus directors, directors, and staff, in what were called “show meetings.”

40. Central Human Resources would perform trainings that were mandatory for all directors.

41. Central Human Resources also dictated that underperforming recruiters would be punished in a systematic way. For example, the corporate head of Human Resources communicated by email to all campus directors that it was “critical that we are all on the same page” regarding the discipline system of recruitment personnel. ITT’s Human Resources team created templates, PowerPoint presentations and trainings to make sure that all locations disciplined underperforming admissions reps in a uniform manner, escalating from a verbal warning up through termination.

42. Central headquarters was also actively involved in dictating and monitoring the processes and procedures used by ITT financial aid representatives. According to one former campus-level director of financial aid, headquarters dictated everything from the order in which a financial aid administrator should show students the relevant forms and the language to be used in explaining these forms, to the way to escalate punishments for students who did not show up to financial aid appointments or pay their bills.

43. ITT reinforced the “command and control” culture and uniformity of procedures across the ITT network by moving top performing personnel to low-performing campuses in order to improve their performance. Directors at campuses with subpar performance metrics were expected to adopt the systems of directors at higher-performing campuses.

44. Similarly, recruiters who were not able to meet their enrollment and financial aid packaging quotas were asked to observe “seasoned representatives” to adopt their tactics.

45. Former ITT employees state that ITT evaluated every staff person in every department on a point system that determined retention, promotion, and compensation. Campus managers and campus directors were also reviewed based on their enrollment and financial aid packaging numbers. Managers penalized and publicly embarrassed staff members who were not meeting their numbers. ITT paid bonuses to financial aid staff members who exceeded their quotas.

B. Significant Underinvestment in Educational Services

46. In this “command and control” system, central headquarters was responsible for the allocation of every penny of revenue, and determined the spending budgets for every campus and department.

47. ITT management was fixated on increasing student enrollments without increasing the cost of providing educational services to students, thereby maximizing profits.

48. Despite purporting to offer cutting-edge vocational training in technology and related fields—areas where equipment and techniques rapidly become outdated—corporate headquarters continually shortchanged students by allocating resources away from educational services in favor of spending that helped ITT’s bottom line.

49. ITT made the centralized decision to not invest in curriculum updates and better technology equipment, choosing to invest in marketing and advertising instead of educating students.

50. Although ITT promised students state-of-the-art equipment, one former campus director of ITT stated that in his four years at that campus, “no expenditures were ever approved or invested in the classroom,” and that corporate headquarters denied any and all requests from the campus for classroom expenditures.

51. Once headquarters decided to discontinue a program, it also cut all spending on that program, so that students already enrolled could not receive any new equipment or curricular upgrades or updates.

52. One financial analyst who followed ITT and its industry closely observed in late 2014, “[i]t seems almost impossible that [ITT] could spend less on educational delivery than it is currently.”

53. This same analyst observed, in 2016, that “[o]n a nominal basis, [ITT]’s investment in delivering education at the campus level for the past three years has been on par with what the company spent in the late 1990s on instruction.”

54. Between 2012 and 2016, ITT spent a combined total of \$131,000 on all capital expenditures—technology updates and curriculum development—per campus. In just a single quarter in 2016, ITT spend \$200,000 compensating its CEO.

55. ITT spent more on a per-student basis on marketing than on instruction. And for each tuition dollar spent on student instruction, more than twice that amount was allocated as corporate profit.

56. Over the decade preceding its bankruptcy, ITT spent approximately \$2 billion on share repurchases at an average price exceeding \$75 per share. The vast majority of this expenditure was approved by ITT management in 2009 and onward—a time when the company’s financial health and student outcomes were precipitously declining. These share repurchases benefitted ITT management, as they reduced the total number of shares and boosted the stock price and the earnings per share ratio (“EPS”).

57. EPS was the principal determinant of executive compensation at ITT.

58. ITT’s spending on boosting its stock, compensating executives, and marketing dwarfed ITT’s investment in students, even though ITT enrolled a student population that required intensive educational supports in order to obtain any good outcome from a postsecondary program.

59. Since at least 2008, ITT knowingly targeted this population. It purchased lower-quality leads from lead generators—meaning that the likelihood that a student was interested in and prepared for post-secondary education was low. ITT relied on its deceptive and abusive recruiting techniques to convert these leads to enrollments.

60. To facilitate enrollment, ITT did away with even the pretense of applying any admissions standards, dispensing with the requirement that students receive a minimum passing score on the Wonderlic test, a basic aptitude measure.

61. Additionally, over this period ITT enrolled students from lower-income families. In 2011, only 11% of ITT’s revenue came from Pell Grants—need-based federal student aid grants. In 2015, 23% of its revenue was derived from Pell Grants.

62. The average ITT student who is single with no dependents earns only a few thousand dollars annually above the poverty line, and has a deeply subprime credit profile. The average ITT student with a family is living below the poverty line.

II. ITT’S CONSUMER PROTECTION ACT VIOLATIONS AGAINST THE CLASS

63. At every turn in its dealings with students, ITT violated applicable consumer protection laws. ITT employed abusive, unfair and deceptive recruitment, retention, and financial aid practices. ITT misled students about the training they would receive and that their ITT

credentials were valued and sought after by employers. ITT misled students to believe that ITT would guarantee a return on their educational investment in form of job placement and enhanced earnings. ITT's illegal conduct towards students infected every single aspect of its operation and affected every aspect of students' experience.

A. ITT's Abusive, Unfair and Deceptive Recruitment and Retention Strategies

64. ITT made a host of misrepresentations concerning its teachers, its equipment, its facilities, its curriculum, its class size, the academic ability of its students, the necessity of certification and its ability to provide those certifications, its job placement assistance, its graduate's actual success in obtaining employment, and the earnings of its graduates. All of these were the product of ITT's systematic and abusive recruitment and retention methods.

1. Enrollment Quotas and Boiler-Room Atmosphere

65. ITT systematically tracked the performance of recruiters along a highly detailed point system. One metric of performance was the number of in-person consultations with prospective students that a recruiter scheduled.

66. One former director of admissions describes a numbers-driven sales culture that encouraged recruiters to "say whatever it took" to convince students to enroll, even if those statements were false or misleading.

67. ITT imposed enrollment and retention quotas for each campus. They were set by the national dean and referred to as "Market Plans" and never "quotas." Recruitment representatives that enrolled high numbers of students were often promoted to more senior positions and given a salary increase. These raises and promotions were linked directly to the number of students the recruiter enrolled.

68. Prior to 2008, when the Department of Education imposed a ban on incentive-based compensation, ITT's management employees were evaluated and compensated based on achieving corporate objectives including 9% enrollment growth. Managers were empowered to use salary, prizes and awards to drive "sales," or new student enrollments.

69. After 2008, ITT cleaned up its externally-facing documents, but maintained an internal culture that was driven by the constant need to recruit and enroll more students. One former ITT manager who was a "top ranked director of recruitment" for three years from 2012-2014 described the incentive scheme that drove ITT's high pressure sales tactics: "The recruiters

had a certain number of calls they had to make, appointments they had to make, students they had to sign. If they didn't, there were corporate polices to discipline them. They had to get written up, even terminated for not making sales metric numbers." The environment created by these systems tacitly approved hard-sell tactics, and a "say anything, do anything" approach to enrolling students.

70. Recruiters would boost their numbers by tracking down students they had previously enrolled and convincing them to switch programs, even if the student had no interest in doing so.

71. Former admissions representatives describe a competitive and fearful working environment. Representatives were expected to call 100 prospective students per day, and were publicly shamed in weekly "show" meetings if they failed to meet their quotas.

72. ITT also required representatives to aggressively pursue students or "leads," which were provided by central headquarters. If a representative was unable to reach a student, she or he was required to call that student at least once every twenty-four hours until they made contact.

2. Abusive Tactics

73. ITT's signature approach, in which all managers and recruitment personnel were trained, was to probe potential students about "what causes pain in their lives," and then to "dig in," and "find an issue and use it." This exploitation of prospective students' vulnerabilities was encapsulated in a visual that accompanied training, known as the ITT "Pain Funnel."

74. ITT trained employees to ask eight specific questions that would reveal a clear picture of the four dimensions of "pain" a student was having. These questions were designed to be progressively hurtful to students, culminating at a point where, in the judgment of the ITT employee, the student had "enough pain" to be ready to enroll in ITT. Recruiters were trained to present ITT as the solution to that particular problem, and promise that "ITT will change your life."

75. As a former recruiter described it, they were trained to make prospective students feel that enrolling in ITT was the only way out of their problems. For example, when a prospective student had small children, the representative would ask the prospective students to visualize what a degree from ITT could do to improve their children's lives.

76. Materials emphasizing pain-based recruitment were circulated to executives at ITT headquarters and were presented in trainings to over 100 ITT Tech employees at multiple locations, in functions that ranged from recruitment to financial aid managers to academic instructors and department chairs.

77. ITT also trained recruiters to create a false sense of urgency and enroll students as quickly as possible, before they had time to reconsider.

78. All of the ITT campuses in Southern California used the false pretense of urgency to induce students to enroll by claiming that if the student didn't enroll immediately, they would be unable to enroll for another six months.

79. One former admissions representative reported that "she and other recruitment personnel were instructed to pressure prospective students to enroll 'immediately' during their campus visit." It was imperative to get students to sign before they left the building during their first appointment, so that they did not have the opportunity to research and change their mind. Multiple students describe the experience with ITT recruiters as similar to an interaction with a car salesman. One student states: "They breezed over everything extremely fast, and treated the situation as if they were a car salesman trying to get me in a brand new car." *See* Connor Decl. Ex. 18 ¶ 245.

3. "Bait and Switch" Tactics

80. ITT used "bait and switch" recruiting tactics. *See generally id.* Ex. 9.

81. Some students who were looking to enroll in a Bachelor program were told to enroll in an associate degree program, and that by the time they finished, the bachelor's degree program would be offered. *Id.* Ex. 9 ¶¶ 2, 8, 10, 11, 12, 14, 16, 18, 19, 22, 31, 33, 34, 36, 37.

82. One student reports: "[W]hen I first started at ITT it was under the belief that they would be getting the Bachelors Game Design Program. They said it would be coming in a couple of months but to sign up for it anyway. I did and began the Associate's degree first in Visual Communications. After about three quarters they came to us and said that if we wanted to complete that degree we would have to move out west where the classes were at." *Id.* Ex. 9 ¶ 16.

83. If a prospective student was interested in enrolling a particular program that ITT did not offer, the student would be pressured to enroll into a different program as "back up," assuring them that they could "try it out" before deciding. In reality, ITT's policy was that once a student attended a single class, she or he was liable for that tuition.

84. ITT also misrepresented the content of its programs to make prospective students believe the program was a perfect match with their perceived needs. *Id.* Ex. 9 ¶¶ 13, 23, 24, 28, 32.

85. For example, many students interested in the Criminal Justice program believed that it would train them to become forensic specialists. In reality, such positions would require scientific training that was not part of the ITT program. Nevertheless, ITT recruiters would tell students that their future jobs would be “just like on CSI.” ITT compounded this misimpression with a handout, the “Career Wheel,” for the Criminal Justice program. The center of the wheel identified the program. The inside ring named some of the courses within the program (e.g., Criminal Evidence and Criminology, Criminal Law, Law Enforcement, Legal Procedures, the Courts, Corrections) that could help the student develop the skills and knowledge to obtain the type of entry-level positions identified in the outer ring. For criminal justice, this outer ring lists communications, correctional programs, criminology, security and policy, criminal investigations. This marketing tool existed for all ITT programs. *See, e.g., id.* Ex. 2 ¶¶ 101, 171.

4. Enrolling Unqualified Students

86. Part of ITT’s recruitment process entailed an admissions test that was designed to leave the impression that ITT was selective, and only admitted students with the aptitude to succeed. In reality, the test was impossible to fail. One mystery shopper made a point to fail the short exam, but was told that she passed anyway.

87. Former recruiters at ITT’s Massachusetts campuses reported being pressured to enroll students regardless of whether they were likely to succeed in the program. They enrolled students with reading levels at or below the fourth grade, and with serious learning disabilities. The Attorney General of New Mexico similarly alleged that ITT’s admissions policies “did not adequately screen or exclude those students that were unlikely to benefit from the program,” including those enrolled in the Nursing program, where ultimate passage of the NCLEX exam is a virtual prerequisite to employment as a nurse.

88. Recruitment representatives and financial aid representatives alike were instructed to, and would, fill out a student’s enrollment paperwork if the student either did not know how to use a computer, or was unable to successfully complete the paperwork for some other reason, such as a language barrier, or not being able to read.

89. Such measures were necessary because ITT enrolled people who were completely unprepared and unable to succeed. One former dean of academic affairs at a Florida ITT campus observed a blind person who was enrolling in the Computer Networking program, and a student who was functionally illiterate.

90. This lack of admissions criteria was facilitated by an ITT policy change in spring 2013, which eliminated the use of the Wonderlic exam altogether as an admissions criteria.

91. Nominally, ITT had a policy that allowed each campus registrar to interview prospective students who had been flagged as unqualified, and “veto” their enrollment. However, registrars were directed by management never to use this power. ITT silenced any employees who questioned the fitness of a prospective applicant or reenrolled student with the consistent response that it was not that employee’s place to “judge” the student, and “everyone had the right” to go to college.

92. Under policy dictated by corporate headquarters, employees who questioned whether it was appropriate to enroll a particular student were shut down and/or rebuked. For example, a former recruiter who later became director of finance at an ITT raised concerns about particular students who were enrolled despite not being qualified. She was told by her supervisors that she was “overthinking things” and stepping “outside the boundaries” of her role. A campus director of an ITT location in California was reprimanded for suggesting that a particular prospective student take a remedial class at a community college before enrolling.

5. Misrepresentations about Accreditation and Transferability of Credits

93. ITT recruiters misrepresented to prospective students that ITT credits would easily transfer, both within ITT and externally, when neither statement was true. *See generally id* Ex. 10 (misrepresentations regarding transferability of credits reported by students enrolled in Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, Nevada, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, and Wisconsin).

94. Transferability of credits is a function of accreditation, and cannot be prospectively guaranteed unless a school has an articulation agreement with another particular school regarding the transferability of credits between the two institutions.

95. According to a Consumer Financial Protection Bureau (“CFPB”) investigation, ITT recruiters made false statements including that ITT’s accreditation “was the same as any traditional college or university,” that ITT was accredited by the Department of Defense, and that every school was accredited by ITT’s accreditor, ACICS. In reality, ACICS is a national accreditor, which means that regionally accredited schools—”traditional” colleges or universities—were unlikely to accept ITT credits. But ITT representatives also took advantage of the obscurity of the accreditation system, claiming that “national accreditation was better than regional accreditation.”

96. In the words of one student,

prior to going to ITT I really didn’t know anything about accreditation. I was told during my initial (high pressure sales) visit that all colleges had to be accredited. That some colleges were just regionally accredited by ITT was nationally accredited (like that was a good thing). [] So after my associates was over I tried to transfer as I felt like I was getting a subpar education. That’s when I learned what accreditation was and I couldn’t even transfer to a community college. I tried to enroll in TU [Tulsa University]...after my associates and basically got laughed at. I tried OSU [Oklahoma State University] as well. I would have had to start completely over to do either.

Id. Ex. 10 ¶ 442.

97. Another student recalls that,

the ITT Tech rep or sales rep/recruiter explained that the school was nationally accredited and that most if not all universities would be honored and grateful to accept all students whom possessed ITT Tech units. I asked if they were WASC accredited and he explained they were better than that because WASC was based off a west coast system accreditation whereas ITT Tech’s accreditation was based off a National Widely considered accreditation. And began showing us plaques of accreditation at the San Bernardino campus. I began going to a community college..., and none of my units would transfer. So I started it all over[.]

Id. Ex. 10 ¶ 78.

98. In other instances, ITT told students that credits would transfer anywhere, or to specific schools a prospective student was interested in. For example, one student states,

one of their misleading recruitment tactics was telling me that I would be able to transfer my credits should I wish to continue my education further. For example, I was told I would be able to transfer credits to Youngstown State University. The credits from ITT did not transfer to Youngstown State University or any university or community college. This fact cannot be denied. [] In reality not

ONE CREDIT would transfer. Approx. \$50,000 and not ONE CREDIT was transferable.

Id. Ex. 10 ¶ 435.

99. Another student,

was told at the time of registration prior to agreeing to attend that if students have a good attendance rate and a high GPA their credits will transfer anywhere. I have a perfect attendance record in 2 years of going to ITT, I never missed a class. I graduated with a 3.95 GPA, with several recommendations from instructors, yet I found out soon after graduating that my credits would not even transfer to my local community college.

Id. Ex. 10 ¶ 379.

100. Yet another student recounts:

[ITT] lied to me about how well accredited it was, and how my credits could transfer after a 2 year or 4 year degree, to another school, specifically in my case I wanted to accumulate enough credits so I could be accepted into the Air Force with my GED. After attending for 2 semesters, I come to find out that the military doesn't even recognize this school's credits.

Id. Ex. 10 ¶ 248.

101. Another student explains,

the whole reason I went to this school was so I can get my Associates degree and then move on to a State school to finish my bachelor's degree. [] Before I signed paperwork to attend ITT Technical Institute, I was told that it was very common for people to earn an Associates degree with ITT Technical Institute and move on to a State school to finish their education. [] After graduation, all of my credits were not transferable. I was told by the State school that they have never transferred any units from ITT Technical Institute.

Id. Ex. 10 ¶ 63.

102. ITT students attempted and failed to transfer any or all but one or two credits from ITT to the following, non-exhaustive list of schools: Akron University, Arizona State University, Art Institute, Art Institute of Design, Austin Community College, Bellevue College, Bluegrass Community & Technical College, Boise State University, Broward College, Bucks County Community College, Buffalo State, SUNY Oswego, Cal Poly Tech, California State University-Stanislaus, Central Michigan University, Central New Mexico Community College, Central Washington University, Chicago State University, Cincinnati State University, Cleveland State University, College of Red Woods, College of Southern Nevada, Colorado Tech,

Columbus State Community College, Columbus State University, Cooley Law School, Cuyahoga Community College, Cypress Community College, Davenport University, DeVry University, Drexel University, Eastern Washington University, Edmond Community College, El Camino College, Everest Community College, Evergreen University, Ferris State, Florida International University, Full Sail University, Fullerton University, Gainesville College, Gaston College, George Mason University, George State University, Georgia Perimeter College, Glendale Community College, Harrisburg Community College, Heartland Community College, Houston Baptist Community College, Houston Community College, Humboldt State University, Indiana University, Ivy tech Community College, Johnson County Community College, Kent State University, Kings College, Lakeland University, Lawrence Technological University, Longview Community College, Los Angeles Community College, Mesa Community College, Miami University, Michigan State, Middle Tennessee State University, Military, New England Institute of Technology, Montcalm Community College, Nashville State Community College, National Park Community College, Navarro College, Nevada State College, Northern Arizona University, Northern Virginia Community College, Nova Southeastern University, Oklahoma State University, Old Dominion University, Oregon Institute of Technology, Oregon State, Penn State University, Penn State, Piedmont College, Pima Community College, Pomona College, Portland Community College, Portland State University, Purdue University, Richland Community College, Sacramento State University, Sage College of Albany, Salt Lake Community College, San Bernardino Community College, San Jacinto Community College, Savannah College of Art and Design, School Craft College, Southern New Hampshire University, St. Petersburg College, Strayer University, Tarrant County College, Temple University, Tennessee State University, Troy University, Tulsa University, University of Arizona, University of Arkansas, University of Buffalo, University of California, University of California-Los Angeles, University of California-Los Angeles, University of Central Florida, University of Cincinnati, University of Dayton, University of Hawaii, University of Houston, University of Las Vegas, University of Maryland, University of Massachusetts-Lowell, University of Michigan, University of Minnesota, University of New Mexico, University of Oregon, University of Phoenix, University of Portland, University of Southern Florida, University of Southern Indiana, University of Southern Maine, University of Texas, University of Toledo, University of Utah, University of Washington, University of Washington, University

of Wisconsin, Valencia College, Volunteer State Community College, Wallace Community College, Wallace State, Washington State University, Wayne State, Webster University, Wesleyan University, Western Governor's University, Wright State University, Youngstown State University. *See generally id.* Ex. 10.

103. Once students realized that they could not transfer their credits, many chose to remain enrolled in ITT because it was the only place they could obtain a degree without starting over—something that many could not afford to do because they had exhausted much or all of their financial aid at ITT. *Id.* Ex. 10 ¶¶ 50, 51, 55, 66, 70, 144, 157, 165, 166, 170, 175, 176, 200, 231, 235, 271, 278, 287, 307, 329, 367, 393, 402, 419, 456, 474, 477, 555, 587, 640, 666.

104. One student “was told that [ITT was] nationally accredited. Once I realized that this school wasn't what I had expected, I tried to leave but none of my credits would transfer, not ONE! So since I was using the GI Bill I was pretty much at a loss so I felt trapped and felt like I was going to just have to finish my degree here otherwise my GI Bill would have been wasted without anything to show for it.” *Id.* Ex. 10 ¶ 55.

105. Others decided not only to complete their initial associate degree program, but to enroll in a bachelor's degree program as well, because it was the only place that they could earn that credential without having to start over. *Id.* Ex. 10 ¶¶ 160, 302, 338, 366, 493, 509, 519, 595.

106. As one student describes,

They lied about accreditation. When I graduated with my Associates degree I tried to stop going to [ITT] because at that point I began to suspect foul play from the school but I was convinced that if I wanted any credits to transfer to any graduate program I must complete the Bachelor's degree there at ITT Tech. I asked many times my recruiter and my dean if I would be able to transfer my degree for a graduate [program] and I was assured that the credits for the Bachelor's were accredited and I could be accepted in other graduate universities. So I completed the Bachelor's and no one accepted my credits. I've tried several universities and they always tell me I have no credits and that the school itself is not accredited. I have to start from the beginning again if I want to get an education.

Id. Ex. 10 ¶ 366.

107. ITT's misrepresentations about accreditation status also hid from students the limitation of the credential offered by ITT.

108. For example, because ITT's nursing program lacked programmatic accreditation, other colleges and universities were unlikely to accept ITT students' transfer credits or allow an

associate degree from ITT to serve as the basis for a Bachelor of Science in Nursing or other advanced degrees. In New Mexico, ITT misled prospective and enrolled nursing students by claiming that it held or was in the process of receiving programmatic accreditation, including in ITT documents distributed at enrollment sessions. Programmatic accreditation is critical to the transferability of ITT nursing credits.

109. Another student recounts,

“I was never told that the school was not regionally accredited. I only found out after I received an associates degree that it would not transfer to UW [University of Wisconsin] system colleges, so I felt like I had no choice but to stay with ITT because I didn’t want to lose out on more time and money by starting over somewhere else. And now, I do not qualify to get a professional teaching license because [to qualify] my education must come from a regionally accredited school.”

Id. Ex. 10 ¶ 587.

6. Misrepresentations and Omissions about Program Cost

110. ITT trained recruiters not to answer direct questions about the actual cost of ITT. To deflect such questions, ITT recruiters used canned responses such as, “do you want a discount education, or a valuable one that will give you a return in the future?” An investigation by the CFPB concluded that ITT headquarters provided recruiters with scripted responses to student queries about actual cost, to avoid giving a direct answer. A typical suggested response was, “I cannot tell you what your exact cost will be...it varies from student to student.”

111. Another student recalls that when he asked a recruiter how much the program cost, “[n]ot only did he avoid directly answering the question,” he turned the question back on the student, asking, “what’s a real future worth to you?” and stating “you will not be able to provide as a man doing what you’re doing now.” *Id.* Ex. 11 ¶ 67.

112. ITT also trained recruiters to make misleading cost comparisons to nearby schools such as community colleges. Recruiters would assure students that the cost was roughly the same, but in fact ITT was one of the most expensive schools on the market. For example, one student who attended ITT from 2009 to 2011 was told that ITT’s tuition was “on par[] with Ivy Tech,” a community college in Indiana. *Id.* Ex. 11 ¶ 101. In fact, at \$44,895 the cost of a 2-year associate degree at ITT’s Indianapolis Campus cost nearly five times as much as a comparable program at Ivy Tech. *See id.* 11 ¶¶ 8, 72, 81, 83, 95, 101, 111, 117, 158, 159, 205, 279.

7. *Continued Deception*

113. Once a student was enrolled, ITT recruitment and financial aid representatives would use deceptive and abusive tactics to keep students enrolled.

114. Enrollment and financial aid representatives were trained to “keep the student’s financial aid ramifications in front of their face” in order to pressure students who wavered to remain enrolled and to keep borrowing. This meant showing them how high their loan repayments would be if they dropped out of ITT, and promising that ITT would bring them to court if they did not pay. Only by remaining enrolled, or in other cases, enrolling in a further degree program, could students defer their financial obligations.

115. One student wanted to drop out of ITT once he learned that the school would not offer a bachelor’s degree in his program as promised, and experienced this tactic: “I was furious and wanted to drop out, but they said that if I did I would have to pay for all three quarters of classes right away. I was unable to do so, so I ended up switching to the Electronics program to avoid having to pay my loans immediately.” *Id.* Ex. 9 ¶ 16.

116. Another student who was unclear about the total cost of his ITT program reports that “[ITT] told us the true amount when we passed the halfway mark in the program to where if we quit we would have no diploma and still owe the money.” *Id.* Ex. 15 ¶ 1.

117. ITT also perpetuated false promises about program offerings in order to keep students enrolled. According to one student,

I originally attended ITT Tech to study Digital Entertainment and Game Design. I was told a prerequisite was to complete a two-year Visual Communications program. I did that, half way through two instructors at the school warned the students that the Digital Entertainment and Game Design program didn’t exist anymore. Those two instructors were quickly removed along with the Department Chair of the Design programs. All students were told there is nothing to worry about, that we can still sign up for the Digital Entertainment and Game Design program. 2 years later...we got told sorry, Digital Entertainment and Game Design program has been away for the past year. It was actually gone, yet I was told I could still get into the program. They told us this so we would stay and complete the second year. The only reason I attended ITT Tech was taken away and I was lied to so the school wouldn’t lose my federal student loan aid from my leaving to study Digital Entertainment and Game Design somewhere else.

Id. Ex. 9 ¶ 18.

118. ITT enlisted faculty members to pressure students as well. One student had a “faculty member try to ‘persuade’ me into staying at ITT by telling me that none of my credits would transfer to any other school.” *Id.* Ex. 10 ¶ 70.

B. Deceptive Misrepresentations that ITT Adequately Trained Students for Entry-Level Positions in Technical Fields that are Sought After by Employers

119. ITT promoted itself to prospective students as providing hands-on training in cutting-edge facilities, in classrooms taught by experienced and knowledgeable industry professionals. These attributes, ITT claimed, were a virtual guarantee that students would land coveted entry-level positions in their field of study, allowing them to pay back the massive student loan debt that they incurred in order to finance their education. For example, one direct mailing to students stated, “ITT Technical Institute offers practical, hands-on experience in fields where there are good careers. You spend your time learning the things you need to do a good job. You don’t spend time on subjects that are unrelated to your career goals.” ITT’s website proclaimed that “ITT Tech students also spend considerable time in the lab, where they are encouraged to apply what was taught in the classroom and see for themselves who, why and what makes things work.”

1. Misrepresentations and Deception about Hands-on Learning in State-of-the-Art Facilities with Cutting Edge Curriculum

120. Students consistently found that the promise of hands-on, experiential learning in state-of-the-art facilities featuring cutting-edge curriculum relevant to employers was an empty one. *Id.* Ex. 6 (student reports of misrepresentations about actual facilities, curriculum, and learning environment made by ITT in Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Jersey, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, and Wisconsin).

121. ITT did not provide the hands-on learning experience that it advertised. *See id.* Ex. 6 ¶¶ 6, 15, 23, 27, 29, 37, 48, 50, 53, 63, 70, 72, 77, 89, 90, 100, 101, 105, 107, 109, 115, 116, 120, 122, 126, 129, 130, 131, 138, 139, 140, 153, 156, 173, 183, 188, 192, 194, 201, 205, 212, 213, 225, 228, 232, 237, 246, 265, 267, 273, 287, 313, 315, 321, 323, 325.

122. For example, one student who spent four years enrolled in a program on information systems security, “never even saw or touched a server in the 4 years that I attended the school. I only remember seeing one server rack throughout all of my classes. The IT students often shared the same classes as nursing and criminal justice students.” *Id.* Ex. 6 ¶ 77. Another student “spent less than 30 minutes with a real router the entire time I attended the school. The education had nearly nothing to do with being ready for certification, and none of the coursework prepared me for testing.” *Id.* Ex. 6 ¶ 37.

123. A nursing student reports that:

We had 2 semesters of clinicals at the hospital where we spent 90 percent of the time in the cafeteria instead of on the floor learning. Then after the school was not allowed back at the hospitals we did our clinicals on you tube videos. There was also a class I had that we . . . [n]ever had a teacher.

Id. Ex. 6 ¶ 89.

124. A criminal justice student states:

Classes that should have had hands on training or field time were taught by video like loading and shooting a gun. I was told that would be taught at the shooting range. . . . They never prepared us for police Academy or any of the training that comes along with being in law enforcement. I went into the field completely unaware of all the things I still had to do to become a cop. Most of my jobs outside of ITT have been security guard jobs. Definitely not what I paid 30,000 to do with my life.

Id. Ex. 6 ¶ 6.

125. Even when ITT did provide hands-on learning, it was on outdated and/or broken equipment. ITT did not provide students with the promised “top of the line” facilities. Former students from Massachusetts noted that lab sessions involved equipment that didn’t even work, and equipment that was outdated or not available. Another student who attended ITT found that “[t]here was never enough supplies for each student and a lot of the time we had to work on our projects at home without any guidance” because labs did not work. *Id.* Ex. 6 ¶ 51. Further, “[t]here was no point in actually using ‘lab time’ because all of the software we would [use] was very outdated.” *Id.* Another student recalls that “[t]he amount of times that my classes were denied the computer laboratories for computer-based programs was beyond count.” *Id.* Ex. 6 ¶ 111.

126. One student, enrolled in the Multimedia program, states that he was “sold on the fact that [ITT] had state-of-the-art equipment in their labs and the best instructors. I found out that it was all lies[.] The equipment was not state of the art, in fact it was all very outdated.” *Id.* Ex. 6 ¶ 51. Although ITT “boasted about how their programs were the most current with industry standard computer systems and software,” “EVERYTHING at ITT Tech was severely out of date. The books, the lessons, the hardware and the software were all very dated. The computers were constantly crashing because they weren’t the latest technology and needed to be upgraded. The software was at least 3-4 versions behind[.]” *Id.*; *see also id.* Ex. 6 ¶¶ 1, 2, 5, 12, 16, 19, 22, 37, 38, 41, 47, 49, 50, 51, 62, 64, 66, 68, 79, 82, 83, 88, 92, 97, 105, 106, 107, 108, 113, 114, 117, 118, 122, 126, 127, 130, 137, 139, 142, 143, 144, 147, 151, 152, 154, 157, 163, 168, 169, 170, 171, 178, 182, 185, 189, 190, 191, 200, 203, 210, 211, 217, 221, 223, 229, 242, 246, 248, 255, 256, 264, 266, 271, 282, 285, 290, 295, 297, 305, 308, 312, 316, 317, 319, 324, 325 (stating that specific technology and software necessary to field outdated or not available).

127. Many students reported that equipment in laboratories was broken, missing, or nonfunctional. *Id.* Ex. 6 ¶¶ 1, 7, 13, 28, 32, 37, 57, 58, 69, 72, 76, 85, 93, 100, 104, 107, 113, 122, 129, 139, 153, 154, 157, 169, 175, 176, 182, 183, 185, 192, 193, 203, 208, 209, 232, 260, 261, 270, 273, 287, 324. One student reports that “half of the routers in my router class were broken, and when we [tried] to get help from the instructor he would tell us he didn’t care.” *Id.* Ex. 6 ¶ 193.

128. Students also report that ITT had them use pirated versions of software. *Id.* Ex. 6 ¶¶ 2, 117, 151, 272, 273, 299, 306. One student discovered that “All the software I received was pirated and I even had a few teachers tell me that if I was serious about becoming a game designer that I should change schools.” *Id.* Ex. 6 ¶ 306.

129. Students also found that their course materials and textbooks were outdated. *See id.* Ex. 6 ¶¶ 12, 13, 16, 17, 20, 21, 22, 24, 25, 31, 32, 46, 51, 53, 58, 67, 69, 71, 80, 83, 86, 87, 87, 113, 117, 118, 121, 126, 144, 155, 164, 165, 168, 171, 177, 182, 185, 195, 196, 199, 204, 205, 219, 227, 237, 250, 261, 263, 268, 269, 275, 280, 281, 282, 283, 286, 290, 297, 305, 307, 308, 309, 310, 312, 317, 326. One student notes that “their equipment was out of date and there classes were out of date and did not apply to today’s technology. 20 years out of date.” *Id.* Ex. 6 ¶ 306. Another student says “The software and knowledge we were trained on was thoroughly

out of date in some even 13 year old out of date software that had no place in modern jobs.” *Id.* Ex. 6 ¶ 246.

130. ITT’s accreditor, ACICS, reported after a site visit to the San Bernardino campus in 2012 that students in the Digital Entertainment and Game Design course expressed dissatisfaction with the level of computer support for the program. Students indicated that there were not enough computers to complete their assignments. This program had been cancelled by ITT, so the decision had been made not to invest in any further equipment upgrades or improvements, although the students were still paying top-dollar tuition to attend the program.

2. Misrepresentation and Deception about Teacher Qualifications

131. ITT students consistently report that their instructors were not as ITT promised. Students found that their teachers were not in fact experienced, and often lacked basic knowledge of the subject area and professionalism. *See id.* Ex. 6 (students report that ITT instructors were not qualified or knowledgeable in Alabama, Arizona, Arkansas, California, Florida, Indiana, Louisiana, Maryland, Massachusetts, Michigan, Missouri, Nebraska, Nevada, New Jersey, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Tennessee, Texas, Utah, Virginia, Washington, and Wisconsin).

132. Students frequently were assigned teachers with absolutely no knowledge of the subject matter. *See id.* Ex. 6 ¶¶ 2, 3, 4, 5, 10, 13, 14, 17, 18, 21, 22, 23, 25, 26, 29, 30, 32, 35, 40, 41, 49, 54, 55, 58, 59, 65, 66, 83, 85, 89, 93, 94, 96, 97, 98, 99, 103, 106, 108, 110, 118, 119, 121, 123, 124, 125, 126, 135, 136, 144, 145, 146, 149, 150, 152, 158, 159, 161, 165, 166, 172, 174, 175, 176, 178, 181, 184, 186, 188, 193, 196, 197, 198, 199, 202, 203, 206, 208, 210, 214, 216, 217, 218, 226, 227, 228, 230, 231, 233, 234, 238, 239, 240, 241, 243, 245, 248, 249, 251, 257, 258, 259, 262, 264, 269, 271, 274, 279, 280, 281, 282, 283, 284, 289, 290, 294, 297, 298, 300, 320, 322, 324 (stating that teachers were unqualified to teach subject matter).

133. One student’s instructor was “learning alongside” the students and “even admitted that he didn’t know one thing about this program.” *Id.* Ex. 6 ¶ 94. Another student from Florida reports that teachers “were often times less educated than the students.” *Id.* Ex. 6 ¶ 51.

134. Another student reports that “[m]ost of the time teachers... weren’t qualified to teach that specific class and [it] was evident because they did not understand the curriculum.” *Id.* Ex. 6 ¶ 58. Yet another student had a teacher who

spent the entire class sitting in the room playing their guitar and chatting with their friends in the classroom rather than teaching. [] In other situations they had teachers with finance degrees teaching digital media, they had teachers with no work experience teaching development and management of projects. They had teachers showing up and falling asleep in class. The quality of their educational services was extremely poor.

Id. Ex. 6 ¶ 65.

135. Teachers' lack of subject matter knowledge led to them telling students to consult with other students or the internet to answer basic questions in class. One student states that "[i]f it was not for other students that were more advanced than most of the instructors I would not have learned anything." *Id.* Ex. 6 ¶ 88. A student reports that he "learned more by self-teaching than I did in 2 years of going there. I am extremely disappointed and unhappy that I wasted 2 years of my life there, put myself into financial ruin and put myself 2 steps back from square one because of the debt from ITT's loans." *Id.* Ex. 6 ¶ 119.

136. Students report the common experience at ITT of being left to teach themselves and, sometimes, their classmates, the material, because no teacher was willing or able to provide instruction. *Id.* Ex. 6 ¶¶ 5, 27, 28, 30, 43, 51, 78, 88, 119, 123, 133, 136, 147, 158, 186, 187, 196, 199, 202, 219, 224, 239, 245, 247, 249, 278, 279, 292, 294, 297, 313. A student reports that she "learned most of what I needed to know from online tutorials not from the instructors. We had instructors that came in drunk and taught us nothing." *Id.* Ex. 6 ¶ 88. Students commonly report the specific experience of asking a teacher a question and being told to "look it up on YouTube," *id.* Ex. 6 ¶¶ 6, 9, 27, 51, 52, 66, 67, 89, 95, 119, 139, 142, 158, 205, 224, 237, 297, 303, 325, or "Google it," *id.* Ex. 6 ¶¶ 96, 101, 284, 318, 325.

137. ITT students also experienced a high turnover of teachers in a single class, and sometimes a complete lack of any teacher. A student enrolled in the Network Systems Administration program states, "[m]ost of the time teachers didn't show up to class. So we would wait and a substitute would finally show up but not have any idea what class they were teaching or even the curriculum. Teachers that did show left halfway through the quarter." *Id.* Ex. 6 ¶ 58. As another student explained, "the school cycled through teachers and administration because they were unable to keep good ones that didn't want anything to do with the scam ITT Tech had created." *Id.* Ex. 6 ¶ 58. Another student, in the Visual Communications program reports he "was repeatedly given classes that had teachers dropping and never returning, leaving the class to bring the brand-new instructor up to speed on where the class was at in terms of

lessons and homework. A handful of my 11-week-long courses were taught by up to three (sometimes four) different instructors[.]” *Id.* Ex. 6 ¶ 111; *see also id.* Ex. 6 ¶¶ 4, 13, 18, 20, 26, 43, 49, 51, 57, 58, 60, 75, 80, 85, 89, 90, 92, 98, 111, 119, 120, 123, 125, 133, 140, 141, 158, 174, 176, 181, 185, 187, 193, 206, 208, 212, 225, 244, 248, 254, 259, 281, 282, 292, 295, 297, 298, 303, 307, 311.

138. ITT had frequent vacancies in leadership roles within its Departments, resulting in a lack of subject-matter expertise at its campuses. A former adjunct instructor at ITT’s Seattle and Everett, Washington locations described misrepresentations in ITT’s catalog for the Everett location, published and deemed current as of March 31, 2016. The catalog claimed that the campus had employees who served as chairs of the Drafting department and the Electronics department, when these positions were in fact empty. Similarly, the catalog stated that the campus had a top-level administrator when it did not. When the instructor raised these inaccuracies to ITT’s President and Chief Operating Officer in May 2016, he responded that subject matter chairs were not necessary, because their expertise function was fulfilled by the presence of adjunct instructors.

139. In other circumstances, ITT placed academic personnel in positions for which they were not qualified. Indiana’s nursing oversight board cited the ITT Merrillville nursing program for hiring a program director without sufficient experience to meet the minimum requirements prescribed by regulation. Ohio’s nursing oversight board cited ITT for having an instructor in its nursing program who was not licensed as a registered nurse, a requirement under state law.

140. Corporate headquarters dictated that each location maintain no more than a certain number or percentage of fulltime instructors, and fill the rest of its teaching spots with lower-cost adjunct instructors, who were less invested in students and were only compensated for time spent in class.

3. Misrepresentation and Deception about Small Class Size

141. ITT recruiters made misrepresentations to prospective students that ITT offered small class sizes and one-on-one attention from teachers. Students who attended from 1999 through 2016 report that ITT recruiters told them that they would be placed in small classes, that the small class size justified the expense of ITT, and elevated ITT’s reputation among future employers.

142. In reality, students experienced overcrowded classrooms with students sitting in the aisles on the floor, and instructors who did not have time to provide individualized instruction. One student was “promised small classes and one on one with the teacher.” After enrolling, this student “had 40 people in my classes until graduation and never fully talked to a teacher more than 10 min because they were too busy with other students.” *Id.* Ex. 6 ¶ 84. Another student reports “They claimed small classes, more than once we had so many students people left or had to sit in odd places like the floor, or the aisle.” *Id.* Ex. 6 ¶ 289.

143. In fact it was ITT corporate policy to maximize classroom size and cancel classes with low enrollment, in order to maximize profits. As reported in ITT’s 2006 Annual Report, ITT undertook “efforts to optimize institute capacity and class size” in order to “increase student enrollment without incurring a proportionate increase in fixed costs at our institutes.” In August 2015, ITT’s Director of Recruitment distributed an email with “Just 3 weeks left!” before the beginning of September classes. The email informed recruiters that programs with low enrollment numbers would be abruptly cancelled unless they ramped up recruitment efforts.

144. In one instance, when students found out about a cancellation on the same day that they were scheduled to begin classes, the students escalated complaints to ITT’s headquarters. A representative from headquarters stated by email, “[s]ince small class size is not as effective as [a] good educational environment, we try to avoid it whenever we can.” With respect to class sizes, ITT’s growth-oriented strategy for maximizing profits was diametrically opposed to the promise of small class sizes that it used to attract students.

4. Grade Falsification

145. ITT put profits ahead of students and further diluted the value of any credential from ITT by a policy of mandatory grade inflation and falsification. Students observed this practice at ITT campuses in Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Massachusetts, Michigan, Mississippi, Missouri, Nevada, New York, North Carolina, Ohio, Oregon, Pennsylvania, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, and in online programs. *See generally id.* Ex. 7.

146. Teachers faced penalties for giving students failing grades even when those grades were accurate indicators of the student’s grasp of the material. According to one student, “I talked with multiple teachers who disclosed that because of the teacher rating system, they

essentially had to pass the majority of their students every quarter just to keep their position.” *Id.* Ex. 7 ¶ 95. Many students report that ITT fired teachers who did not pass students at high enough rates. *Id.* Ex. 7 ¶¶ 10, 12, 64, 66. Others report that their teachers quit rather than inflate grades. *Id.* Ex. 7 ¶¶ 26, 114.

147. One student of ITT reports that “[a]n associate dean actually *GAVE* me answer to a final on a post-it[.]” *Id.* Ex. 7 ¶ 9. Another ITT student describes a math teacher who

made very clear that any student DURING AN EXAM whom did not understand the questions should raise their hand so he could give them the answers. Sonny got his name and photo on a plaque in the hallway of the school while I was there, teach[er] of the year it said. This is clearly Sonny understanding that the school has a vested interest in the enrollment and successful graduation of its students. They don’t care what happens to you when you leave, but while you’re there, they want you in class and getting good grades...regardless of whether you’re actually learning anything or not.

Id. Ex. 7 ¶ 13.

148. Another described the educational experience as “laughable,” as “teachers were just out to get you to pass the class as it would benefit them. They would go over the answers to all tests before the test actually started to make sure the students pass. It wasn’t about teaching the students, it was about passing them.” *Id.* Ex. 7 ¶ 19.

149. Another reports that teachers gave students the answers to midterm and final exams in the form of a “study guide” prior to the test, and “allowed the use of notes during tests which included the study guide that was the exact copy of [the] test.” *Id.* Ex. 7 ¶ 125. Another student found that teachers

would put false grades on tests and labs just to pass students. I caught on about midway through when I was already too deep in debt to quit. I actually put down several wrong answers on a test to see if what I thought would happen would. And sure enough I came out of the test with a 100 percent[.]

Id. Ex. 7 ¶ 73; *see also id.* Ex. 7 ¶¶ 7, 10, 15, 16, 18, 28, 29, 31, 36, 38, 39, 42, 44, 45, 53, 54, 55, 69, 73, 77, 78, 100, 109 (reporting inflated or falsified grades).

150. Still others reported that teachers encouraged them to cheat or help other students cheat on exams. For example, one student was “encouraged by the teachers to help my classmates during tests. [] When I would finish a test they would ask me to assist the other students in class who needed help.” *Id.* Ex. 7 ¶ 104; *see also id.* Ex. 7 ¶¶ 1, 9, 12, 13, 19, 24, 26,

32, 34, 49, 50, 55, 67, 74, 75, 79, 85, 89, 96, 99, 104, 106, 107, 111, 119, 122, 125, 129, 132 (students given answers to tests or encouraged to cheat).

151. Students knew that ITT was not holding them and/or their classmates to account. Some report that they or their classmates passed their classes despite not handing in work. *Id.* Ex. 7 ¶¶ 2, 6, 11, 32, 33, 43, 52, 55, 56, 89, 106, 114, 126. Others noticed that they and/or their classmates passed despite not attending classes. *Id.* Ex. 7 ¶¶ 6, 7, 10, 23, 76, 86, 97. As one student explained, “[y]ou passed without turning in work. Kids that hardly ever showed up got the same grade as the student that was there everyday and worked super hard.” *Id.* Ex. 7 ¶ 32.

152. Sometimes the lack of integrity in grading was a mechanism to mask poor teaching. For example, one student reports that

[t]eachers couldn’t answer questions about what they were teaching and had to use help wizards to teach. Most teachers didn’t show up for classes and if they did weren’t prepared because they were thrown into classes they knew nothing about. [] Another teacher taught the wrong book the entire class and we didn’t find out until it was time for the final exam. She gave us the answers so we would pass.

Id. Ex. 7 ¶ 32. Similarly, another student reports that

90% of our tests were open book, even though the top of the test stated it should not be. One instructor of MANY of our classes would not even attempt to really teach, it truly seemed he did not know the material. We took a closed book final in Active Directory, which is [a] very important part of this field, the entire class failed, yet we all wound up with As on that test?!?!

Id. Ex. 7 ¶ 44.

153. Grade inflation and the attendant grade falsification was the result of ITT policy. The student who reported that his class received A’s on an exam they had all failed reports:

[m]y class filed a petition that day stating that this teacher was not qualified and we were not being prepared for the material. Severe grading curves were the norm in that school. [] I had spoken with the Dean of Students at the time, telling him of my suspicions, that this school was passing people thru so they could get the federally secure[d] student loans. He came to me one day and said my suspicions were true, but he would never admit it if I brought it up again, because he had a family to feed.

Id. Ex. 7 ¶ 44. This policy was widely known among ITT students. *Id.* Ex. 7 ¶¶ 10, 12, 17, 19, 20, 34, 35, 49, 61, 66, 77, 80, 81, 85, 87, 95, 113, 131, 133.

154. These claims of grade falsification were also substantiated by the investigation of the Massachusetts Attorney General into ITT. One student reported to the Attorney General that

“in one of my classes I got an A just for showing up. [T]he teacher just sat there and didn’t teach us.”

155. Undercover investigators from the General Accounting Office found that ITT instructors inflated grades and provided inadequate instruction. One undercover investigator posing as a student received full marks for a paper submission in one class that bore clear indicia that it was prepared for a different class. Full points were given in two cases where students failed to complete the assignment or only completed a fraction of the work.

156. Allowing everyone to pass their classes ensured continued enrollment and eligibility for aid programs, such as federal financial aid, that required students to maintain a minimum grade point average, sometimes expressed as “satisfactory academic progress.”

157. ITT executives boasted about the results of this pass-through policy. In 2015, ITT’s President and COO claimed that ITT’s graduation rates were double the rates of comparable community colleges. Given ITT’s lack of investment or interest in sound educational practices, this boast reflects weakened standards, not elevated results. In 2005, ITT paid \$730,000 to settle a lawsuit alleging that ITT required instructors to inflate student grades in order to expand eligibility for students to receive state grants, “Cal Grants,” which are available only to students who maintain a minimum GPA. ITT acknowledged grade inflation in at least 49 cases in connection with that lawsuit.

158. ITT’s disregard for the actual education of its students inevitably harmed them in the workforce. One student reports being told by ITT

that upon graduation, I would be prepared to enter the workforce. I did get a job as an intern. Within a week of starting, I was let go for my lack of knowledge. I then learned that...I received passing grades for assignments that I should have failed. I graduated with a degree and now realize I didn’t learn anything valuable enough to get a job in my field of study. I was pushed through their system just so they could get paid.

Id. Ex. 7 ¶ 39. Another reports:

Once I did find a job in the field, I was subsequently fired as I was not prepared for the job. I left the field and have not returned. There is so much more to this, it would take a book to fill the issues we discovered in this school.

Id. Ex. 7 ¶ 44. Another succinctly states, “This behavior diminishes the perceived value of any education received through ITT.” *Id.* Ex. 7 ¶ 95.

5. *Misrepresentations and Deception about Certifications*

159. ITT's program offerings touched upon industries and professions that are highly reliant on certification exams as a measure of basic and more advanced qualification or attainment. *See id.* Ex. 5 (students report that misrepresentations about employment certification were made by ITT recruiters in Alabama, Arizona, California, Colorado, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, and Wisconsin).

160. ITT misled prospective and enrolled students regarding the relevance of certifications to their students' ability to ultimately get jobs, and misrepresented the relationship of their course's content to the material that needed to be mastered in order to pass industry-standard certifications. *See id.* Ex. 5.

161. In some instances, ITT promised students that employer-desired certification exams were included in the cost of the program and would be facilitated by ITT, but did not fulfill that promise. *Id.* Ex. 5 ¶¶ 6, 9, 17, 26, 31, 40, 58, 59, 67, 70, 76, 77, 88, 90, 99, 101, 123, 124, 125, 130, 140, 146, 150, 153, 156, 172, 210, 212, 218, 223. One ITT student was

told I would be certified in Adobe (Photoshop, Illustrator, HTML, Autodesk (3DS Max, Maya, AutoCAD), Gaming Engines for level design, and Microsoft Office—which is a laugh. I was told that I would receive certifications for all of these programs once I complete the class and/or degree and I did not receive certification for any of those program, not even Microsoft Office.

Id. Ex. 5 ¶ 90.

162. In some instances, ITT deceived students by stating that the specific program the student was enrolled in, or was considering enrolling in, was an adequate substitute for certifications in the eyes of employers. *Id.* Ex. 5 ¶¶ 8, 11, 16, 20, 38, 41, 46, 53, 72, 84, 111, 122, 126, 164, 169. For example, a student was told that ITT would "provide on-campus certification training" when he told the ITT recruiter that he was "interested in learning about computer networking and being Cisco certified." The recruiter told him he would "earn some of ITT's best certifications and many employers compare that to being Cisco certified." *Id.* Ex. 5 ¶ 38.

163. In another example, a student

was told [by ITT] that all I would need was a two-year degree and that would be my magical key to success in the networking field. I asked about professional certifications because the 2-year course didn't include any and was told that certifications weren't necessary if you had a degree. That is a blatant lie. After clawing my way into the field through years of self-study and countless hours of hands-on experience I can say the truth is exactly the opposite. In the computer networking field professional certifications are the key to getting interviews and speak volumes to prospective employers about your skill set and dedication. Degrees are not necessary and experience along with certifications can always be substituted.

Id. Ex. 5 ¶ 122.

164. ITT classes did not prepare students to successfully take and pass certification exams. *Id.* Ex. 5 ¶¶ 1, 2, 5, 9, 12, 14, 15, 18, 21, 25, 27, 29, 34, 35, 36, 43, 57, 63, 64, 66, 68, 72, 73, 79, 80, 83, 85, 86, 87, 91, 92, 95, 100, 103, 107, 108, 109, 112, 113, 115, 116, 117, 127, 129, 134, 135, 136, 139, 143, 147, 148, 149, 151, 154, 157, 159, 160, 167, 168, 170, 173, 177, 178, 179, 180, 182, 183, 184, 189, 190, 191, 191, 196, 198, 199, 200, 204, 207, 209, 210, 211, 214, 216, 217, 219, 224.

165. As one student from Louisiana reported, ITT “stated that when I was done with certain classes then I should have no problem passing various certification tests. [M]ost of the labs in all of my classes never worked, so we weren't really prepared for anything.” *Id.* Ex. 5 ¶ 68. Another student recounts that ITT

promised that this Bachelor's program [in Technical Project Management] would allow any of its graduates to go out and obtain [Project Management Professional (“PMP”)] certification. We [were] promised the curriculum would be directly based on the [Project Manager Book of Knowledge (“PMBOK”)]. We had to pay for the PMBOK twice, and we never once opened it in any of our classes. Upon graduation, no one could have gone and passed the PMP exam with what little education we were given.

Id. Ex. 5 ¶ 200. Per another student,

Once I graduated, I realized that there was no way I could sit for the exam since we never used or learned directly from the PMBOK, which is basically the Project Management 'bible' that the exam is directly related [to]. [T]o date, I still have not been able to take my PMP certification exam.

Id. Ex. 5 ¶ 199.

166. ITT students report lacking the specific employer-desired certifications, and the means and ability to obtain those certifications, including:

- a. CompTIA certification and licensing, including A+, Security +, and Network + certification, *id.* Ex. 5 ¶¶ 1, 6, 9, 25, 33, 44, 46, 57, 64, 74, 77, 83, 88, 95, 97, 117, 123, 126, 129, 134, 136, 137, 144, 147, 152, 158, 160, 168, 170, 171, 179, 183, 185, 189, 195, 202, 204, 208, 212, 214, 216, 220;
- b. Various Cisco certifications, including Cisco Certified Network Administrator, and Cisco Certified Network Professional, *id.* Ex. 5 ¶¶ 3, 6, 9, 20, 21, 33, 38, 44, 46, 62, 79, 83, 87, 95, 99, 101, 104, 107, 108, 112, 125, 127, 137, 143, 147, 148, 154, 159, 168, 170, 174, 181, 185, 190, 201, 202, 207, 209, 210, 215, 219, 223; and
- c. Various Microsoft certifications, including Microsoft Certified Software Engineer certification, *id.* Ex. 5 ¶¶ 9, 22, 28, 51, 54, 83, 89, 90, 99, 104, 108, 112, 117, 118, 127, 143, 146, 147, 151, 165, 170, 171, 181, 189, 202, 211, 223.

167. ITT nursing students were not prepared to pass the required licensing examination, NCLEX. Pass rates were as low as 20% at some locations. In 2015, the best-performing ITT nursing program registered pass rates 15 percentage points below the national average.

168. In fact, many employers did value technical certifications, finding them more meaningful even than an ITT degree. *Id.* Ex. 5 ¶¶ 7, 11, 19, 24, 32, 33, 65, 72, 74, 93, 97, 98, 110, 114, 120, 167, 169, 176, 201, 202, 213, 220, 221. One ITT student “was told repeatedly by prospective employers, while pursuing work in my field, that my degree was worthless, and unless I had certifications, I was not a qualified candidate.” *Id.* Ex. 5 ¶ 7. Another reports:

I have not been able to elevate myself beyond customer support [positions], in order to do so I...will need certifications in a few different areas. The issue that I have is that these certifications can cost \$100 to \$400 and just one of them holds more weight to a potential employer than my degree does[.]

Id. Ex. 5 ¶ 24. Yet another student states, “[e]mployers in my field could care less about my degree. All they care about are certifications. People in the IT field look at me like I am a sucker for having gone to ITT Tech.” *Id.* Ex. 5 ¶ 110.

C. Deceptive Misrepresentations that ITT Provided Any Return on Investment for Students in the Form of Gainful Employment

169. Despite the underinvestment in educational services, ITT relentlessly promoted itself to prospective students as a pathway to a career.

170. Corporate headquarters instituted a policy that required all recruiters to recite from memory that “the potential annual return to a 2006 employed graduate over his or her working lifetime from his or her monetary investment in an ITT Tech education is, on average, 25%.” They were also mandated to present students with a chart highlighting a purported “25% annual return on investment.” ITT CEO Kevin Modany designed these materials and the associated sales pitch. After this version of the chart was pulled by headquarters for “compliance reasons,” it was replaced with a handout titled “Value Proposition.” This handout depicted a graph with three lines: a high school graduate, a 2006 Employed Graduate from an ITT Tech Associate Degree or Diploma Program, and a 2006 Employed Graduate from an ITT Tech Bachelor’s Degree Program. The starting point of the graph is the median annual salary for each. The graph then projects salary increases outward over a period of 39 years, suggesting that graduates of ITT bachelor’s programs will eventually earn a median salary of over \$160,000, and graduates of ITT associate programs will eventually earn a median salary of over \$140,000, nearly twice as much as the median salary earned by a high school graduate.

171. Return on investments was a central theme. ITT elaborated on this theme with misrepresentations concerning job placement and expected job outcomes, earnings of ITT graduates and expected salaries, career placement and assistance, and actual outcomes for students. Based on what is known about the actual outcomes for students, including data produced by ITT, the Department of Education, investigations and lawsuits, these representations made by ITT were false.

1. Misrepresentations about Job Placement Rates and Expected Job Outcomes

172. In person and in promotional materials, ITT recruiters quoted false and inflated job placement rates to prospective and current students. In reports to shareholders and in other public statements, including on its website, ITT reported a system-wide placement rate of 70%, in positions that required the direct or indirect use of skills taught in its program of study. According to one former Director of Admissions at an ITT campus, ITT headquarters trained recruiters to quote this 70% figure *or higher*.

173. ITT made job placement rates a central part of its pitch to prospective students. A handout given to prospective students, designed by ITT corporate headquarters, stated that 86% of graduates from the Criminal Justice program were employed in their field of study within one year of graduation.

174. ITT recruiters repeated inflated job placement statistics in their sales pitches to prospective students. *See id.* Ex. 2. For example, one student recalls that a recruiter “showed me in detail that they had a record of getting students jobs at 95% of the time, and the 5% were students who turned down jobs.” *Id.* Ex. 2 ¶ 37. Another student recalls that “ITT Tech showed me statistics for job placement when I went in to learn about their school. They gave job placement numbers north of 80%[.]” *Id.* Ex. 2 ¶ 64.

175. A CFPB investigation using mystery shoppers revealed that ITT recruiters all but guaranteed placement in the field. Indeed, ITT had a practice of explicitly guaranteeing that prospective students would receive a job in their field after attending ITT. *See generally id.* Ex. 4 (explicit job guarantees made by recruiters in Alabama, Arkansas, California, Colorado, Florida, Illinois, Indiana, Kentucky, Michigan, Minnesota, Missouri, Nevada, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, Tennessee, Texas, Virginia, Washington, and Wisconsin).

176. A student reports, “I was promised a guaranteed job placement in my area of study. They told me that all of their students end their degree with jobs they had in line for them.” *Id.* Ex. 4 ¶ 61.

177. One parent who borrowed money for her son to attend ITT recounts, “I signed a loan form for my son because the enrollment counselor told me after my son graduated he 100% guaranteed my son would be making so much money as a Crime Scene Investigator that he would pay [the loans] off one year after college. Obviously he lied, he also lied about ITT Tech having 100% placement success with 6 figure income. It was all deceptive and fraud.” *Id.* Ex. 4 ¶ 88.

178. One student recalls that during enrollment, an ITT Tech recruiter “show[ed] me a chart with how much the ITT students made in my line of study compared to other colleges. Which was significantly higher and this was due to their hands-on approach from beginning to end.” *Id.* Ex. 4 ¶ 61.

179. Another student reports:

When I enrolled to ITT Tech, [t]he counselor said that this school was the best and it was accredited that they will help me with my job search...everything seemed right...and not to worry because they guarantee a job placement with a high salary... [W]hen I was close to graduating the same counselor let me know that she was quitting because they made her lie to future students and...she

couldn't take it anymore and that's why she was quitting. I felt devastated because she lied to me too[.]

Id. Ex. 4 ¶ 11.

180. In the words of another,

[ITT] promised me during my first meeting with them that they could guarantee I would get a job paying 50K to start by obtaining one of their prestigious degrees. I was just 20 years old with a small child and desperate to be able to make a better living for me and my family. I trusted them to follow through on their word. I quickly learned that their degrees are not highly thought of. ITT did not attempt to help me find the job I was promised. [] Over the years I have tried to find a job in my field but no luck. The education I received was poor and they seemed to just want to pass everyone regard[less] of the skills or knowledge learned. I honestly feel like I learned nothing. [] 13 years later I am still at the same job I was at when I started ITT Tech.

Id. Ex. 4 ¶ 18.

181. If ITT recruiters did not make an explicit “guarantee” of job placement, they quoted improbably high job placement rates that were functionally equivalent to a guarantee. Recruiters told students that “100%” of ITT graduates were placed in the field, *id.* Ex. 2 ¶¶ 18, 42, 87, 95, 135, 185, 191, 213, 273, 296, 308, or that “nearly all” or “basically 100%” of students got jobs in the field, *id.* Ex. 2 ¶¶ 209, 246, 275, 288, 346, 362. Other students were quoted a specific job placement rate between 90% and 99%. *Id.* Ex. 2 ¶¶ 10, 12, 14, 20, 21, 26, 30, 32, 40, 46, 58, 61, 62, 68, 81, 96, 97, 98, 99, 102, 104, 113, 117, 119, 120, 121, 122, 123, 126, 127, 128, 129, 130, 136, 138, 141, 144, 146, 147, 148, 149, 150, 152, 153, 159, 165, 167, 170, 172, 173, 175, 181, 186, 190, 193, 194, 196, 197, 203, 204, 207, 214, 218, 220, 222, 227, 232, 238, 239, 240, 243, 244, 245, 247, 251, 255, 256, 258, 261, 262, 263, 274, 277, 278, 280, 281, 282, 283, 289, 291, 292, 297, 300, 309, 314, 315, 317, 318, 322, 323, 327, 328, 329, 330, 335, 336, 338, 340, 341, 343, 345, 347, 348, 350, 351, 352, 354, 360.

182. ITT told still other students that its job placement rate was between 80% and 89%. *Id.* Ex. 2 ¶¶ 6, 16, 19, 23, 24, 25, 31, 38, 47, 63, 64, 67, 73, 78, 80, 82, 85, 90, 91, 106, 111, 112, 116, 125, 142, 145, 175, 179, 183, 184, 187, 188, 189, 202, 226, 231, 233, 241, 257, 264, 269, 265, 260, 285, 298, 310, 331, 353, 362.

183. After a student was enrolled, ITT continued to use inflated job placement statistics in propaganda materials designed to reassure already-enrolled students that they had made a good decision by signing up for ITT. One student recalls, “they [had] posters all around

the school saying ‘You can make this much doing this’ or tell[ing] me I could build weapons at Raytheon. [The posters] said my field of study had a 90% or more hiring rate[.]” *Id.* Ex. 2 ¶ 123; *see also id.* Ex. 2 ¶¶ 120, 123, 166, 254, 311, 325.

184. A student recalls:

[A]s someone working in retail, I was greatly interested in getting into the IT field. At that time, Spokane’s market was either, go to a 4 year [college], go to a community college, or go to ITT. ITT provided after-hours classes. [] During my tenure there, I was constantly informed of success rates of students who graduated with an AAS in the software/design side [and] the networking side of the school. I was told I would be ‘guaranteed’ a position, if I went down this path. [] They handed out salary reports at the end of every term, which felt almost like a reason to continue, outside the glaring issues.

Id. Ex. 2 ¶ 317.

2. Misrepresentations about Earnings of ITT Graduates and Expected Salaries

185. In person and in promotional materials, ITT cited grossly inflated expected salaries to prospective students. This practice was reported by students in Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Illinois, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, Nevada, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, and Wisconsin. *See generally id.* Ex. 2.

186. One recruiter told a mystery shopper that graduates “usually make six figures,” whereas another said that “IT Security Graduates are earning six figures after one year of work.” In Massachusetts, ITT’s sales pitch between 2010 and at least 2013 included a large graph indicating that the mean annual income of someone with an associate degree was over \$48,000.

187. One student recalls the sales pitch of a recruiter at an ITT location in Illinois:

When I first met with the recruiter from ITT he presented me with charts with pay scales of what was stated as starting salaries of entry level construction managers starting at \$80,000 a year. These charts also stated that at the time I enrolled that the ‘market’ was in great demand and that positions could not be filled fast enough to meet demand. He prided the school on job placement assistance. Stating that roughly 80% of graduates were placed into a position within their major 30-60 days after graduating. The recruiter made it sound like a sure thing and had convinced me that enrolling there was a great investment in my future.

Id. Ex. 2 ¶ 73.

188. Another student who enrolled in Minnesota “was told to expect jobs in the \$100,000 or higher range, used it to justify taking on \$80,000 in loans. Found out later that companies in my area had policies not to hire ITT Tech graduates.” *Id.* Ex. 2 ¶ 154; *see also id.* Ex. 2 ¶¶ 3, 15, 21, 26, 33, 37, 55, 71, 78, 90, 113, 114, 121, 130, 132, 154, 157, 165, 204, 211, 279, 289, 290, 293, 324, 337, 350, 356.

189. Other students report that ITT representatives promised that they would land jobs paying a specific salary between \$70,000 and \$90,000. *Id.* Ex. 2 ¶¶ 11, 22, 27, 43, 46, 50, 67, 73, 106, 120, 134, 135, 139, 142, 155, 182, 189, 191, 200, 210, 214, 231, 234, 250, 256, 257, 268, 273, 276, 295, 322, 325, 333.

3. Misrepresentations About Career Placement Assistance

190. ITT did not provide effective or meaningful job placement assistance to its students, further disadvantaging them in the job market. *See generally id.* Ex. 3.

191. Although ITT claimed to students at the outset that it had relationships with desirable employers, students found that ITT career placement staff referred them to publicly available listings on sites like Craigslist and Monster.com. *Id.* Ex. 3 ¶¶ 1, 2, 4, 9, 15, 17, 18, 21, 22, 23, 25, 28, 30, 44, 46, 48, 51, 52, 53, 54, 57, 68, 69, 73, 74, 75, 84, 85, 86, 88, 95, 98, 110, 113, 116, 118, 119, 129, 140, 149, 153, 155, 157.

192. In the words of one student:

Prior to enrolling, the ITT recruiters promised me the world. They told me employers will be forming lines to hire you and that the only issue you will have is having to decline so many wonderful offers. They made false promises such as upon graduation, at the minimum, landing a fortune 500 company job is a guarantee. They told me that [they] have placed students with some of the most prominent companies in the world making above 6 figures easily. This was all fabrication and deception as none of [it] turned out to be true. Even after graduation, they stopped contacting me, delaying meeting up with me for job placement, and pretty much left me hanging high and dry. It’s odd since communication between ITT and myself prior to enrolling and during the figuring out tuition part was constant, but after graduation it was as if they did not give a darn anymore.

Id. Ex. 4 ¶ 66.

193. As another student states,

when I graduated with honors from their degree program for Digital Entertainment and Game Design, I went to their job placement department to help me find a job in the industry. Their department had zero contacts in the

Entertainment or Game Design industries and had zero contacts in digital media. I spoke with them for several months trying to find a job in my industry and was given zero job prospects. The best they ever did was point me to a career fair that was going on down the street. There were a total of 15 companies that showed up to that career fair. None of them were in my career path.

Id. Ex. 2 ¶ 64.

194. Another student reports:

ITT Tech representatives stressed that they had a 95% placement after completing the computer networking course. After completing I spent the next year scouring high and low looking for a job. School officials tasked with placement were absolutely no help. Between not responding to emails and forwarding jobs that they had also sent to hundreds of other displaced students left finding a job nearly impossible. They had none of the connections to local businesses they claimed they had, and the job fair they held at the school was a joke with only 3 employers showing up[.]

Id. Ex. 2 ¶ 240.

195. In the words of another student

Post-Graduate Support was especially horrible; I followed up on every lead the school sent me looking for work in Graphic Design, Information Technology, and Game Design, in accordance with my fields, while also looking on my own. Half the time, I was being referred to ‘a company with an opening’ only to find out that they were a hiring agency. [] The worst was when [an ITT rep] referred myself and several DEGD students to ‘Game Central,’” a scam operating out of Tennessee. The scam required payments to test on a poorly made website, and then required even more to send in your results, at which point they were silent. [The company] had several negative reviews with the BBB regarding being a scam.

Id. Ex. 2 ¶ 2.

196. Another student states that,

[f]or the majority of the time at [ITT], we had a Career Services operated by one individual. This man admitted to lying about job leads and sending our resumes out to made-up job openings. The individual was fired after a very long time...only to be replaced with individuals that only brought us candidates job leads they had found on Craigslist and nothing more.

Id. Ex. 8 ¶ 63.

197. Other students were referred to jobs outside of their field that did not require the use of any of the knowledge purportedly gained during their ITT program. *Id.* Ex. 3 ¶¶ 3, 6, 8,

10, 11, 12, 16, 21, 25, 26, 29, 30, 32, 41, 53, 54, 57, 58, 60, 61, 65, 75, 77, 78, 80, 81, 82, 83, 85, 91, 92, 97, 101, 104, 108, 109, 112, 113, 120, 129, 135, 136, 142, 144, 150, 156, 160.

198. Another student recalls:

I received emails from Career Services for job offers. These job offers were copied and pasted from Indeed.com. Most of these ‘jobs’ were for McDonalds part-time or working in a Call Center for under \$10/hour. Absolutely nothing related to my degree. One particular email I received from the department was a scam, phony company trying to offer \$20+/hour to work from home when it was actually the company trying to sell materials.

Id. Ex. 3 ¶ 85.

199. In the words of another student:

I tried for months working with job services to set up an interview after I graduated. I had several interviews from jobs I applied to on my own with no luck. The help I finally got from ITT Tech was them calling me telling me to hurry up, throw on some nice interview clothes and be there in thirty minutes. I got there and it was a guy interviewing me for a job as a clothes store manager. My degree was in Computer Networking. That was the only job interview that ITT Tech had helped me with.

Id. Ex. 3 ¶ 109.

200. ITT referred students to jobs that did not require any postsecondary education at all. *Id.* Ex. 3 ¶¶ 5, 7, 10, 12, 13, 14, 15, 22, 29, 32, 34, 35, 38, 49, 56, 58, 60, 68, 72, 82, 85, 91, 92, 98, 110, 112, 116, 118, 122, 123, 124, 129, 135, 136, 139, 142, 143, 144, 145, 148, 160, 162. One student reports that, “ITT never helped me land a job, they even tried to pass McDonalds as ‘gainful employment,’ if I wanted to flip burgers I could have done that before going to ITT.” *Id.* Ex. 3 ¶ 7. Another student states that ITT

made it seem like they would help me find a decent job. When in fact all they would help me get was jobs through a temp agency. When I started work I worked next to a kid who didn’t even have a high school diploma. Made it seem like I wasted my time going to school I could have got the job with out them.

Id. Ex. 3 ¶ 5.

201. ITT would also refer students to jobs with compensation well below what students had been promised and well below what would allow them to make payments on their student loans, even to minimum-wage jobs. One student recounts being referred to only one position, at Best Buy. “Keep in mind I was a valedictorian and \$80K in debt. Best Buy wasn’t a great use of my degree nor would it help me pay back that massive debt.” *Id.* Ex. 3 ¶ 56.

4. Actual Outcomes for ITT Students

202. ITT's sales pitch—promising job placement using inflated statistics, quoting expected salaries of ITT graduates with no basis in reality, and promising effective career placement services—cannot be squared with the actual outcomes of ITT students. *See also* infra Section III (C).

203. Contrary to the entire thrust of ITT's sales pitch and marketing, ITT students had terrible outcomes and experienced negative "return on investment." As early as 2009, ITT's Board of Directors reviewed a presentation showing that the "overwhelming majority" of ITT's programs would not pass the Department of Education's 2009 proposed gainful employment regulations. The "overwhelming majority" of students who attended ITT did not earn enough income to justify the amount of student debt they incurred from attending ITT.

204. According to statistics released by the Department of Education in 2016, the weighted median of earnings across 2014 ITT graduates was \$28,217.70. The annualized median earnings for 2014 graduates of Computer Systems Networking and Telecommunication, ITT's largest associate program, was \$31,525. By contrast, the Bureau of Labor Statistics reported that the 2014 median earnings for a worker with a high school diploma but no college credits was \$34,736. In other words, students in ITT's largest program earned less than workers who never attended college.

205. According to these same data, eleven ITT programs reported median student earnings that were lower than the median earnings of workers with no high school diploma. Twenty-three programs reported median student earnings that were lower than a worker with a high school diploma but no college credits. Together, these programs accounted 25,182 verified students or over 80% of ITT's enrollment.

206. At least one state attorney general has determined that ITT's job placement rates were false. In Massachusetts, from 2010 through at least May 2013, ITT provided prospective students with disclosures showing that anywhere from 80% up to 100% of graduates of the Computer Network Systems program were employed in jobs that required the direct or indirect use of skills taught in the program, within 9 months of graduation. ITT claimed that it had placed 100% of the 43 students who graduated in 2009 from the Norwood, Massachusetts Computer Network Systems program were employed in jobs that required the direct or indirect use of skills taught in the program, within nine months of graduation. ITT claimed that it had placed 100% of

the 43 students who graduated in 2009 from the Norwood, Massachusetts, Computer Network Systems program. For the Wilmington, Massachusetts, campus, ITT claimed to have placed 82% of its 2009 Computer Networking Systems graduates. In fact, according to the Massachusetts Attorney General, less than half of graduates obtained employment, which does not even account for the fact that less than half of students who enrolled in the program graduated.

207. Yet ITT used deceptive recruiting tactics to deceive students about the terrible reality of student outcomes, until it was too late. As a former ITT student states,

The main reason I went to ITT was because of the statistics I was told. I was told the job placement rate was in the 90% range. I remember specifically telling my family and friends that was the reason I was going to choose this school. As I approached the end of my associates degree I called an ad agency to set up a time to meet with an industry professional. (ITT had nothing to do with me doing this, I was trying to be proactive.) He told me straight out, I would never make it with my portfolio, which was my ITT work, that got me A's in classes. And I was one of the [more talented] students in the class. I was quickly discouraged. But I went on to my Bachelors because I truly wanted to work on video games and do 3d work. That is where I was told I would be making \$50,000-\$75,000 on average with an ITT Tech degree. Already being enrolled, I quickly found out my best luck for a job with my degree would be a game tester. You only need a high school diploma for that and you would be lucky to make \$30,000 a year. So I went on my own and got myself my own job as an equipment manager and a photography studio and moved on from there. I started at \$25,000. While having an \$80,000 bachelor's degree.

Id. Ex. 2 ¶ 323.

D. Deception and Misrepresentation that ITT Credentials Were Respected by Employers and that ITT Graduates Were in Demand.

208. In addition to the false claims about job placement rates, ITT misrepresented to prospective and enrolled students that ITT had a strong reputation amongst employers, and that ITT graduates were in high demand.

209. ITT had advertisements on television with testimonials from companies that stated a preference for hiring ITT graduates.

210. ITT misled prospective students by suggesting that certain employers were specifically interested in hiring, and did hire, ITT graduates. For example, one prospective student at an ITT California location was told that Boeing regularly recruited from ITT. This was false. In fact, “Boeing stop[ped] tuition reimbursement to employees who attended ITT Tech and you weren't even considered for a job with ITT Tech on a resume.” *Id.* at Ex. 1 ¶ 436. Another

student was promised the ITT “had people placed in jobs at Sony, Square Enix, Ubisoft, Microsoft, EA, Nintendo of America, etc,” but upon graduation, the same student reports that ITT “tried to pass McDonalds as ‘gainful employment.’” *Id.* Ex. 3 ¶ 7. In fact, Sony and Microsoft advised one student that “it would have been better to leave ITT Technical Institute off my resume because when they see it they automatically throw it out.” *Id.* Ex. 1 ¶ 25.

211. In fact, ITT has a horrible reputation amongst employers, largely because employers came to recognize ITT’s severe underinvestment in education, grade inflation, and enrollment of unqualified students. The bottom line is that students left ITT without learning the necessary skills and technology to obtain or fulfill the requirements of entry-level jobs in their field. *See id.* Ex. 6 ¶¶ 7, 14, 23, 24, 28, 29, 33, 36, 37, 38, 39, 41, 44, 47, 58, 64, 74, 78, 80, 83, 87, 92, 95, 102, 107, 114, 116, 124, 127, 130, 131, 133, 135, 138, 143, 147, 148, 156, 162, 163, 170, 181, 184, 185, 191, 194, 197, 200, 201, 204, 210, 211, 215, 217, 220, 221, 226, 229, 235, 246, 247, 248, 250, 252, 254, 257, 263, 266, 267, 271, 273, 276, 277, 278, 284, 285, 286, 288, 290, 297, 308, 310, 314, 323. And employers recognized this.

212. Students who attended ITT in Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin, and online all report that employers viewed ITT tech unfavorably and questioned their qualifications as graduates of ITT. *See id.* Ex. 1. As one student explains,

No one ever mentioned that there was any trouble with ITT anywhere. I was told it was an amazing school and that everyone who went there and applied himself would easily walk into a job in the field. We’d be getting snatched up by employees, recruiters for companies were constantly calling, people like us were just what they were relooking for to fill lifelong careers. Lies. Instead, I can’t even get a callback or an interview half the time because I’m an ITT Tech alumni. No one will even give me a chance to show what I can do, which isn’t a terrible lot because it turns out I wasn’t very well trained in much of anything, though I graduated with honors.

Id. Ex. 1 ¶ 12.

213. A graduate of the Information Systems Security program states,

I worked full-time retail the entire time I was in school, and my resume was rejected hundreds of times by every IT company I tried. I eventually was able to speak with some HR folks I befriended who informed me that ITT-Tech CVs go directly to the trash, and that I should have just taken a couple of community college courses and passed some certification tests. I abandoned hopes of ever working in IT, and work in sales to this day, making far less than my peers who went to real colleges.

Id. Ex. 1 ¶ 57.

214. Reports one student, “My education is not taken seriously with ITT on my resume.” *Id.* Ex. 1 ¶ 51. Another, “No one will hire an ITT grad around here.” *Id.* Ex. 1 ¶ 164. Yet another states, “The ITT Tech name is worse than not having any schooling,” because it leads employers to question the student’s judgment. *Id.* Ex. 1 ¶ 181. Says another, “I’ve come to find that a degree from ITT Technical Institute means just about as much to [employers and hiring managers] as Monopoly money does to the U.S. Federal Reserve. I don’t even put it on my resume anymore.” *Id.* Ex. 1 ¶ 311. Similarly, another student found that “ITT on my resume has not helped my job search. And I was the valedictorian! It took going back to my local community college for the program to get interviews and job offers.” *Id.* Ex. 1 ¶ 387. Another student states, “[ITT] told us a degree from them was completely valid and actually preferred among business[es] hiring as it would show we had hands on knowledge. Now I have a degree I can’t even put on a resume and over \$100k in debt to be in a position I would be in without ITT Tech[.]”

215. Based on their experience trying to get jobs in their field of study, students have concluded that, amongst employers, ITT is “laughable” and “a laughing stock.” *Id.* Ex. 1 ¶¶ 66, 149, 208, 318, 325, 344, 481. Others specifically describe their high-priced degree as a “joke.” *Id.* Ex. 1 ¶¶ 10, 41, 42, 48, 62, 78, 85, 112, 130, 168, 203, 210, 218, 223, 230, 261, 265, 283, 336, 343, 344, 357, 367, 378, 382, 412, 445, 517.

216. Indeed, students report the common experience of being laughed at for having gone to ITT by prospective employers during interviews. *Id.* Ex. 1 ¶¶ 13, 17, 38, 39, 60, 61, 69, 77, 120, 125, 127, 130, 187, 198, 218, 220, 227, 229, 242, 243, 251, 252, 262, 263, 266, 307, 319, 323, 335, 354, 357, 378, 396, 410, 442, 448, 460, 468, 490, 494. One student reports being “laughed at” during job interviews with Raytheon, Lockheed Martin, Tek Systems, Robert Half Technologies, and IGT Gaming. *Id.* Ex. 1 ¶ 61.

217. Other potential employers advise applicants from ITT that they would have better results removing the credential from their résumé entirely. *Id.* Ex. 1 ¶¶ 7, 13, 58, 61, 69, 84, 97, 98, 109, 114, 144, 146, 200, 230, 239, 244, 252, 271, 288, 314, 389, 393, 404, 442, 448, 501, 516.

218. Some students report that they have taken this advice, and have soon gotten jobs, whereas they were unsuccessful with ITT listed on their résumé. *Id.* Ex. 1 ¶¶ 83, 107, 228, 278, 292, 297, 303, 315, 331, 362, 370, 385, 388, 391, 396, 399, 408, 409, 410, 417, 427, 429, 447, 453, 470, 479. One student reports that “a technical recruiter finally told me that any resume or job application with ITT-Tech, University of Phoenix, or DeVry on it gets discarded immediately, before any other filtering is done.” *Id.* Ex. 1 ¶ 57. Another student “had to take ITT tech off of my resume because every employer interview would bring up how the school is not accredited.” *Id.* Ex. 1 ¶ 43. Yet another student attests that:

Potential employer’s won’t even look at my resume if I have ITT Tech on it. . . . I feel like a complete fool for having that dirty mark on my resume and I even omit it from my resume now so that people won’t throw it directly into the trash. Pretending like I have no college degree is much better than having an ITT Tech degree. . . . The job I currently have, I left ITT Tech off of my resume because of negative responses in the past. I was able to prove to my employer that I had the necessary skills to get the job, even though I had no degree listed on my resume.

Id. Ex. 1 ¶ 85

219. Specific potential employers have or had a policy against hiring graduates of ITT, including U.S. Government entities such as the FBI and Homeland Security. *Id.* Ex. 1 ¶¶ 18, 80, 518. ITT graduates have found similar policies at state and local government entities such as the Florida Highway Patrol, Boise Police Department, Portland Police Department and Highway Control, and Tennessee Bureau of Investigation. *Id.* Ex. 1 ¶¶ 84, 116, 331, 495. One student reports, “I was told by the Florida Highway Patrol recruiter that if I wanted to have a chance at applying with them that he recommended me to remove [ITT] from my resume.” *Id.* Ex. 1 ¶ 84.

220. The same is true of private sector employees. One student reports, “There are companies in my area that have actually modified their hiring practices so that ITT Tech education actually disqualifies you for employment,” including the Idaho Power Company. *Id.* Ex. 1 ¶ 116. Another states, “One of my teachers at ITT Tech asked us to submit resumes to a position at GM [General Motors] because he knew the hiring manager, the next week he came

back to us and said that [the] hiring manager doesn't hire people from ITT Tech." *Id.* Ex. 1 ¶ 211. In one student's experience,

Major employers outright refuse to hire students from ITT Technical Institute. One specific example is DTE Energy, one of the largest employers in South East Michigan. I was told by a DTE executive that the hiring managers do not hire from ITT Technical Institute because of their illegal practices and sub-par education.

Id. Ex. 1 ¶ 202.

221. Deaconess Hospital in Indiana will not hire registered nurses from ITT unless they have a year of experience, a requirement only imposed on ITT grads. *Id.* Ex. 1 ¶ 161. In another example, a student reports, "Boeing stop[ped] tuition reimbursement to employees who attended ITT Tech and you weren't even considered for a job with ITT Tech on a resume." *Id.* at Ex. 1 ¶ 436.

222. Game design students report being turned away strictly based on their ITT credential by lead employers in the field such as Sony, Nintendo, Ubisoft, and Microsoft Xbox. *Id.* Ex. 1 ¶¶ 25, 26.

223. Computer networking and IT students have the same experience, being turned away by lead employers in the field, including Cisco and VMware, strictly based on the source of their credential. *Id.* Ex. 1 ¶¶ 95, 304.

224. Even when an ITT grad is able to land a job in his or her field, the negative view of the ITT credential can be harmful. For example, as one student reports, after the Electronics Engineering Technology program, he eventually got a job through a connection at Northrop Grumman. However, the company would not promote him to an engineer position, and told him he would have to redo his education in order to advance. *Id.* Ex. 1 ¶ 71.

225. As the student explains,

I have had multiple interviews where I have been overlooked by providing ITT Tech as the school I have obtained my education [from] as it seems many employers are aware of the lack of strong fundamental Education that ITT provides its students. I was able to obtain [a job] with ITT Tech on my resume due to the fact the man hiring was a former graduate himself[.] I have since then left that job as [my education from ITT] was not acceptable in gaining higher employment within the company...and I would have to start my education process over from the beginning to become an actual Engineer. [] If I had known what I now know, I would have never wasted my opportunity for Federal loans at this school. I have had interviewers that questioned the quality of Education

provided by ITT Tech and have been overlooked due to the illegal practices that are coming to public attention. I am no longer willing to state that I have obtained an Associates Degree from ITT Tech and now have to rely on work experience alone to gain further employment which puts me at a severe disadvantage to those who have paid much less in terms of student debt.

Id. Ex. 1 ¶ 71.

226. Another student who reports being limited in his career mobility because of the source of his education states,

I have been trying to move up in my company for years and find positions in other companies that pay more. I have had zero success finding something more in line with what I studied at ITT. That degree is not enough to get me a job doing what they claim. [] Five years later, despite good work reviews, I am in the same position that I was in and have been denied several opportunities for advancement. I was told basically that I can't move forward with my company without going back to school or taking a call desk job for a couple of years, which I could have gotten without a degree. I am in an IT company, but I am doing none of the things that I trained for aside from racking and cabling servers, and I am making less money than I was before I went to ITT.

Id. Ex. 1 ¶ 469.

E. ITT's Abusive, Unfair and Deceptive Financial Aid Practices

227. ITT's systematic misrepresentations continued from recruitment into the financial aid process. Financial aid representatives worked in tandem with recruitment, deploying deceptive and abusive techniques to convince students to enroll. At the direction of ITT corporate headquarters, financial aid offices and representatives systematically deceived ITT students about the total cost of attending ITT, the difference between grants and loans, the difference between federal and private students loans, the eventual debt burden that students would carry, and—in many cases—the fact that they were even borrowing loans at all.

1. Quotas, Incentives, and Sales Quotas on Financial Aid Representatives

228. Like recruitment employees, financial aid employees were evaluated on a point system, and were awarded points for their ability to “close” students at in-person meetings, and the number of already-enrolled students that they were able to “repackage” for ongoing financial aid.

229. Financial aid employees were intermingled with the recruitment process, often working in tandem with recruiters to get students enrolled. Financial aid representatives were

trained on the same techniques as recruitment staff, including being taught to find a student's "pain" and "dig in." Financial aid representatives also attended weekly "show" meetings with recruiters and managers, at which enrollment and financial aid targets were discussed.

230. At the same time, ITT instructed its financial aid staff to gain students' trust and appear to work in their interest, by making things "simple" and figuring out clever ways for the students to finance their education without paying out of pocket.

231. ITT compensated financial aid workers according to a "point" or incentive system, just as it did with recruiters. The points were based on how many students had completed financial aid packages, and the amount of accounts receivable owed to the campus. Financial aid staff were compensated based in part on how many students they were able to sign up into preferred private loans, essentially a commission-based compensation system. Representatives who did not reach a mandatory number of loans per week were terminated.

2. Abusive and Deceptive Financial Aid Practices

232. ITT designed financial aid protocols and trainings for financial aid representatives that ensured that students were ushered through the process quickly and with minimal opportunity to ask questions or reconsider. *See id.* Ex. 18 (ITT students from Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Mexico, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, and Wisconsin reporting financial aid pressure tactics).

233. One former Director of Finance stated that ITT's policy was that students should sign all forms within one hour of first meeting with a financial aid representative.

234. ITT discouraged students from asking questions about financial aid.

235. One mystery shopper sent by the CFPB reported that an ITT financial aid representative told her that she "would get more free money that I don't have to pay back if I let them take care of my paperwork."

236. A student recalls being presented with a "mountain of paperwork" from ITT. The financial aid advisor:

always made you feel like you were holding up a line and hurry up hurry up get through this web form and that web form, sign sign sign. [] And no one really

had time to explain anything to you. All they kept telling me was that it'd be fine, I'd make a ton of money when I got out of school and started my career.

Id. Ex. 18 ¶ 7.

237. Until at least September 2012, ITT had a policy that financial aid counselors could not give students or prospective students paper copies of loan papers. Instead, ITT required students to read and e-sign documents only after looking at them on the counselor's computer screen.

238. Another student recalls,

The entire enrollment process was very confusing to begin with; they assured me that 'I would [not] have to worry about nothing and everything would be taken care of for me.' [F]rom there on it was all about signing a lot of papers without reading them. When I asked if I could take a copy to evaluate them they told me that there was not enough time and that all I had to do was sign the papers.

Id. Ex. 12 ¶ 29.

239. For another, ITT

insisted that I had to sign the loan papers immediately. I told them I needed some time to think about it. They said if I didn't sign today, my son couldn't start till next semester and the prices could change and I might not qualify for the loans. I told them I would never be able to pay the loan and she assured me that there were programs that would help me until he graduated and then he would have such a good job he could pay it for me. I really felt I had no choice but to sign the loan agreement.

Id. Ex. 18 ¶ 124.

240. ITT instituted system-wide "repackaging tactics" that directed financial aid representatives to email students, call them at home, find them on campus, pull them from class, bar them from class, and withhold course materials until a student completed financial aid paperwork. These tactics were described by a former Vice President of Finance as "leverage." Students received "URGENT" notice slips from the financial aid department, stating that if the student did not visit immediately, she or he would be barred from further classes.

241. Pulling students out of class increased the pressure on them to sign whatever loan paperwork they were presented. As one student reports,

Usually to sign up for more loans they'd pull me out of class, and we'd go into a small room. There they'd set out a folder with a bunch of paperwork and tell me to sign it or I can't go back to class. IT was always a very high pressure situation.

Questions would be easily dismissed or they'd change the topic and never actually answer my questions. []While signing documents they were usually in a folder with little post-it notes telling me where to sign, they would rush me through the entire thing never really giving me a chance to read through it or even understand what I was signing.

Id. Ex. 18 ¶ 35.

242. In the experience of another student with financial aid “repacks,”

The school would never tell me the exact purpose of these repacks and they never made sense to me, they would call me into the office with a stack of paperwork to sign and when I would ask what it means the lady would tell me she was only asked to tell me to sign them and would never give me an explanation. They would do this right at the point in the program where I had invested substantial amounts of time but if I dropped out [I] would not receive my degree. The ‘repacks’ made the price of what we owed almost double for what we signed on for.

Id. Ex. 18 ¶ 12.

243. Yet another student reports,

In my next to last semester I was summoned from my class and told that I ha[d] exhausted my financial aid and that I would have to use private loans to complete my program. I was told that I had to do the private loans or that I would not be allowed to go back to class more pressure to just sign. I was reminded that if you miss 2 classes they will drop you again no time to question the need for the private loans just the rush to sign on the line.

Id. Ex. 18 ¶ 43.

244. For another student,

When it was time for us to sign for our loans, they made everyone line up in the hallway on the day that they were due, and rush us through the process. If we asked to look at something, they always made sure to discourage us because there were people waiting behind us and if it wasn't finished today, we would be making other students miss the deadline. I was told to sign here, and here, and here, and then pushed out of the office. There was at least one time I was pulled from class and told that if I didn't apply for another loan that I would have to pull out of at least 2 of my classes for the semester. We had all been told by our dean that if we missed a class there was a huge chance that it wouldn't be offered again for at least 2 years, so of course I signed it, but I never knew what or how much they were for, because they always acted like it had to be done in 5 minutes.

Id. Ex. 18 ¶ 107.

245. Yet another student recounts,

They would pull me from class and threaten to not let me go back in then send me to see [a financial aid representative] and she would have paperwork already completed. She would rush me through it every time because she wanted to get me back to class. I never got the chance to read it or bring it home for my family to review with me. It always had to be done right then right now because otherwise I wouldn't be allowed to return to class. She would 'explain' things to me as fast as she could talk shuffling papers from folder to folder.

Id. Ex. 18 ¶ 122.

3. Obfuscating and Misstating Total Cost of ITT

246. As a result of ITT's deliberate obfuscation of the actual cost of obtaining a degree from ITT during the recruitment process, prospective students expected to learn this information during their meetings with financial aid representatives.

247. However, ITT trained those workers to obfuscate the actual cost as well. Students in Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, and West Virginia all experienced ITT financial aid representatives misleading them about the total cost of the program. *See id.* Ex. 11.

248. ITT financial aid representatives gave students vague answers about cost, or refused to directly answer questions about total cost. *See id.* Ex. 11 ¶¶ 3, 4, 9, 22, 40, 41, 42, 46, 67, 68, 74, 75, 84, 100, 115, 125, 138, 152, 178, 195, 210, 211, 224, 233, 251, 274, 282.

249. One student reports, "Anytime you ask a recruiter or finance advisor at ITT what the total cost of any program is they never have an actual answer. They simply switch topics to something else." *Id.* Ex. 11 ¶ 100.

250. According to one former Director of Finance, ITT directed financial aid representatives to avoid showing students the expected charges over the entire program, instead "break[ing] it up into bite-size pieces," only showing the cost per nine months, or quoting the cost in terms of credit hours rather than total cost. *See also id.* Ex. 11 ¶¶ 29, 107, 133, 149, 158, 167, 189, 241, 272, 273, 276.

251. One student states, "My ITT recruiter never mentioned the total cost of the degree programs. He told me that a financial advisor would sit down with me and explain everything

once [I] enrolled. The financial advisors would never explain anything regarding actual costs, it was always estimated costs per semester.” *Id.* Ex. 11 ¶ 107.

252. When ITT did provide estimates of total cost, students found that these costs were wildly understated. One student reports that

throughout the time during recruitment and through my coursework at ITT, told repeatedly that the cost for IT-MM and DEGD graduates was roughly around \$20,000 for each degree. When I graduated in 2010, I had a total of close to \$80,000 in student loans, almost double that amount.

Id. Ex. 11 ¶ 4. Another student was told that his associate degree program would cost \$23,000, but he graduated with almost \$44,000 in debt. *Id.* Ex. 11 ¶ 140.

253. ITT also trained financial aid representatives to describe cost to students in conjunction with their eligibility for loans and grants, making it seem like relatively small unmet balances were the only cost that a student really had to worry about. *Id.* Ex. 11 ¶¶ 8, 11, 14, 18, 68, 103, 113, 165, 201, 231, 251, 257, 306.

254. As one student stated,

It wasn't until I graduated that I found out that all the loans were tak[en] mostly as parent plus loans under my father's name, which they would take me out of class and make me sign his name with my own hands and assured me that it was 'just to meet a small gap for the finance of the quarter,' this 'small gap' ended up being over 56% of the total loan being under my father's name[.]

Id. Ex. 12 ¶ 29.

255. Many students were misled about the scholarships that ITT promised, in relation to the total cost to the student of attending ITT. *Id.* Ex. 11 ¶¶ 11, 20, 24, 29, 68, 92, 96, 100, 108, 113, 119, 124, 135, 156, 163, 164, 187, 198, 201, 214, 219, 227, 251, 254, 255, 291, 300, 304.

256. One student was told that he was receiving a \$5,000 “Opportunity Scholarship” one semester. Later, ITT told him that they were able to get “more federal loans to cover most of the cost, and you'll still get \$1700 in scholarship.” The student asked, “How is that a good thing?” *Id.* Ex. 11 ¶ 100.

257. In another student's experience,

When I asked about cost during the enrollment program they informed me that the total cost of the two year program would be \$23,000. They said that \$9000 of this sum would be covered by Pell grants and that all my loans would be through the Department of Education. At the end of our conversation they had me believing that I would walk out of school with less than \$14,000 in student loan debt that I

would be able to quickly pay off. By the time I graduated 2 years after starting the program they had put me \$31,000 in debt to student loans. My loans were spread between 6 different lenders with interest rates anywhere from 3-11%. When I asked why the cost of my education was \$17,000 more than anticipated they informed me that I did not receive a scholarship that is promised to all fulltime students that would effectively pay for 1/3 of all my classes. They quote overall cost in admissions based on that scholarship. When I asked why I didn't qualify they told me that its because a few semesters I didn't qualify as a fulltime student because I was only taking two classes those semesters and you needed to be a fulltime student throughout the entire program. I found this really strange because the only reason I took two classes those few semesters is because they were not offering the classes that I needed because there wasn't enough students to fill the room. I wasn't even allowed to take the class at another campus.

Id. Ex. 11 ¶ 201.

4. *Obfuscating the Difference Between Grants, Federal Student Loans, and Private Student Loans*

258. ITT obfuscated the difference between grants, federal student loans, and private student loans. *See id.* Ex. 13 (reports from students who attended ITT in Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, and Wisconsin).

259. ITT often did not explain or highlight the difference between grants and loans. *Id.* Ex. 13 ¶¶ 3, 9, 16, 32, 44, 45, 48, 52, 53, 64, 76, 80, 81, 85, 95, 100, 101, 102, 120, 121, 126, 133, 154, 175, 182, 198, 220, 232, 236, 258, 277, 300, 304, 313, 321, 346, 347, 398, 411, 419, 422, 427, 473.

260. Many students report believing that all or part of their education was going to be covered by grants, when none of it was. *Id.* Ex. 13 ¶¶ 74, 81, 85, 90, 96, 99, 118, 127, 166, 215, 223, 236, 237, 238, 243, 259, 275, 325, 326, 333, 336, 354, 365, 368, 373, 379, 393, 399, 417, 418, 426, 431, 445, 463, 465, 472, 494, 496, 498.

261. One former Director of Finance reports that representatives were trained to make loans sound like a favor to students, that they should present loans as something great that ITT was arranging for them in order to reduce their immediate, out-of-pocket expenses. They were trained to make it seem like loans and grants were not actual costs for the student.

262. This behavior was echoed by many students. As one student reports, They lied and said “you qualify for a loan” based on your situation. No costs for you, think about it as free money! This wasn’t the case, they granted me loans they knew I had no means of paying without explaining it. They said these are just formalities, sign here, and here, and here. [] They refused to let me read the documents before signing , again claiming things like this is the boring stuff, or this is just formalities.

Id. Ex. 13 ¶ 438.

263. One student was told, “I qualify for grants which I didn’t have to pay. I just found out those grants turn out to be private loans which I am in default on today.” *Id.* Ex. 13 ¶ 80.

264. Another states, “I was told that half of the payment was going to come from a government grant and that it was all approved. However, after graduating I found out that the whole payment came from a loan I’d have to pay back fully.” *Id.* Ex. 13 ¶ 81.

265. Many students report not realizing that they even had borrowed any loans until after they graduated from ITT. *Id.* Ex. 13 ¶¶ 13, 15, 36, 69, 81, 94, 98, 115, 118, 124, 127, 131, 135, 137, 149, 161, 205, 210, 224, 243, 251, 260, 265, 291, 304, 306, 312, 299, 323, 393, 400, 452, 457, 471, 477, 480, 484, 488, 494, 498.

266. One student reports that ITT, never once explained my loans to me. My advisor that I spoke to on the phone all the time did not tell me anything about how loans would be paid back. I was told I wouldn’t have to pay anything back because it was all government grants not loans. I didn’t know I was \$43,000 in debt until I graduated and the loan people started contacting me about my loans.

Id. Ex. 13 ¶ 118.

267. Other students believed that they only had federal student loans, when in fact they also had private loans. *Id.* Ex. 13 ¶¶ 22, 33, 44, 94, 204, 249, 256, 273, 275, 288, 294, 296, 298, 299, 317, 330, 332, 370, 376, 386, 420, 423, 425, 431, 434, 440, 443, 453, 459, 461. As one student reports,

I was told that all my loans were the same and that they were all government loans. I did not find out I had private loans until after I had graduated and defaulted on them. The cost was much higher th[a]n I was told and the interest rate was much higher than I was told. When I brought this to their attention they stated that there was nothing that they could do about it and that it was the cost of education.

Id. Ex. 13 ¶ 15.

268. When ITT did disclose that students would need private loans in order to cover their education, ITT blurred the lines between private and federal student loans, making it seem as though both had the same terms. *Id.* Ex. 13 ¶¶ 1, 4, 5, 9, 12, 14, 17, 19, 21, 23, 24, 25, 27, 28, 29, 33, 38, 39, 42, 45, 49, 50, 51, 54, 55, 56, 58, 64, 65, 66, 69, 70, 73, 75, 77, 78, 79, 82, 83, 84, 86, 88, 91, 95, 100, 103, 104, 105, 107, 109, 110, 114, 124, 126, 130, 134, 136, 139, 148, 154, 155, 156, 171, 180, 187, 202, 211, 252, 256, 276, 289, 290, 292, 297, 309, 311, 312, 313, 314, 315, 318, 339, 341, 349, 356, 367, 360, 372, 383, 391, 394, 396, 398, 409, 412, 427, 436, 448, 450, 460, 462, 466, 469, 475, 476, 480, 482, 484, 485, 488, 489, 499.

269. One student states,

They also treated federal and private loans as if they were essentially the same thing and there was no difference. . . . They made it sound like grants and loans were the same thing and that there were no differences between federal loans and private loans other than who was handling the loan.

Id. Ex. 13 ¶ 1.

270. ITT did not provide any opportunity to compare different loan providers, instead steering students into specific loans as if there was no choice. *Id.* Ex. 13 ¶¶ 2, 5, 20, 24, 28, 59, 157, 190, 231, 233, 245, 247, 274, 276, 278, 290, 305, 335, 336, 360, 367, 427, 453, 467, 473, 502, 506, 507. One student states, “I was also never given an option in lenders. I was assigned Sallie Mae without mention of any other companies. I was told Sallie Mae WAS the Dept of Ed’s loan provider.” *Id.* Ex. 13 ¶ 24.

271. In one student’s experience,

During no time was I made aware that I had other options[.] On one occasion what I thought was a Federal student loan was in fact a private student loan. That loan came with a 10% interest rate that was non-negotiable if I wanted to continue my program. When I mentioned that the rates seemed inappropriate I was told my other option was to come up with the \$6000 for the next semester’s tuition or risk not finishing the program.

Id. Ex. 13 ¶ 274.

272. Another student reports,

The loan system always seemed a bit off to me, but having just graduated from high school and having no knowledge of how things should work, I took them at their word. [] They never properly explained how the interest would compound, nor did they give me any options when it came to my loans, only ‘here’s your loan, sign on the line, please.’ [] They never once explained the difference

between federal and private loans, nor gave me the option of federal over private; they forced both on me stating they were the best loans possible.

Id. Ex. 13 ¶ 336.

273. ITT did not clearly disclose the interest rates and terms associated with private loans. *Id.* Ex. 13 ¶¶ 58, 87, 107, 114, 116, 152, 166, 171, 199, 207, 215, 216, 242, 249, 250, 251, 254, 257, 259, 260, 263, 270, 271, 272, 273, 274, 279, 281, 284, 288, 291, 295, 304, 305, 306, 307, 311, 314, 315, 316, 317, 320, 321, 323, 326, 330, 331, 335, 336, 337, 338, 339, 340, 343, 346, 349, 350, 354, 355, 359, 363, 364, 367, 371, 377, 378, 380, 381, 382, 387, 388, 390, 397, 402, 403, 406, 407, 412, 415, 420, 421, 426, 429, 430, 432, 435, 438, 441, 442, 449, 452, 456, 459, 473, 478, 479, 485, 488, 490, 491, 492, 493, 498. One student states:

I was told that all my loans were the same and that they were all government loans. I did not find out I had private loans until after I had graduated and defaulted on them. The cost was much higher then I was told and the interest rate was much higher then I was told. When I brought this to their attention they stated that there was nothing that they could do about it and that it was the cost of education.

Id. Ex. 13 ¶ 15.

5. *Misleading Students About the Nature of Their Future Loan Burdens and Obligations*

274. ITT trained its financial aid representatives to overcome any objections that students might raise about the amount of debt they were incurring by downplaying, minimizing, and misrepresenting students' future loan obligations. *See id.* Ex. 15 (students exposed to debt minimization practice in Alabama, Arizona, Arkansas, California, Colorado, Florida, Idaho, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Missouri, New Jersey, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, Tennessee, Texas, Virginia, Washington, and Wisconsin).

275. A former Dean of Academic Affairs reports that ITT trained financial aid representatives to downplay the burden of student loans whenever a student expressed hesitancy about the cost, saying things such as “nobody pays back the loans anyway.”

276. ITT told other students that, regardless of the amount of loans that they were borrowing, they would only have to pay, at most, \$50 per month once they graduated. *Id.* Ex. 15 ¶¶ 17, 30, 31, 51, 52, 53, 66, 93, 100, 123, 124, 135, 140.

277. As one student reports, “When I started I was told that my payments would be \$50 a month for my private and federal loans. My private loans were closer to \$500 and my federal \$200 a month.” *Id.* Ex. 15 ¶ 1.

278. In the experience of another student, ITT gave me false information about repayment terms. Myself and many others were told by financial aid that our payments would be \$50 a month. It wasn’t until my grace period was over and talks with my loan providers began, that I was told that each loan would cost \$50 and that my payment would be \$350 a month.

Id. Ex. 15 ¶ 53.

279. Another student was told that all my loans would be combined to be under one low payment a month that I could afford. When I received my first loan repayment letter they wanted \$1400 a month for Federal Loans. A few weeks later I got a letter in the mail for my private loans wanting \$800 a month. I could not afford to make these payments because I was barely making ends meet with the \$8.50 an hour job that I found[.]

Id. Ex. 15 ¶ 9.

280. Yet another student reports, “ITT Tech told me I would pay \$50 per month on a \$40,000 loan. I ended up paying \$600 a month on a \$52,000 loan.” *Id.* Ex. 15 ¶ 113.

281. ITT financial aid representatives also reassured students that they would be making so much money that they could easily afford their loan payments.

282. For example, as one student recounts, “I was assured that my loan payments wouldn’t be a problem because I’d be making big bucks. He made it sound like cake[.]” *Id.* Ex. 15 ¶ 5.

283. Another student states that ITT would not tell him the “total cost of my degree,” only “that I would have no problem on paying off my debt, for the fact that I would be making over \$100,000 a year and would have no trouble at finding a job, at which, I am not even using neither of my degrees and am working at a job making \$12.00 an hour.” *Id.* Ex. 15 ¶ 50.

6. Deception Regarding “Temporary Credits”

284. ITT systematically misled students about the nature of their remaining balances—which students frequently had because available loans and grants could not fully cover the high cost of ITT. *See id.* Ex. 12 (reports from students who attended ITT in Alabama, Arizona, California, Colorado, Florida, Georgia, Illinois, Louisiana, Maryland, Massachusetts, Michigan,

Minnesota, Missouri, Nevada, North Carolina, Ohio, Oregon, Pennsylvania, Tennessee, Texas, Virginia, and Wisconsin regarding Temporary Credit).

285. These balances were known as “Temporary Credit,” and ITT misled students about their obligation to eventually pay it. ITT trained financial aid representatives to present the Temporary Credit as grant-based aid that would be “free” to the student, so that they would not have to “go out of pocket.” One Director of Finance at an ITT campus directed her staff to use the word “funding” to describe the Temporary Credit, suggesting that it was actually a loan from ITT. A mystery shopper reported that financial aid staff assured her that any costs above those covered by financial aid would be covered by a Temporary Credit and she would not have to pay anything out of pocket. Another mystery shopper reported that ITT staff told her that any costs beyond those covered by grants and federal loans would be “picked up” by ITT.

286. Unlike other types of loans listed on the cost summary sheets that ITT financial aid representatives handed out to students, the Temporary Credit was not described as a loan on this summary. Nor were there any disclosures about the terms of these loans provided to students.

287. ITT told students that the Temporary Credit was a grant, and would not have to be repaid. *Id.* Ex. 12 ¶¶ 4, 9, 23. As one student recounts, “My financial aid officer had opened up a ‘temporary credit’ account and said that ITT would loan me the extra money to cover the tuition gap, but don’t worry. You will not have to pay this back if you graduate from the program. It would just be wiped under the rug.” *Id.* Ex. 12 ¶ 9.

288. Although ITT represented to students that the Temporary Credit carried no repayment obligations, in reality it was a high interest loan on which payments were deferred for a period of time, until the entire loan balance was due, usually while the student was in school or just before they graduated. ITT then demanded full payment, offering as an alternative a private loan instrument with even worse terms. Many students with Temporary Credit ended up with repackaged private loans through the ITT-operated Student CU Connect CUSO, LLC (“CUSO”) or PEAKS program. These loans came with a 10% origination fee and interest rates up to 16%.

289. One student recounts the bait-and-switch around Temporary Credit, ITT Tech offered temporary credit to cover the difference between the amounts offered by federal loans and the cost of the program. No terms were provided on the repayment of the temporary credit and it was implied it would be rolled over. This temporary credit was eventually pushed into the PEAKS program which

were high interest rate private educational loans. During the course of study, refunds of federal student loan amounts were ‘returned’ by the school, implying all the money was not used and I was unknowingly and unwillingly forced to use PEAKs private loans to pay for part of my study. The temporary credit very quickly became ‘not temporary’ and payment through those loans was required to continue my study.

Id. Ex. 12 ¶ 14.

290. In one student’s experience,

During the middle of my time enrolled, I was told that I did not qualify for loans that quarter and was forced to pay out of my own pocket for those classes. A short time later I was approached with a new loan that was financed through ITT, called a PEAKS loan. This loan was marketed like a federal loan with low interest rates, back through the school [so] that I could continue to receive the additional funding that the government would not be able to assist with. These loans were given to me for the remainder of my enrollment in the program. I was also forced to take these loans as part of a package that I was awarded with ITT scholarship discount. [] I am still paying on these loans with an interest rate of 14.75 percent, not at the 6.8 percent that was told to me. If I had not taken out these loans, I would have been forced to drop out of the program, as I could not afford the tuition prices that needed to be paid per quarter.

Id. Ex. 12 ¶ 11.

291. As one student explains,

I don’t think [ITT] ever told me exactly what they were doing [with Temporary Credit] and all of a sudden I was asked to sign paperwork for a PEAKS Loan. I didn’t know I needed a PEAKS Loan and had never heard of them. They told me if I didn’t sign all the hard work that I had already done would be lost because I would not be able to attend the school anymore and my credits wouldn’t transfer. This was when I had already finished half of my program. So, obviously I signed it and continued. I had worked hard and wanted [the] reward of a degree and that high salary they kept talking about.

Id. Ex. 17 ¶ 18.

292. Another student recounts that ITT “digitally signed all of the documents for me and didn’t tell me they were going to open a bank account with my information to qualify for a loan in the middle of nowhere.” *Id.* Ex. 8 ¶ 60.

293. A number of students report that ITT confronted them with unpaid costs and balances just prior to graduation, when they had no choice but to accept whatever terms ITT was proposing, or not graduate. *Id.* Ex. 17. For example, one student reports that her “graduating

class [was] all blindsided a few days before graduation” with “some random loan to ITT Tech.” She “paid it off quickly in fears that they would continue to screw me if I didn’t.” *Id.* Ex. 17 ¶ 16.

294. Another student was told she “had to sign some paper work right before graduation. I was told that if I did not, I would not get the Presidential Scholarship applied to my tuition. I don’t know what the paper work was, but it made my temp credit bill go from 2000 to 12,000 dollars.” *Id.* Ex. 17 ¶ 22.

295. Many of these last-minute exchanges concerned Temporary Credit and resulted in PEAKS loans.

296. As one student recalls,

A couple semesters before graduation they started pulling us out of class, usually during a test or exam and told us that we could not return to class or graduate until we signed this paper. I was not told what the paper was that we signed. Just that we had to sign it. I was more concerned with going back to class and finishing my test. Little did I know I was signing papers to give them permission to take out high interest private loans.

Id. Ex. 17 ¶ 37.

297. ITT headquarters drove financial aid departments to convert Temporary Credits to private loans. A 2010 email sent by a Director of Finance reports that the District Manager needed updated information about PEAKS loan conversion for a conference call. He further explained the impetus for the urgency:

As a company we have hundreds of millions of dollars available to our students via PEAKS funding, and we have used very little of it to date. This is a problem in the eyes of HQ. As I’ve mentioned previously, we have historically waited until a repack to roll balances into private loans, but HQ wants TC off our books now, so we cannot wait until September and future repacks to address our TC balances. We’ve got to develop a timeline for bringing your students back into FA quickly to convert their TC into private loans.

298. The Director of Finance followed up to restate the imperative, telling financial aid workers to review a spreadsheet of “Active Students with Credit Balance” in order “to catch standing balances before the June repack.” Further, “Next week we *must* resume our 1-in-1 student A/R review meetings. A/R has become a major focus of HQ[.] Most of our students’ TC balances should be moved to ELFCU or PEAKS, provided they qualify.”

299. The Finance Director provided direction to financial aid employees about how to sell the PEAKS loans to students. The nature of the pitch includes tacit acknowledgment of the bait-and-switch between Temporary Credit and PEAKS, and suggests that PEAKS loans are mandatory:

The primary advantages of PEAKS to your students include a new source for private lending—which is scarce in this economy, and funding that qualifies for the six-month grace period that is associated with all education loans. Yes it will have interest based upon the students' credit, but students must apply and accept the loan regardless, unless they are denied outright. The Temporary Credit is/was only a temporary solution, and that has always been the underlying premise.

300. Many students did not know that they even had PEAKS loans or other private loans until collection companies contacted them. *Id.* Ex. 12 ¶¶ 2, 5, 6, 8, 18, 22, 23, 24, 50, 51, 63, 71, 73, 80.

301. One student reports, “The only financial aid that I applied for was the FAFSA. [ITT] forged my signature on private loans that I’m just learning about with Peaks Private loans. I never received any documentation about the loans that was taken out, nor [was] anything explained to me about the loans.” *Id.* Ex. 12 ¶ 18.

302. Another student states, “I have a student loan in collections that I never signed for from a company called ‘Student CU Connect.’ [] This is a loan that came from ITT Tech that I had no knowledge of.” *Id.* Ex. 12 ¶ 43.

303. The CFPB has sued ITT regarding the Temporary Credit program and related high-interest private loans.

304. The reality was that ITT directed nearly every aspect of both the CUSO loan program and the PEAKS loan program.

305. The trustee in this bankruptcy case, in issuing Rule 2004 Requests to the Rochdale Group and Student CU Connect CUSO, LLC, recognized that evidence gathered by the SEC and the CFPB indicated that CUSO was an alter ego of ITT.

306. CUSO loans were only available to ITT students.

307. The CFPB found that CUSO was the:

brainchild of ITT, or its paid consultants, and that ITT was actively involved in the creation and support of the [CUSO loan program] by developing under writing criteria, providing a credit facility, and paying the credit union membership fees in the lead credit union on behalf of the students who took out [CUSO] loans.

308. The CFPB found that “ITT was also actively involved in the servicing and collection activities of [CUSO].

309. The CFPB also found that “ITT provided a stop-loss guarantee to the program participants: if defaults exceeded 35%, ITT would make the credit unions whole for any further defaults.”

310. According to the CFPB, “ITT developed the PEAKS lending criteria, introduced students to the program, and served as the sole intermediary between students and the originating bank. ITT was also actively involved in the servicing and collection activities of PEAKS.”

311. PEAKS loans were “exclusively available to ITT students and were disbursed directly to ITT; proceeds were required to be used only to pay ITT and could not be used by students for any other purposes.”

312. The SEC found that ITT’s underwriting standards [for PEAKS and CUSO loans] were extremely lenient. In addition, ITT was able to override the standards if ITT had previously extended temporary credit to the borrower.”

313. One email sent in April 2010 by a Director of Finance reveals that ITT headquarters had some role in determining whether a student qualified for a PEAKS loan. According to the Director of Finance, for a campus’s 94 applicants, 53 had been approved and 41 denied. Reasons for loans not being approved include incomplete borrower or school information (13), application on hold (12), or rejected by lender (16): “Of the 16 loans rejected by the lender, 4 students were rejected with acceptable credit and 12 students were rejected due to having bad credit. We cannot move forward on these particular loans unless HQ notifies us otherwise.”

7. Signing Financial Aid Papers Including Loan Documents Without the Knowledge or Permission of the Student

314. ITT financial aid representatives would sign papers including loan documents without the knowledge or permission of the student.

315. One former financial aid employee described a culture at ITT where financial aid representatives were encouraged to electronically sign documents without a student’s knowledge or permission. Financial aid representatives retained the PIN number that each student had for federal financial aid forms, and could easily log on without the student’s knowledge. The attitude was that the unauthorized use of electronic signatures was not forgery, because it was an electronic, and not a real, signature.

316. As part of an investigation by the CFPB into ITT's financial aid practices, a mystery shopper asked to see what was on a computer screen and found that her e-signature had been used on multiple forms without the shopper's knowledge. The ITT financial aid representative said she was only "trying to help." The pages that were e-signed without the student's informed consent included the high school/GED certification, transcript authorization, school catalog handbook, graduation information agreement, and more.

317. A student worker states, "I saw countless illegal activities, including financial aid doctoring, federal tax documents with fake signatures and dates before an audit and review from corporate." *Id.* Ex. 8 ¶ 48.

318. Indeed, students in Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Mexico, Ohio, South Carolina, Tennessee, Texas, and Virginia all report that ITT signed loan paperwork without their permission. *See id.* Ex. 19.

319. In one incident, a student reports,

They prepared all documentation then would call me in to sign documents but failed to go over forms or explain to me what I was signing. At one point I informed them a documentation they had signed with my name was not my signature and when I questioned them about it they said I needed to leave the office.

Id. Ex. 19 ¶ 10.

320. As another student reports, "I strongly believe [ITT] signed paperwork without my permission. I've asked for some of my master promissory notes and they aren't even in my handwriting." *Id.* Ex. 19 ¶ 17.

321. Yet another reports,

I did not know the difference between a federal and private loan until I started getting calls for payment. [The ITT financial aid representative] kept my 'PIN' for the student loan signatures on-file somewhere and did all of this on his own. He even signed a loan for me with 'PEAKS Loan Servicing' without my knowledge.

Id. Ex. 19 ¶ 59.

322. One student's father was asked to cosign private loans: "ITT signed loan paperwork for him after he asked many questions about the paperwork. They emailed him the signed copy when he hadn't even sent his signed copy to them." *Id.* Ex. 19 ¶ 20.

323. ITT viewed exigency as an excuse for forgery. As one student reports, The financial aid coordinator did sign loan paperwork without my permission a couple of semesters. It was stated there were a few areas that needed to be corrected. I guess, in their opinion, I was taking too long to correct them, [so] they took it upon themselves to make the corrections. After the corrections were done[,] I was notified.

Id. Ex. 19 ¶ 23. In another student’s experience, “[o]ne financial aid officer had suggested that I sign loan paperwork on behalf of my mother. His reasoning for this was so we could speed up the paperwork process.” *Id.* Ex. 19 ¶ 12.

8. Deception Regarding Financial Aid Programs for Servicemembers

324. ITT also misled veterans, who were specifically targeted for recruitment by ITT, throughout the financial aid process. *See id.* Ex. 20. Veterans were pressured to complete FAFSA forms—unnecessary forms for veterans, who could use GI Bill benefits to finance education—and promised that the applications would be used only to seek additional grant money and not to borrow any loans. In reality, ITT signed veterans up for federal and private loans without their knowledge, even when they qualified for GI Bill benefits that should have covered the full cost of educational services. For example, ITT told one combat veteran that “the military was going to pay for everything” and that “he would never see a bill.” Yet the veteran ended up with private and federal student loans anyway, without his knowledge. A veteran who attended ITT in Pennsylvania reports:

They never told me that my GI bill with yellow ribbon program was going to be exhausted when I signed up for the Bachelor program along with all of the grants I qualified for. Towards the end of my program about 9 months out I found out. Now I have no way of continuing my education. [] I am currently having to pay \$240 monthly due to this which has given me a hardship since I have 4 children[.] I am a disabled Veteran and I have loans totaling \$20,262.94 and as much as I have paid over the past it has not went down.

Id. Ex. 20 ¶ 29. Another veteran reports that, “[w]hen I applied to ITT Technical Institute, they assured me that my post 9/11 GI BILL benefits would cover all of my expenses at ITT Technical Institute for 3 years. However, how am I left with \$56k + in student loan debt?” *Id.* Ex. 20 ¶ 19.

325. This practice grew more pronounced as ITT’s cash flow problems worsened. ITT was able to immediately draw down federal and private student loans, whereas GI Bill benefits were distributed by the Veterans Authority on a slower basis, often during the middle of the semester. Veterans were asked to apply for student loans as a stop-gap measure to ease ITT’s

liquidity problems. *Id.* Ex. 20 ¶¶ 5, 11, 33. ITT promised that it would immediately pay off the loan once the GI Bill money came in. But that never happened, and the veterans were left owing student loans for money that ITT was paid twice—once by the Department of Education through student loans, and again by the VA through GI Bill benefits.

326. ITT also kept grant money that was earmarked to be distributed to veterans to assist them with living expenses while the veterans were enrolled as a full-time students. *Id.* Ex. 20 ¶¶ 5, 11. For example, one veteran reports that ITT “never gave me my money for my grants, they lied and distributed elsewhere without my consent.” *Id.* Ex. 20 ¶ 5.

327. In many cases, ITT used all of a veteran’s GI Bill benefits and then forced the veteran to take out additional student loans in order to continue with classes. *Id.* Ex. 20 ¶¶ 4, 7, 8, 9, 14, 15, 17, 19, 20, 24, 29, 34, 35, 36, 39, 42, 43, 45. For example, one veteran states:

I was under the impression that my Montgomery GI Bill would be sufficient enough to pay for my bachelors degree. It is enough in the majority of cases to supplement 4 years of schooling. [ITT] also participated in the Yellow Ribbon program, allowing for an even higher maximum amount . . . [but] I was left out to dry after 3 years in, they had used all of my funds well before I even got near graduating, and at this point, I either had to leave and hope to find a place that would accept these credits, or shell out for the remainder of my education, which was elongated for no apparent reason except to draw even more time and payments.

Id. Ex. 20 ¶ 18.

328. Veterans who wanted to continue their education at other colleges found that they were unable to do so because ITT exhausted their education benefits. *Id.* Ex. 20 ¶¶ 10, 17, 29, 35.

9. Other Deceptive Financial Aid Practices

329. Many students report that ITT spread their loans out into a very high number of small loans. *See generally id.* Ex. 14 (students from Alabama, Arkansas, Arizona, California, Florida, Illinois, Kentucky, Massachusetts, Michigan, Missouri, New York, North Carolina, Ohio, Pennsylvania, Texas, Virginia and Wisconsin reporting practice).

330. One student reports,

At the end I had roughly 16 different loans that I eventually had to consolidate which hurt my credit score. The school never informed me of the different types of loans they were signing me up for[.] There was no explanation of how much of the total loan disbursements would be federal, subsidized, unsubsidized, or private for that matter. I was simply just told to consolidate the loans in the end into a very low monthly payment.

Id. Ex. 14 ¶ 10.

331. ITT gave another student

an insane amount of loans, some of which are UNDER \$100. I was never given a breakdown of the individual loans, just shown a sum total and made to believe that I was getting a single loan per quarter. This turned out to be somewhere in the neighborhood of 50 loans. Once I graduated and realized what they'd done I contacted them and [was] told that this is standard practice and subsequent contact was never returned. I [had] no idea how long I was taking loans out for and for what interest rate, I was only ever shown the lowest rates.

Id. Ex. 14 ¶ 16.

332. ITT told another student

that it would be one loan and that I would be covered by aid, first it went from I needed to pay ITT \$75.33 monthly then I was told federal Pell, then I was told that it would [be] one payment, today when I look at [my] credit report it shows up as...26 different loans all for ITT which has put me in a bind[.]

Id. Ex. 14 ¶ 21.

333. ITT also converted student grants, third-party scholarships, and other forms of financial aid, falsely told students that their money had been returned to the government or lender, and otherwise misappropriated student funds. *See generally id.* Ex. 16.

334. One student reports, "When a Pell Grant was received, [ITT] didn't disburse whatever money was left over, like most colleges do. They held on to that money and told students that they 'sent it back.'" *Id.* Ex. 16 ¶ 2. Another states she "was sent information from the government about refunds I should receive but never received." *Id.* Ex. 16 ¶ 23. Yet another student reports:

Every once in a while I would receive a notification of disbursement to ITT Technical Institute mailed to my home address, but these disbursements would be more than my estimated costs for the semester and I would not receive the difference in a refund check to me as I did when I attended [another school].

Id. Ex. 16 ¶ 21.

335. Another student reports that he "commuted to the campus yet my grant and private loans went to 'Room and Board.'" *Id.* Ex. 16 ¶ 27.

336. As reported by one student, "I had a job that reimbursed me for my tuition as I passed my classes. I brought ITT Tech almost \$18k in checks...yet NONE of those monies seem to be applied to the student loans, so where di[d] that almost \$18k go??" *Id.* Ex. 16 ¶ 33.

III. ITT'S CONCEALMENT OF ITS ILLEGAL PRACTICES

337. ITT's ability to remain in operation despite providing terrible outcomes for its students depended on its ability to conceal these outcomes and its deceptive practices from students, the public, and regulators.

338. ITT actively concealed its precarious financial position to students, up until the day that it filed for bankruptcy.

339. ITT brushed off student concerns about the multiple lawsuits and investigations facing it in order to protect its enrollment. *See, e.g., id.* Ex. 8 ¶¶ 2, 3, 5, 9, 18, 19, 29, 31, 47, 55. As one student reports, "ITT would just blow off the legal problems they were facing. The[y] downplayed the fact that employers were not all that excited about seeing ITT on a resume. They said that the students and employers did not know what was going on with the school. They also said everything would be fine and there was nothing to worry about." *Id.* Ex. 8 ¶ 47.

340. ITT systematically silenced critics and concealed its fraud.

A. Silencing Whistleblowers and Student Complaints

341. ITT aggressively silenced critics, including disgruntled employees and students.

342. ITT invested significant resources in policing its reputation. For example, ITT's Director of Corporate Communications oversaw "reputation development initiatives" ("RDIs") that were implemented across all ITT campuses. ITT HQ trained campus directors and employees on a centralized RDI submission process and reviewed each campus's RDIs to ensure a uniform approach to protecting the corporation's reputation. RDIs were centrally managed by the same office that oversaw the resolution of student complaints against ITT.

343. ITT retaliated against employees who voiced concerns about ITT's practices.

344. One former campus director received threatening phone calls from ITT's legal counsel after he emailed ITT CEO Kevin Modany and other members of ITT's top management with concerns that management was requiring recruitment and financial aid representative to tell students information that was not accurate. This employee, who had theretofore been regarded as a top performer, was rebuked by ITT's legal counsel, threatened with termination, and directed to "stay with the scripts."

345. ITT made a gesture towards a "reporting up" process, in that it maintained a hotline for employees to call in order to report fraud to central headquarters. But in reality, this hotline functioned to silence and retaliate against employees who were critical of ITT's practices.

One former Director of Finance observed that a recruiter at her campus, in Utah, called the hotline to report wrongful behavior by a long-term veterans recruiter. The reporting employee was fired within weeks, and the veterans recruiter was retained.

346. ITT imposed binding, secret arbitration as a condition of enrollment on all of its students, as a mechanism for silencing students. The terms of the arbitration agreement are severe: students must bring any claim within two years; they may not seek incidental, consequential, or punitive damages; the agreement allows ITT to recover attorney's fees from the student if the student brings an unsuccessful claim. The same agreement imposes secrecy by declaring "[a]ll aspects of the arbitration proceeding, and any ruling, decision or award by the arbitrator...strictly confidential." It also gives ITT the right to go to court "to prevent any actual or threatened breach" of confidentiality. The arbitration agreement also precludes class action procedures, and ITT successfully defeated consumer class actions by compelling them to arbitration on an individual basis.

347. ITT pressured and threatened students who voiced complaints about any of ITT's deceptive and unacceptable practices with expulsion and/or discipline. *Id.* Ex. 8 ¶¶ 12, 51, 52, 53.

348. Student complaints to corporate headquarters were routed back through District Managers, who quelled the complaints.

349. As one student recounts, "We took a class near the end of our Associate's program. When we were able to sign up for our Bachelor's program, we were forced to take the same class again (and have the same book, twice!). When we complained about this and tried to fight this with corporate, the district manager had a meeting with three of us. We were basically told that we can keep our mouth shut and continue on (and graduate) or he could expel us from the college, with all of our debt." *Id.* Ex. 9 ¶ 26.

350. Another student reports, "My class had some issues with ITT executive strong arming us about issues we ha[d] with instructors. We did not receive quality instructors, and were also forced to take the same class multiple times over. When we sent a letter to the ITT home office we received a reprimand from the dean of the Nashville campus. She told us that we had two choices, either withdrawal from our studies or shut up and finish. She also advised us that if [we] contacted the corporate office again or if she heard anymore about the lack of

instructors or taking the same classes over and over then she would personally see to it that we were expelled from ITT.” *Id.* Ex. 8 ¶ 52.

351. ITT also instructed students not to share information or complaints about ITT with anyone outside the school. *Id.* Ex. 8 ¶¶ 21, 25, 29, 33, 51, 52.

352. In one example, a student was repeatedly referred to a scam job listing by ITT career services. According to this student:

I brought this up to [ITT] trying to get more information but they would never return my emails or calls. I finally asked my supervisor for the company I was currently interning with and she was furious about the fact that our own school’s department would send out emails like that. She went up to the school and demanded them to fix this. Instead of them admitting their mistake, they call me and tell me I am unprofessional and why I...asked someone outside of ITT questions about their emails they send.

Id. Ex. 3 ¶ 85.

353. ITT also pressured students to provide testimonials. As one student reports:

They attempted to coerce me to provide a favorable review of their institution on forms they provided. This testimony would have helped them obtain continued accreditation. Of course, I refused to do such a thing. At one point after repeated calls and my declining, one representative actually implied I was contractually obligated to give a favorable review. I responded she should show me where this is captured on any contract I signed. I think at that point, she hung up.

Id. Ex. 8 ¶ 21.

354. Veterans were manipulated into providing positive reports about their experiences with ITT to the U.S. Veteran’s Administration. ITT promised a group of veterans that in exchange for these positive reports, ITT would open up a new program that was of interest to veterans. After veterans submitted their reports, ITT cancelled the program at the last minute, with no prior notice to the veterans who had already enrolled under false pretenses.

355. Another student reports that ITT “[u]sed me as a success story without asking me.” This was after the student had filed a grievance with the BBB, to which ITT had responded with “legal looking letters and emails,” and ultimately “[l]ied and said my grievance was settled satisfactorily to BBB and in their office.” *Id.* Ex. 8 ¶ 69.

356. ITT also pressured students to fill out surveys that were treated as mandatory, in circumstances under which students felt pressured to give favorable responses. One student reports that ITT “had us conduct surveys and would later ask us why we responded negatively to

the ‘confidential’ survey.” *Id.* Ex. 8 ¶ 70. Another student reports “taking a survey towards the end of my schooling regarding the education. [] The questions were skewed in such a way that you would have to answer with [at least] 50% satisfaction[.]” *Id.* Ex. 8 ¶ 66. Another student states that at the end of every course, students were made to fill out course surveys “to help [ITT] improve the services provided to the student body,” yet ITT also threatened that “if we didn’t complete them then we would obtain a failing grade” for the course. *Id.* Ex. 8 ¶ 62.

357. ITT actively concealed its precarious financial position to students, up until the day that it filed for bankruptcy.

358. The true extent and nature of ITT’s fraudulent practices has only emerged since ITT has declared bankruptcy and can no longer effectively silence whistleblowers.

B. Concealment of Actual Student Outcomes from the Department of Education

359. ITT devoted significant resources to manipulating regulatory requirements in order to hide the terrible outcomes its students experienced and avoid the consequences that ITT would have experienced had these outcomes come to light.

360. In order to avoid the consequences of the high rate of default of its students, ITT devised a plan to consolidate its institutions into two OPEID numbers (the unique numbers used by the Department of Education to track federal financial aid). Cohort default rates are calculated by OPEID number. In 2010, the Department of Education changed the way it calculated cohort default rates, by tracking defaults over a three-year period rather than a two-year period. Prior to 2010, ITT operated schools under 30 OPEID numbers. Many of its institutions were at risk of violating the Department’s three-year cohort default rate of 30%, meaning that more than 30% of students from those locations defaulted within three years of their loans going into repayment. The company-wide average 3-year cohort default rate was 28.5%. By consolidating into just two OPEID numbers, ITT was able to achieve compliance, and continue operating all of its branch locations, even though many of its locations would otherwise have failed the metric.

361. ITT also invested heavily in default management tactics that obfuscated students’ overwhelming inability to carry the burden of their federal student loan debt. ITT paid a subsidiary of Sallie Mae, General Revenue Corporation, \$50 each time it was able to place a student in forbearance or deferment, a tactic that prevented default during the measuring period

but did not help the student and in fact allowed the student's debt to grow bigger due to compounding interest.

362. ITT was close to violating the 90/10 rule, and in response ITT stepped up its recruitment of military veterans. Its revenues from military and Department of Defense programs effectively tripled in a three year period, growing from 5% in 2009 to 16% of revenue in 2012.

363. In addition to targeting military veterans for enrollment, ITT avoided violation of the 90/10 rule via the PEAKS program. By converting student Temporary Credit balances to private loans, ITT reduced its 90/10 exposure, enhanced its cash flow, and lowered its bad-debt expense.

364. ITT devised multiple schemes to attain compliance with the gainful employment rule. ITT's programs were at risk for not passing the debt-to-income ratio and repayment rate that are the benchmarks of this rule. Rather than lowering student debt by dramatically cutting program cost, or increasing graduate earnings by investing more in education and career services, or applying more selective admissions criteria, ITT manipulated the debt load of its students.

365. First, ITT decreased the number of credit hours required for an associate degree, and increased the number of credit hours assigned to each course from 4 to 4.5. This resulted in a slight reduction in overall program cost and debt load, as students were able to access more Pell grants based on the increased credit load for each quarter.

366. Second ITT introduced a scholarship program, the Opportunity Scholarship, that allowed it to finely tune the debt load of students who would ultimately end up being factored into the gainful employment metrics. ITT promoted this scholarship to all students, but it was only available to students who persisted after their first year. It was also applied only after the student exhausted other sources of external grants and scholarships, resulting in students getting much less scholarship funding than students were led to expect. ITT introduced another scholarship program, the Presidential Scholarship, to manipulate its gainful employment metrics. This scholarship applied retroactively each quarter, ensuring that ITT only reduced the cost for students that would graduate, while continuing to charge the maximum amount for students who dropped out.

C. Concealment of Actual Student Outcomes from Accreditors and Licensing Boards

367. ITT systematically manipulated the job placement rates it reported to its accreditor, ACICS, in order to meet the minimum benchmarks set by that agency.

368. Specifically, ITT manipulated its job placement rates by counting as “placed in the field” students whose jobs in no way related to their studies.

369. ACICS’s accreditation standards required that graduates be counted as “placed” only if a “predominant component” of the job required the use of skills learned in the student’s program. In a 2016 letter to ITT CEO Kevin Modany, ACICS noted that ITT had violated this accreditation standard by having an internal policy that “consider[ed] a graduate placed with 20-49% of time spent on the job using the skills taught” in the graduate’s program.

370. This practice was longstanding and company-wide, at the direction of headquarters. An internal ITT procedures manual from 2010 instructed employees to use a misleadingly broad definition of “in field” placements.

371. For example, ITT’s internal manual instructed career services employees to designate retail positions at Blockbuster, GameStop, and other big box stores as “in field” to boost the employment numbers for the Digital Entertainment and Game Design program. Students in this program had been promised positions with video game manufacturers and designers, or with animation companies like Disney.

372. ITT counted any graduate of a Computer Network Systems program as “placed” so long as that graduate’s employment somehow involved the use of a computer, however tenuously. For example, ITT’s “in field” placements for that program included a student who worked as a janitor, whose routine tasks included unclogging drains and ordering janitorial supplies. ITT’s Vice President of Career Services justified ITT’s designation of this job as an “in field” placement because “bullets [on the job description] support the fact that there would be IT systems within the facility” where the graduate worked as a janitor.

373. The Vice President of Career Services also justified designating as “in field” graduates of the Computer Networking program who worked as retail salespeople at big box stores. The Vice President explained that salespeople would be “tapping into the knowledge” they purportedly acquired at ITT in order to sell computers and software. Notably, despite the high numbers of graduates who ended up in such positions—many of whom held these jobs

before enrolling in ITT—ITT’s “Career Wheel” did not list “sales associate” as a typical job title for graduates of the Computer Networking Program. Similarly, ITT counted placements as an airline customer service representative and bank teller as “in field” for graduates of the Computer Network Systems program.

374. ITT also counted as “placed in field” graduates of the Criminal Justice program who worked as security guards, in positions that did not require any postsecondary education.

375. The Dean of Academic Affairs at an ITT campus reported that between 2011 and 2015, most of the students claimed as “placed” for that location were in jobs that these students already had prior to enrolling in ITT. This was especially true in the nursing program. ITT used students’ prior employment to boost its job placement figures, even though these students had enrolled in ITT specifically to advance out the jobs that they already held.

376. ITT also counted as “placed in field” graduates who obtained temporary positions that lasted two or four weeks. This form of manipulation violated an ACICS requirement that placements be verified after 30 days of employment. Despite this policy, ITT made little, if any attempt to determine the length of placement, used a placement verification form that did not ask for this information, and generally implemented a “don’t ask, don’t tell” policy towards temporary placements.

377. A student who also worked at ITT reports that management pressured career services to inflate job placement statistics:

The director of our campus in Youngstown, Ohio was putting pressure on one of the career coordinators to inflate the statistics of student employment after they graduated from the school. Surveys were sent to students to see if they were employed and where they were working. If the student marked working at McDonalds she was to mark they were working in their field of study.

Id. Ex. 8 ¶ 39.

378. ITT compounded its misrepresentation of graduate outcomes by annualizing the student’s salary from these temporary jobs and incorporating such figures into graduate earnings data it advertised to prospective students.

379. ITT conscripted students into its scheme, pressuring them to sign forms stating that they had been placed in field when they had no job, or a job that did not relate to their field of study. *See id.* Ex. 8 ¶¶ 7, 11, 12, 13, 14, 16, 20, 22, 24, 27, 32, 34, 35, 37, 39, 40, 44, 45, 49, 50, 57, 58, 65, 67, 68. Examples include one student who was a graduate of ITT’s game design

program. He worked in a pool tile store prior to and during his enrollment in ITT. A career services representative asked him to sign a form stating that he was employed in his field. *Id.* Ex. 8 ¶ 7.

380. Another reports, “I was pressured into saying I had a job lined up a week before graduation, when I was working with another student on a side project and was still employed in a minimum wage retail job.” *Id.* Ex. 8 ¶ 14.

381. Another was

given an evaluation survey (at ITT Tech) to explain how I felt about this ‘job.’ There was a question in it that asked me how relevant was this ‘placed job’ to my field of study. I answered honestly that it had little to no relevance, once my program chair saw my answer, he instructed me to change it, to state that it was very relevant because according to him, answering negatively would ‘affect my chances of graduating.

Id. Ex. 8 ¶ 12.

382. Another student was “made to sign documents about job placement in the middle of my last semester,” and “was told if I didn’t sign I couldn’t continue going there.” *Id.* Ex. 8 ¶ 37.

383. Another student describes an experience being pressured by ITT to sign forms:

At the end of my term there, I was pulled into a room and given a survey. The counselor filled out the survey based on my answers. However, it seemed as though he would try and pressure me into giving me the answers he was looking for. However, it seemed as though he would try and pressure me into giving the answers he was looking for. For example, I did end up finding an IT job on my own, with no assistance from ITT tech. The counselor kept rephrasing the question on if ITT assisted me with in getting the job. [] I’m unsure of what he wrote down, but it was a very uncomfortable survey.

Id. Ex. 8 ¶ 57.

384. Yet another student states,

After I graduated they called me constantly and wanted me to come down and sign some paperwork saying I got a job in my field of study. I was in the roofing business!!! My course of study was Computer Networking Systems! Their reasoning was, I had talked about setting up a live feed for my business so customers...could see their house being worked on from a webpage.

Id. Ex. 8 ¶ 35.

385. In the words of one such student,

I was told that ITT would help me find a job. That being said, I found a job at a law firm doing medical record requests. It was not in my field of study [Criminal Justice], and I found this job on my own. After finding out where I was employed, ITT personally called my boss and asked that they explain how ITT helped me get this job. My boss came to me and questioned me on why ITT was calling her. I had to call ITT and tell them to quit calling my work as they had NO hand in helping me land a job wheheter it was in my field of study or not.

Id. Ex. 8 ¶ 24.

386. Another student reported that ITT's career services office asked the student to register a business so that ITT could represent that the student was employed.

387. Other students report learning that ITT had falsified records relating to their own placement. For example, a student reports:

ITT showed a job placement rate of over 85% infield, when in reality the rate was closer to 20%. This rate was inflated by taking jobs like Cashier and saying working with a computer is infield. This person is actually working at a local grocery. The inflated salaries w[ere] shown when I was told I could be making upwards of \$80,000 and I, on top of my class, graduated having a job with a salary around \$30,000. The paper work filed for my employment said that I was making \$80,000 per year. [T]he reason I know these numbers and how jobs were incorrectly filed is because my wife held an internship in the career services center.

Id. Ex. 2 ¶ 189.

388. Another student states,

“At one point, I stopped receiving any information about new positions opening, and when I inquired about it with the career resources tech, I was informed that I had been removed from the ‘Job Blast’ list and marked as already having a position in my field, despite never being contact or hired.

Id. Ex. 2 ¶ 2.

389. ITT also pressured students who were unable to find work to reenroll in another program at ITT, in order to be able to exclude those students from their placement numbers and generate more revenue for the school.

390. As one student recounts,

I joined ITT in 2008. I was guaranteed that upon completion of [an] Associates Degree I will have [a] six figure salaried job. I was introduced to career services department and was told that they will provide 100% support and introduce me to hiring managers of the companies and that their job is to constantly make connections and invite hiring managers to recruit students from ITT School, hold and organize job fairs for school students. [] The promise of connecting to Hiring

Managers of companies those who are looking for IT Professionals never became a reality. 6 months passed by, the[y] started telling me that the program[s] have changed and my [degree] is outdated and I should take more classes and I should loan out more money to pay for more classes and the[n] I will have better chances to find a job and that they have more managers in line who are waiting to hire new graduates, so now in order for me to get connected with the hiring managers I needed to get another 50K in loan[s].

Id. Ex. 4 ¶ 62.

391. And another student reports: “They asked me to participate in a commercial about how ITT helped me find a job in my field of study. I told them NO! [] They were asking me to lie about their ‘successful statistics about job placement rates.’” *Id.* Ex. 8 ¶ 24.

392. ITT was able to maintain accreditation by ACICS in part because high-ranking members of ITT’s management served on ACICS’s decision-making body.

393. ACICS has since been denied continued recognition by the United States Department of Education as a reliable assessor of institutional quality for purposes of determining which institutions may have access to federal student aid programs, in part because of its failure to protect against conflicts of interest, and its failure to sanction schools that fell below its benchmarks. The Department also noted that ACICS had in several instances been confronted with irrefutable evidence that institutions it accredited had falsified job placement reports, and had not taken any action against those institutions.

394. In the face of the more vigorous oversight exercised by state nursing authorities, ITT’s programs were not able to withstand scrutiny and faced severe sanctions in many jurisdictions.

395. A major component of oversight with respect to nursing programs has to do with passage rates of the NCLEX exam. Unlike the entirely self-reported and unverified job placement rates that ITT reported to ACICS, ITT could not manipulate the passage rate of its nursing students on the NCLEX exam. Pass rates were as low as 20% at some locations. In 2015, the best-performing ITT nursing program registered pass rates 15 percentage points below the national average.

396. ITT’s programs were placed on probation in Arizona, Indiana, Ohio, and Texas, after regulators in those states identified numerous curriculum violations, including a lack of qualified instructors and adequate laboratory equipment and clinical training.

D. Concealment of Actual Student Outcomes from Investors and Securities Regulators

397. ITT also concealed the actual outcomes of its students, in the form of default rates on private loan instruments, from investors and the Securities Exchange Commission.

398. ITT consistently reported in filings to the Securities Exchange Commission that 70% of its graduates were placed in positions that required the direct or indirect use of skills taught in their program of study.

399. Defaults on ITT's private loan products were extremely high, a fact which ITT hid from investors and regulators until 2014. As early as May 2011, ITT's consultant for loan default analysis projected a gross default rate of 61.3% for the existing CUSO loans. ITT reported a projected default rate of over 70% on these loans in 2014.

400. In order to avoid the consequences of this high default rate under the terms of the PEAKS program, and alerting regulators and shareholders to the dire outcomes facing ITT students, ITT chose to make minimum payments on these loans, in order to avoid student default. This "payments on behalf of borrowers" scheme was implemented without students' knowledge or consent. In October 2012, ITT made \$2.4 million in such payments, thereby avoiding an obligation to provide \$30 million in guaranty payments that would have otherwise come due.

401. The SEC charged ITT's CEO and CFO, Modany and Fitzpatrick, with securities violations, for their role in "routinely misle[ading] ITT's external auditors" in order to "further [their] fraudulent scheme."

IV. ITT'S BREACH OF CONTRACT WITH STUDENTS

402. In light of the above allegations, ITT committed a breach of its contracts with students by failing to provide educational services, entirely or substantially. Further, ITT violated the express and implied terms of its contracts with students by knowingly depriving students of the benefit of their bargain with ITT, and by imposing unconscionable one-sided contractual terms on students.

403. Named Plaintiffs and class members who attended ITT entered into enrollment contracts with ITT. Each enrollment contract incorporates by reference the school catalog, which contains, among other things, a description of program objectives, instructional facilities, and career opportunities for graduates of that program.

404. ITT regularly breached its contract with students by unilaterally cancelling programs without notice, harming students who were already enrolled. *See id.* Ex. 9 ¶¶ 2, 8, 10, 11, 12, 14, 16, 18, 19, 22, 31, 33, 34, 36, 37. ITT's closure is merely a large scale expansion of this ongoing practice.

405. As one student recounts,

[ITT] started a construction management program and cancelled it before any classes were [able] to obtain a degree. There was no notice, no prior knowledge. They let our class start thinking we were in Construction Management when behind the scenes they cancelled it and changed it to Project Management without even telling us. We actually just noticed that the course name on our schedules changed. There was no staff available to help answer questions and then they suckered about half of my class into continuing the Project Management program which was later canceled without anyone receiving a degree.

Id. Ex. 9 ¶ 10.

406. Another student was

told 2 weeks before getting my associates degree that the criminal justice program was being cancelled. Now I just wasted 2 years of my life and \$80,000 plus in debt for an associates degree that can't even be used for a lowly security job watching the front door of a grocery store, or the school credits can't be transferred to another school.

Id. Ex. 9 ¶ 12.

407. ITT also unilaterally moved certain classes online, even though students had signed up for in-person learning. *Id.* Ex. 9 ¶¶ 1, 5, 9, 15, 17, 21, 29. For example, one student states:

The general education was originally on campus, during my third year they moved it online, no prior announcement. I did not sign up for online classes and was not the least bit interested in taking courses online. In fact I didn't find out I had an online class until I got my class schedule. When I went to my program chair they told me it's too bad, it was moved online to cut costs.

Id. Ex. 9 ¶ 5.

408. Students who were still enrolled when ITT campuses closed in September 2016 were denied the educational services they were promised by ITT, in breach of ITT's contract with them. A Kentucky student who was enrolled when ITT closed says:

I have a family that I have to take care of. I was looking forward to get[ting] a career out of the training provided by ITT Technical Institute. This would allow

me to pay off these debts. Now I am faced with bankruptcy and being homeless with my 3 year old daughter and wife.

Id. Ex. 28 ¶ 8.

409. Although ITT promised students lifetime career placement services and refresher courses, students were being denied these services even before the school shuttered. ITT's closure now ensures that, going forward, all former students will continue to be deprived of those promised services.

410. Even before ITT closed, students were routinely denied the services that they were expressly promised. Even students who completed ITT programs did not receive the hands on training and guaranteed job placement that was promised. *See id.* Exs. 3, 4. ITT failed to make even minimal investments to support the core educational training and career placement functions that it promoted to students. ITT's underinvestment in these core services deprived students of the educational and vocational services that they bargained for, and constitutes bad faith.

411. ITT's efforts to misrepresent and misconstrue the inferior nature of their accreditation reveals a further lack of good faith. When students repeatedly expressed that they were interested in credits that would transfer to community colleges and public universities, ITT's promised that its services would help students accomplish these goals. Instead, ITT's high-cost, low-quality education foreclosed the possibility of true educational advancement for these students. *See id.* Ex. 27.

412. Students enrolled in ITT's nursing programs were misled by ITT's false promise that those programs would lead to employment when, in fact, ITT's lack of programmatic accreditation rendered its students ineligible to become licensed nurses in most states.

413. ITT's practices of enrolling students without regard for student success, providing poor instruction, and passing students simply so that the school could continue to receive more funding further reflect the company's lack of good faith in providing educational services. *See id.* Ex. 7.

414. ITT focused on maximizing profits by lying to potential students, concealing the truth about poor outcomes, and extracting ever-increasing costs from students rather than providing the educational services that students sought. For example, when members of ITT's corporate board learned that nearly all ITT campuses would fail a proposed "gainful

employment” standard, ITT did not focus on improving students’ employment prospects. To the contrary, ITT’s corporate board proposed gaming the metrics once again by manipulating the debt burden of students who were likely to be captured by the relevant regulatory metric.

415. Although ITT recruiters told students that ITT was looking out for them, ITT recruiters abused the positions of trust that they held as nominal financial aid and admissions advisors. Many students believed so deeply that education was their path to a better life that they did not pause to consider the possibility that a government-approved educational institution would mislead them by entering into a contract with no intention of actually providing the promised educational and job placement services.

416. ITT’s enrollment agreements included many one-sided terms that are unconscionable under any circumstances, but are particularly egregious given ITT’s practice of targeting the most financially vulnerable segments of a population that is by definition unsophisticated. Many students were young and had just become capable of entering legally binding contracts when they enrolled with ITT.

417. ITT’s Enrollment Agreement grants ITT the right to unilaterally change the terms, provisions, procedures, policies, and requirements of the enrollment contract without notice and at any time. The Enrollment Agreement states that such changes are binding on students.

418. Although ITT requires students to assent to mandatory, binding arbitration of disputes as a condition of enrollment, ITT reserves for itself the right to seek remedies outside of arbitration, or even to conduct arbitration under different terms than those contained in the Enrollment Agreement.

419. If a student breaches the Enrollment Agreement, ITT can seek costs and expenses without limitation, including collection costs, attorney fees, and arbitration fees. Meanwhile, students are limited to recovering only their tuition cost.

420. The “Cost Summary and Payment Addendum to Enrollment Agreement” used by ITT also includes unconscionable, one-sided terms. Although the student is bound to pay as described, ITT reserves the right to “rearrange, adjust, and/or extend the time and amounts of payment due on this Addendum without notice to, or the consent of, Student and without releasing student from any of his/her liabilities and obligations hereunder.”

421. As students progressed through their coursework, ITT levied additional costs and insisted that students had to pay for these additional costs either out of pocket or by taking out

additional loans. Students had to accept these costs to avoid being kicked out of school midway through their program of study. *See id.* Ex. 17 ¶¶ 5, 6, 11, 12, 13, 15, 20, 21, 23, 24, 47, 48, 54. For example one student “had to pay over \$5000 out of pocket because the loans did not cover the full cost of the program even though they said the loans would cover the cost completely.” That same student reports, “[o]ne month before graduation they sprang yet another fee that had not previously been mentioned and I had to pay to receive my degree.” *Id.* Ex. 17 ¶ 16.

422. Another student was explicitly told that she would not graduate unless she paid an additional \$800 in cash.

[T]owards the end of my graduation they said that all the loans were exhausted and that i had to pay them in cash or i wouldnt graduate or get my diploma. [I] believe it was arround the 800 dollar side but at that point i didn't have that kind of money on hand. [I] had to borrow it from family. [H]ow could it be if everything was so well planed out how was it that i had to pay in cash? [D]id something change? [W]ere they charging me extra for something? [T]he thing that scared me into paying is the fact that i wouldn't graduate. [L]ooking at it now it seems like a scare tactic to bully me into paying them.

Id. Ex. 17 ¶ 13.

423. ITT students were subjected to a shifting set of rules and financial burdens that increased the total amount of ITT's cost to them. For example, students were told that laptops were “free” when in fact students had to pay for them, or were told that they would qualify for an ITT “Opportunity Scholarship,” when in fact ITT would only award the scholarship after a student had borrowed the maximum amount of loans available to them.

V. INJURY TO CLASS

424. Students continue to experience harm from ITT's predatory practices in nearly every facet of their lives. Students are financially impoverished, their families are destabilized and torn apart, and they experience harassment, wage garnishment, eviction and homelessness. Upon learning that their job prospects are dismal, that their credit is destroyed, and they have exhausted their educational opportunities, students lose faith that they can ever claw their way out of lifelong debt and poverty. Many experience personal shame, depression and thoughts of suicide.

425. In the past ten years alone, ITT created, by a conservative estimate, \$7.3 billion in student loan debt, both federal and private. The amount of debt carried by ITT students has and will continue to balloon.

426. ITT student earnings are patently insufficient to support this enormous debt. 2014 ITT graduates earned nearly 20 percent less than the median earnings of American workers with high school diplomas but no college credits, including twenty-three ITT programs with lower median earnings than workers with only a high school diploma. Graduates of eleven ITT programs had median earnings even lower than workers who did not graduate from high school.

427. Default rates demonstrate the insufficiency of ITT student earnings to even minimally service this massive student loan debt. As of 2016, roughly 18.5% of all ITT student borrowers had defaulted on their federal student loans. Only 53.3% of the remaining, non-defaulted borrowers had reduced their principal balance by even a single dollar in the past seven years. One financial analyst estimates that lifetime default rates on ITT students' federal student loans will approach or exceed 70%. The default rate on PEAKS loans ranges from 75 to 85%.

428. Student loan default has dire consequences. Students who default on federal student loans lose eligibility for further financial aid. They are subject to involuntary collection of their wages, benefits, and tax refunds, including Earned Income Tax Credits. Private loan defaults, like federal defaults, destroy a student's credit and can result in litigation and liens against students.

429. ITT students' inability to repay their loans causes additional harm in other areas of their lives. Bad credit from default, or even the mere existence of this sizeable debt, further restricts employment possibilities. Financial strain undermines families, leaving students further isolated from financial and emotional support. Students cannot afford healthcare or access credit to treat chronic depression and physical ailments. Students are left in a downward spiral and many conclude that their lives are ruined. *See generally id.* Exs. 20-29.

A. Harassing Debt Collection and Involuntary Collection

430. ITT students who cannot repay their loans experience constant harassment by debt collectors. *See generally id.* Ex. 22. For example, one student, who was enrolled in ITT's Network System Administration program at a Washington campus stated,

I joined the Army to pay for school, and ITT Tech mislead my dreams of higher education. Now I'm \$10,000 in debt and have nothing to show for it. I'm constantly being harassed by collection agencies and it's making me depressed.

Id. Ex. 22 ¶ 79. Another student who was enrolled in ITT's Criminal Justice program in California until 2005 says that

I was mental abused by Sally Mae threats. They called me lazy told me to sell my body and they were going to send me to jail. So much more. I was trash all I wanted to do was lived off of the government. It was so bad I seriously thought about suicide I eventually went on meds for this.

Id. Ex. 22 ¶ 26.

431. Debt collectors call students multiple times every day to harass them. *Id.* Ex. 22 ¶¶ 11, 18, 65, 70, 96, 104. In one particularly egregious case, a student who was enrolled in ITT's Computer Drafting and Design program in Michigan through 2011 receives "over 20 phone calls a day from the private loan servicer. They also call my place of employment. It is embarrassing. It has put a huge financial strain for me, my wife, and my family." *Id.* Ex. 22 ¶ 41.

Debt collectors commonly extend their harassment to former students' family members to increase the discomfort and pressure experienced by student borrowers.

Id. Ex. 22 ¶¶ 2, 3, 10, 20, 21, 23, 24, 31, 39, 45, 51, 54, 62, 71, 72, 86, 97, 100, 103, 104.

432. For example, a student who was enrolled in ITT's associate degree program in Network Management until 2009 is:

having 15% of my wages garnished. Dealt with multiple collection agencies calling at odd hours AND contacting my parents and brother who had nothing to do with the loans nor were they even on the loans. . . . The collections companies violated Fair Debt Collection rules and contacted family members also provided them with information regarding the loans. They refused to take them off the contact list. This has caused a very large strain on my relationship with my brother. We are virtual strangers at this time.

Id. Ex. 22 ¶ 51.

433. Another is

a Veteran who suffers from PTSD, depression, suicidal tendencies, insomnia and other maladies. Before incurring the debt without completion from ITT Tech I was doing fine . . . but now with the burdening of the debt from ITT Tech and the constant bombardment of collection calls, being threatened that any tax refunds would be withheld causes much needless stress. Sallie-Mae and now Navient have sent or called me threatening to take action on my tax refunds, payroll and even harassed my family members for repayment.

Id. Ex. 22 ¶ 86.

434. Debt collectors also harass former ITT students at work. *Id.* Ex. 22 ¶¶ 8, 10, 19, 39, 41, 73, 88, 96. For example, a student reports,

Sallie Mae/Navient has called my work repeatedly. Let messages with my boss and other coworkers. Called my family about my debt, asking them questions about me. . . . I get extreme anxiety over my student loans. I have insomnia and every time my extension rings at work I'm afraid it's them hounding me.

Id. Ex. 22 ¶ 10. Such workplace harassment further undermines the stability of ITT students' employment.

435. In addition to constant harassment, students who default experience garnishment of their already-low wages and lose Earned Income Tax Credits and Social Security benefits that they urgently need to meet their basic needs. *See generally id.* Ex. 23. These forms of involuntary debt collection make student debt an inescapable burden for many students who attended ITT campuses. For example, a student says:

I am earning 13\$ and hour. The more I work the more they take because my wages are being garnished. . . . Plus they take my tax refund every year even my Earned income tax credit that I should get because I have a 2 year old. When I first had my baby in 2013 I was making 11\$ an hour at the goodwill, I lost that job and they took my tax refund even though I was unemployed with infant. I could have used that 3000\$. I feel like I have let down my entire family. I went to the school, my dad used to pay them every month . . . about 150\$. And now his tax refunds are being taken so are mine and I have nothing to show for it. I live in absolute poverty and with no way out. . . . I can't pay it off ever. And my dad calls me everyday saying that creditors are calling his manager at work threatening to garnish his wages. And for what , we have nothing to show for tens of thousands that we have paid. This has caused me to have severe depression, because I see no way out ever. It hurts, I used to cry everyday It's like being in a strong arm robbery every paycheck and every tax refund.

Id. Ex. 23 ¶ 13.

436. Students who experience involuntary collection are often struggling to support themselves with low wage or minimum wage jobs that are a far cry from the high-salary positions promised by ITT recruiters. For example, one student says:

For crying out loud, I wor[k] at McDonald's as a drive-thru attendant 32-60 hours a week earning only \$8p/h... and my husband has gotten laid off his \$28,000p/y factory job. . . . Because my daughter has a psychotic & behavior disorder . . . the state could file charges of child neglect and endangerment if I can't afford to buy food, pay rent/water/electric bills[.]

Despite the fact that attending ITT did not elevate this student's wages or career prospects, she reports that, "[m]y and my husband's yearly tax returns are being confiscated to pay of the debt.

[] Due to all of the struggles I have went through and and am still enduring caused by ITT-

Technical Institutite my family has to live in a cheap rundown apartment, barely able to pay our monthly bills.” *Id.* Ex. 23 ¶ 4.

437. Involuntary collection can impact several generations of a family. *Id.* Ex. 23 ¶¶ 2, 6, 8, 11, 12, 13, 23, 25, 30, 31, 35, 36, 37, 38, 40, 45, 46, 47, 48, 50, 61, 62, 68, 70, 71, 77, 78, 80, 85, 88. For example, one student reports:

I am a single mother struggling to get by, getting further into debt due to the negligence of this school. My garnishes are being waived and my taxes are being taken. I am forced to live with my parents due to not having enough money for my son and myself to live on our own. This debt has been so unbelievably hard to overcome If I would have known then what I know now I would have never attended this school. It’s hard being a single mom living from paycheck to paycheck trying to support a child.

Id. Ex. 23 ¶ 2.

438. Involuntary collection on ITT loans forces students and family members to make impossible choices, cut back on necessities, and default on other bills. For example, a student states:

They have garnished my pay checks and tax refunds, so I have to work more than 40 hours a week to make up from what they take and that doesn’t help, because the more I make the more they take...I am a single parent who was trying to better my life for my daughter and I, now I don’t spend time like I want with my kid, because. I am working all the time and I am drowned in debt that I will never be able to repay . . .I have now had my wages garnished and my income tax taken from me and it has left me unable to pay my rent, bills and get food...I barely bring home \$100 every week!!

Id. Ex. 23 ¶ 45. A parent whose son attended ITT says:

I make ten dollars an hour and now my wages are being garnished for this loan that has not helped myself or my son any at all. . . . I can barely afford to pay my bills now that I am being garnished. I have several medical bills I am also trying to pay. I had to stop paying on them because of my garnishment. . . . I have been dealing with this for ten years now. It is very stressful. My wages being garnished makes it difficult to pay my bills and still have money to eat. I have to choose some weeks between paying my electric bill or buying food. I can forget about saving any money for retirement. There is nothing left to save.

Id. Ex. 23 ¶ 30. Many students worry that harmful collection activity will continue for the rest of their lives because the interest on their student loans is growing so fast that they are unable to keep up with their limited payments and garnishments from low-wage jobs; for these students, ITT effectively left them with a life-long debt sentence.

439. Some students default and subsequently experience harassment and involuntary collection for loans that ITT secured without informing the student about the nature or number of the loans or the identity of the lender. *See generally id.* Exs. 11-15. For example, a student received a letter of “congratulations” after 2 loans were paid off. I had assumed that was all I owed. I then received the collection notice and letter from the IRS that they were holding my \$8000 tax return to pay toward my debt. I have had my tax returns held for unpaid loans I was unaware of. I was not aware of 10 loans. I still owe close to \$17,000.00 in student loans.

Id. Ex. 23 ¶ 56. Another student reports, “After finding out that i had 12 or so different loans which i was unaware of until i was being garnished by most of them. . . I had so much stress that I missed time at work. I was emotionally and mentally unable to cope.” *Id.* Ex. 23 ¶ 10.

B. Destruction of Credit

440. Upon leaving ITT, many students discover that their credit scores have been damaged by the number of loans, the amount of debt, and the high burden of repaying the loans. *See generally id.* Ex. 21; *see also id.* Exs. 11-15, 17, 19. As students fall behind on these loan obligations and experience delinquency, default, and collection activity, their credit scores sink lower and lower.

441. Credit harm perversely prevents students from attaining even entry-level employment, locking them into a negative cycle of financial insecurity. *Id.* Ex. 21 ¶¶ 3, 8, 9, 15, 18, 23, 32, 42, 55, 92, 105, 106, 119, 135, 140, 155, 166. This pattern is particularly acute for students enrolled in ITT’s Criminal Justice and Program Management programs. For example, a student who enrolled in ITT’s Criminal Forensics Technician program describes how her credit has prevented her from working in her field of study. “I can’t get a job in my field because they do credit checks. I can’t better my life because I am financially unable to pay due to not having a job.” *Id.* Ex. 21 ¶ 79.

442. Some students describe being rejected from specific job opportunities because of their debt from ITT. A Criminal Justice student notes that, “it has cost me a job with the TSA due to the debt was so high, that’s why I went to school[,] to get a job like that.” *Id.* Ex. 21 ¶ 55. Another student writes, “The debt load has worked against me when applying for sensitive jobs. I believe I’ve lost out on two sheriff support jobs as well as one with the Vancouver Police department[;] my deferred debt is seen as poor fiscal management on my part.” *Id.* Ex. 21 ¶ 106.

443. Veterans were pushed out of military careers because of ITT's negative impact on their credit. For example, one veteran reports:

My credit score is low. My marriage is in danger because of constant stress of how we are to pay for everything.[] Thus burden has forced me to have to retire from the military because I had my security clearance revoked and could no longer serve my country. I have emotional and physical damage because of this.

Id. Ex. 21 ¶ 155.

444. Another veteran who attended ITT's Criminal Justice program has a "credit score [that] is so very ruined that my new family is living in a room sleeping on the floor because we can't afford adequate housing since everything is based on credit scores including employment..." *Id.* Ex. 21 ¶ 15. His damaged credit "resulted in with[]drawing from staying in the military as a career." *Id.*

445. Credit harm also prevents ITT students from being able to move forward with their lives. *Id.* Ex. 21 ¶¶ 31, 61, 75, 77, 82, 84, 93, 121, 122. A student explains:

I live with my fiancée, and we have wanted to get married for many years now, but simply cannot afford to due to the immensity of these payments. . . . I would give anything to be able to marry this woman. [] I have been with my fiancée for seven years. Not being able to afford a wedding is absolutely heart-breaking every day.

Id. Ex. 26 ¶ 85.

446. One student "was afraid to get married because I didn't want my student loan debt to hurt my husband's credit score." *Id.* Ex. 21 ¶ 77. Another student reports, "I am 31 years old and I had to move back home with my parents because my student loan debt won't allow me to purchase a home. . . . I make barely enough to keep myself going." *Id.* Ex. 21 ¶ 122.

C. Loss of Opportunity

447. Many ITT students want the opportunity to correct their mistakes by earning a degree at a legitimate college, but they cannot further their education or training because ITT exhausted the students' financial aid eligibility and other resources. *See generally id.* Ex. 27.

448. For example, one student laments, "ITT-Tech not only ruined my credit but ruined any chance of me attaining any legitimate degree from a respected college. I have maxed out on my federal loans and currently can't afford to pay my way into another. I am totally and completely helpless at this point." *Id.* Ex. 27 ¶ 22.

449. Another student found that although more study would be required to obtain the certifications necessary for employment in his field, he can no longer afford to earn those certifications: “Looking at the job requirements that meet the pay grade I was promised I need to go back to school to get Linux, Cisco, A+, Ethical Hacking, and other certifications which I can not afford to take at this time due to limited hours after work, and monthly student loan payments 6 years later.” *Id.* Ex. 27 ¶ 85.

450. Most schools do not accept any transfer credits from ITT. *See generally id.* Ex. 10. Therefore, students face the dual obstacle of having to rebuild their educational credentials from the ground up after their financial resources have been depleted by ITT. *See id.* Ex 10 ¶¶ 144, 157, 165, 175, 287, 307, 367, 393, 402, 419, 456, 640, 666. As one student put it, “ITT credit are non transferable, I would have to start from ground up, but can not because I’d never get approved for more loans.” *Id.* Ex. 10 ¶ 144.

451. A veteran who enrolled in ITT’s Electrical Engineering program exhausted his military tuition benefits, explaining, “I use the VA so my credits wont transfer to my new school and my benefits remaining will not allow me to pursue a Bachelors Degree.” *Id.* Ex. 10 ¶ 165.

452. Many veterans have lost all of their GI Bill benefits to ITT. *See, e.g.,* Ex. 20 ¶¶ 10, 17, 29, 35. One veteran who attended a Computer Networking Services program found that he had “wasted my GI bill on this, so i no longer have a benefit that i served for 4 years to accumulate. And i did worse than throwing it out the window- i worked my tail off AND paid them in cash for the privilege!” *Id.* Ex. 27 ¶ 295. Another veteran “gave up furthering my education because we simply could not afford anymore school debt. I feel like I wasted my GI Bill on this school.” *Id.* Ex. 20 ¶ 17.

453. Another veteran reports that ITT never told me that my GI bill with yellow ribbon program was going to be exhausted when I signed up for the Bachelor program along with all of the grants I qualified for. Towards the end of my program about 9 months out I found out. Now I have no way of continuing my education. I am currently having to pay \$240 monthly . . . I have 4 children which one will be attending college here in about 2 years. I am a disabled Veteran and I have loans totaling \$20,262.94 and as much as I have paid over the past it has not went down. Exhausted all Veteran benefits for this along with not being able to incur more debt.

Id. Ex. 20 ¶ 29.

454. Students worry that because ITT exhausted their borrowing capacity and ruined their credit, they will not be able to help their children earn degrees from legitimate colleges. For example, one student reports:

My wife can't go to a real school and better herself because we cannot afford the debt. My children will probably not be able to go to school, at least not with my help and that fills me with despair. This is supposed to be the greatest country in the world but I.T.T. tech is profiting on the backs of people that only want to make a better life for themselves. They are destroying peoples futures[.] I make \$12.99 an hour which is what I could make without a degree. I can't obtain any loans or assistance to go to a real school and obtain a real degree. I sometimes think very dark thoughts that I don't want to describe because they are very distressful and saddening. I don't want to lose my family or life because I went to I.T.T. tech. I don't want to live in poverty because I went to I.T.T.

Id. Ex. 26 ¶ 175. Another student notes, "I was not able to co-sign for my daughter's student loans. This is like a dark cloud." *Id.* Ex. 27 ¶ 298.

D. Undermining of Families

455. The experience of attending ITT and the resulting debt has undermined students' families. *See generally id.* Ex. 26. For example, one student was

evicted from the home I was renting, and my wife left me. I was forced to move into a trailer park that I did not feel was the safest place for me and my daughters as the amount of my loan payment, the eviction, and now poor credit kept me from being approved for a better home. I feel I have failed my family because I am not able to make the salary I was promised. High monthly student loan payments make it very difficult to pay my regular home bills, children have not been able to participate in sports etc at school, I'm unable to afford medical insurance, children and I have had to shop for school and work clothes at second hand stores, two pets had to be put down because we could not afford necessary vet bills. . . . I've added financial burden on my parents as they have been financially assisting me in supporting my family do to the broken promises of ITT.

Id. Ex. 26 ¶ 47.

456. For another student, attending ITT has destroyed my relationship with my grandmother who is my cosigner & has put a large burden on my relationship with my mother. The debt and amount of payments caused me to lose my fiance because all my money went towards loans and she saw that I wouldn't never be able to support her or children...she was right to abandon me, I can't even support myself now.

Id. Ex. 26 ¶ 50.

457. Many students postpone marriage, sometimes indefinitely, for fear of exposing their prospective spouse to their ITT-related debt. *Id.* Ex. 26 ¶¶ 5, 20, 25, 26, 65, 85, 95, 96, 104, 112, 117, 200, 207, 212, 220, 227. As one student reports,

My girlfriend and I have been together for 4 years and can't afford to get married, move into our own place, or start a family. Student debt has forced me to put my life on hold and I've done all I can to pay it off, there is no future for me as long as I hold this debt.

Id. Ex. 26 ¶ 25. Another states, "I can't get married because I don't want my future wife to be saddled with my debts." *Id.* Ex. 26 ¶ 26.

458. Many students' marriages have suffered because their debt from ITT has caused marital strife. *Id.* Ex. 26 ¶¶ 3, 8, 11, 30, 31, 36, 64, 75, 77, 79, 89, 97, 98, 103, 113, 120, 130, 134, 140, 145, 155, 160, 161, 171, 174, 182, 190, 202, 205, 210, 215, 229, 243, 248. For one student, "the financial stress of the garnishment[] has my wife ready to walk out on the marriage taking my children." *Id.* Ex. 23 ¶ 40.

459. ITT has contributed to many students' divorces. *Id.* Ex. 26 ¶¶ 7, 21, 47, 49, 50, 67, 110, 122, 125, 136, 148, 157, 183, 188, 193, 198, 202, 213, 222, 236, 241, 245, 246, 247. For a Nevada student who enrolled in ITT's Applied Science, Software Applications & Programming program, "[t]he monetary stress of not being able to find jobs in the field I had studied for eventually led to a divorce and the loss of my house to foreclosure." *Id.* Ex. 26 ¶ 122.

460. ITT loans prevent many students from being able to adequately provide for their children. One parent who enrolled in a Computer and Electrical Engineering program in wonders:

What happens if my car brakes down, a child falls, a refrigerator brakes, we get sick, cost of day care goes up, or a pipe bursts in the house? We cry. We get sick. With this debt we, I, cannot give my sons the childhood memories they deserve. I [have] \$395 a month in student loan debt. Considering I never got the \$60,000/yr job they promised me, this is a huge struggle for me to raise my two sons (5 & 7 years old).

Id. Ex. 26 ¶ 163.

461. Another parent "cr[ies] every day saying this isn't [enough] i don't have the money to go and do stuff for my kids, no Christmas, no Halloween, no holidays and barely nothing for there birthday. I cant keep doing this it hurts me to look at my kids[.]" *Id.* Ex. 26 ¶ 250. Another "ha[s] to buy less groceries for my children because of the garnishments," *id.* Ex.

26 ¶ 57, and another notes that, “for the rest of my life I can not provide better for my family,” *id.* Ex. 21 ¶ 143.

462. ITT students are unable to care for aging parents and disabled family members because of the burden of student loans. One is “supporting my disabled father and trying like hell to make ends meet working construction again. I stopped receiving tax returns 2 years ago and now they want to garnish my wages.” *Id.* Ex. 23 ¶ 70.

463. Many ITT students feel that they have become a burden to their families. A student who attended a Computer Networks Systems program says:

I feel sad and stupid I decided to say yes to ITT Tech. I was 19 years old fresh out of high school and the only thing I wanted to do was work with computers. The ITT recruiter sweet talked me into thinking ITT Tech was this great school, and since that I was gonna make such a great salary I was gonna pay back my loans in no time. I also feel terrible for my dad that is still stuck with a loan on his name when he’s 76 years old and he’s got 10 more years to go. I also feel embarrassed when I tell people I’m an ITT graduate, no company respects that degree. It’s like everyone knew they were a fraud except 19 year old me.

Id. Ex. 29 ¶ 12.

464. Many students’ disastrous experiences with ITT have led them to believe that suicide is the only way to help their families escape the harmful effects of ITT. For example, one student says:

I have had many sleepless night pondering what I’m going to do. The future I had believed in so badly . . . proved to be false on so many levels. The fact I had put my mother into debt for a loan only gave me even worse stress and contemplated suicide in order for my debt I would be unable to pay off [to] be erased so she can survive.

Id. Ex. 24 ¶ 20.

465. Another student who enrolled in ITT’s MBA program explains:

I am now 40 years old and I cannot start again[.] My future is already gone, but I need to think about my family’s future instead. If I could go back in time and do things differently, I would have just walked away and never enrolled in that school. At times, I think it is best to commit suicide, so my loans are finally forgiven. All my husband has to do is give my death certificate to the lenders, so I can finally be free; and him as well. He does not deserve to be chained to a person who will only drag him down due to my student loan debts. My family deserves better, but I feel I have failed them all as a wife, mother and daughter.

Id. Ex. 24 ¶ 75.

466. Student loan debt from ITT has caused foreclosure, eviction, and homelessness. *See generally id.* Ex. 28. For example, one student says, “I was homeless living on friends couches because of false promises on finding a job and my credit . . . not being able to get approved for a home or apartment.” *Id.* Ex. 28 ¶ 10. Another student describes how negative credit, poor employment prospects, and homelessness were among the negative consequences of attending a Networking Information Technology program: “I can’t get work because I owe so much . . . I’ve become homeless numerous times because I can’t find work and people give up on me.” *Id.* Ex. 28 ¶ 15.

467. Some students became homeless as a result of ITT’s failure to prepare enrolled students in advance of ITT’s sudden and unanticipated closure in September 2016. For example, a student who was enrolled when the school closed says, “I am now homeless with four children[.] I was locked out on Sept 1, 2016 due to the high stress and lack of transcript or even being able to reach a Dean or Financial adviser on the phone[;] its like the school closed over night after my last final.” *Id.* Ex. 28 ¶ 14.

468. Other students, including those who were not enrolled when ITT closed, also experienced extended periods of homelessness because of their attendance at ITT. For example, one student “ended up being homeless for almost two years after all of this,” *id.* Ex. 28 ¶ 7, and another student states, “[i]t took me 2.5 years of being homeless and sleeping on peoples couches to get out of default,” *id.* Ex. 28 ¶ 3.

E. Student Loan Debt from ITT Has Caused Impacts on Emotional and Physical Wellbeing

469. ITT students experience overwhelming feelings of shame and self-loathing, and often blame themselves for falling victim to ITT’s predatory scheme. *See generally id.* Ex. 29. For example, one student reports being

ashamed of being nearly 30 years old and living with my parents, being the first person in my immediate family to go to college, and yet bringing home a degree that is effectively worth as much as a paper towel. It got so bad that I stopped going to family gatherings, even on holidays like Thanksgiving and Christmas, because I was utterly ashamed and didn’t want to be seen and known. I never really wanted fabulous success, but I did aspire to be self-sufficient and at least able to afford a small house and take care of myself. Having mucked that up so hard, I couldn’t bear to look people in the eye when talking about careers and degrees. I lied to people out of shame when asked where I was living or what I do for work.

Id. Ex. 29 ¶ 2.

470. Students feel deep regret over enrolling at ITT. *See id.* Ex. 25 ¶¶ 17, 44, 58. One student reports:

Everyday I regret going to this school. [I]f I could go back in time and change only one thing in my life, It would be attending this school and taking out these loans. I am so embarrassed that this scam happened to me. I don't even tell my friends that I have a degree because I am so embarrassed when people ask why I don't have a job in that field if I paid so much for it.

Id. Ex. 29 ¶ 21. A student who owes almost \$23,000 explains:

Going in the program to better myself believing their lies that I would have a great future makes me feel like an idiot. I regret everyday walking into their front door. . . . I have to stay poor and my family has to live a lesser life because our government allows these parasites to operate and if we don't pay then the government comes after us. Maybe it's time that our government stands up for it's people and dismantle these predatory colleges that try to sucker people in with hopes of making a better life for themselves and families.

Id. Ex. 29 ¶ 31.

471. Many ITT students feel ashamed for being young, naive, or unsophisticated enough to fall prey to ITT's deceptive advertising. For example, one student

was the first of my family to graduate from college. I took pride in that idea and now I feel nothing but shame and stress from debt collectors calling. I want nothing to do with the degree I have and will probably never persue this type of dream again as I question my own intelligence.

Id. Ex. 29 ¶ 14. Another student describes a similar reaction:

Every waking moment is filled with regret. Every single day I think about the mistake I made attending ITT Tech. All I wanted was to better my life because I worked a dead end clerical job in a state building. Their commercials made me believe I could find a career The only thing that has changed since achieving my Bachelor's degree is the amount of debt I am in and the state building I work in. I would never commit suicide, but I have pontificated on the idea of suicide. I don't feel like an adult, I feel like a sucker who got sold a dream.

Id. Ex. 24 ¶ 87.

472. Veterans in particular suffer the shame of losing their hard-won benefits. One such veteran reports:

When I applied to ITT Technical Institute, they assured me that my post 9/11 GI BILL benefits would cover all of my expenses at ITT Technical Institute for 3 years. However, how am I left with \$56k + in student loan debt? [] This degree

has brought nothing but shame on me, my family, and tens of thousands of other students and veterans across the country. I was the first in my family to complete a college degree, and now I am the laughing stock.

Id. Ex. 20 ¶ 19.

473. Many ITT students have lost faith in the idea that education can make them financially better-off. One student “want[s] to show my kids that a strong education can help you succeed in life, but so far I have let them down because that has not turned out to be true for myself.” *Id.* Ex. 20 ¶ 5. A student who attended ITT’s Project Management program

couldn’t believe that my hard work and sacrifices were done with no reward. I live in a gang infested city and had a positive image and impact on the younger youth that seen me struggle and keep pushing to finish [my degree] but now i feel like i let them all down and I am sure they will not make school there number one priority.

Id. Ex. 20 ¶ 10.

474. Beyond the self-imposed shame that they suffer, ITT students are routinely subject to ridicule by potential employers, by admissions officers at other colleges, and even by their own family and friends. *See, e.g., id.* Ex. 1 ¶¶ 12, 17, 38, 39, 60, 61, 69, 77, 120, 125, 127, 130, 187, 198, 218, 220, 227, 229, 242, 243, 252, 262, 263, 266, 307, 319, 323, 335, 354, 357, 378, 396, 410, 442, 448, 460, 468, 490, 494.

475. According to one ITT student, “It is an incredibly shameful experience to know that you worked very hard to get a degree only to find out that employers and colleges laugh at it.” *Id.* Ex. 29 ¶ 4. Another student is “constantly ridiculed by my friends and even employers for choosing ITT Technical Institute to complete my education.” *Id.* Ex. 29 ¶ 19. Yet another says, “[m]y lifestyle , motivation and life stress is affected every day due to the ridicule and slander I receive for my educational background.” *Id.* Ex. 29 ¶ 11.

476. Many ITT students experience deep despair and hopelessness. *See generally id.* Ex. 24. “Due to this experience,” one student has

essentially given up on everything. I was promised a bright future if I worked hard and so I did, I graduated with a 3.96 GPA, summa cum laude, a member of every society, valedictorian of my program. I worked full time while in school and still had to take care of my mentally ill brother and run my mother to chemo and renal appointments five days a week. I held up my end of the deal. Where is the dream I was promised? Yes, I am extremely depressed and in a dark place. Who wouldn’t be? I let myself down and now I am letting my family down.

Id. Ex. 24 ¶ 14.

477. Many ITT students feel depressed. For example, a student of an ITT Electrical and Electronics Engineering Technology program says:

I've been depressed as hell since this all happened and it came to light for me that I'd been scammed. I live an hour away from where I was going to school and at the time I was fairly newly married. I think about all the gas I burned, all the late nights I was up there doing classes, staying up to do busywork homework that didn't do anything for me. All the hard work and money I spent on parts for projects that were basically high school level science fair stuff. Time I spent away from my wife, and time I didn't have to be around my Mom before she passed not long ago. It's two and a half years of my life down the tube and the only reward is just about 40K in debt.

Id. Ex. 27 ¶ 6.

478. For some students, despair takes on physical manifestations including hypertension, heart palpitations, and insomnia. For example, one student reports:

I have laid awake many nights very upset not knowing how I was going to put food on the table and about how bills would get paid. I suffered further stress and fatigue from staying up late hours to study books I've had to purchase to teach myself the things that my job required that ITT did not teach and to try to study for certifications that they said I don't need. I've been experiencing deep, strong feelings of failure and depression because I have been unable to provide for my family. . . . I have been hospitalized for high blood pressure, stress, anxiety, and fatigue due to work and school related stresses.

Id. Ex. 26 ¶ 47.

479. Many ITT students contemplate suicide. *Id.* Ex. 24 ¶¶ 11, 15, 20, 24, 26, 46, 57, 63, 75, 80, 84, 87, 94, 96, 98, 105, 106, 113, 128, 139, 142, 144, 149, 156, 168, 170, 175, 210, 214, 215, 220. As one student describes being

Very much stressed, depressed, my health is poor. I had to go to the hospital because I was having a panic attack due to the stress of debt collectors calling and not being able to pay off debt. I have thought of suicide many times that would make this all go away and my family will not have to stress or worry either. Its horrible please help!!

Id. Ex. 24 ¶ 24.

480. In sum, ITT caused severe and long-lasting financial, physical, familial, and emotional harm.

481. Even as ITT recruiters continued to enroll prospective students by promising a high "return on investment," former students experienced such broad and pervasive harm that

they concluded that ITT ruined their lives. *See generally id.* Ex. 25. One student says “[m]y life was actually better before I went to school, now that I have a supposed education I’m worse than before when I only had a HS degree.” *Id.* Ex. 26 ¶ 30. That sentiment is shared by one student who

was actually financially better off before attending college[.] It has caused me extreme depression and anxiety which I take medication for. I have a 6 year old daughter, and I will never be able to help her with college because I have ruined my credit with these student loans. I hate myself for getting into this predicament. All I wanted was to be able to provide a better life for my family.

Id. Ex. 26 ¶ 77.

482. Another student explains:

My family can barely make it my student loans have caused so much financial hardship and stress it’s not even funny. The amount of money these loan companies are asking for exceeds my monthly income we are looking at garnishment and we can’t afford to lose any money[.] I wish I would have known how badly this was going to affect my life and my families life I would have never attended the school. Who would think getting an education in this country would ruin someone’s life.

Id. Ex. 25 ¶ 58. For one student:

It ruined my life, my credit, my employment opportunities, my significant other relationship, my family, and most of all they stole my future from me which I will never get back. [] The really sad part is I love to learn. I knew what I wanted to do with my life, I loved technology from when I was a kid. Every single night I think about this loan and how it has effected me, my family, and my significant other. I dont sleep, I have heart populatons from constant stress, and frankly I’m to exhausted to elaborate.

Id. Ex. 25 ¶ 35.

CLASS ACTION ALLEGATIONS

483. Plaintiffs bring this action pursuant to Rule 23 of the Federal Rules of Civil Procedure, on behalf of themselves and others similarly situated. Plaintiffs seek certification under Rule 23(b)(2) and (b)(3).

484. The proposed class includes all individuals who attended any ITT campus, regardless of how long they were enrolled, from at least 2006 up until ITT’s closure in 2016.

Numerosity

485. Rule 23(a)(1) requires that the class be so numerous that joinder of all members is impracticable. The precise size of the class is known only to ITT Defendants. However, according to ITT's own SEC filings, including 10-K reports from 2005 through 2015, over 750,000 students have attended ITT from 2006 until ITT closed its doors in September 2016. Class members' identities are readily ascertainable through records in the possession of ITT Defendants.

Common Questions of Law and Fact

486. Rule 23(a)(2) requires a class to share common questions of law and fact. Here, there are numerous questions of law and fact common to the class.

487. As laid out above, ITT's corporate headquarters dictated policies and procedures at all ITT campuses, from program offerings and curriculum, faculty hiring, staffing levels, and policies and procedures for recruitment, financial aid, and career services departments. The same acts and practices were implemented throughout all of ITT's campuses and in every state where they operated.

488. The attached exhibits include testimony from students who attended ITT locations in 38 states, in addition to students who attended online: Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, and Wisconsin. These exhibits, together with evidence about ITT's central control, demonstrate that exposure to ITT's unlawful conduct was uniform and did not vary in a meaningful way across jurisdictions.

489. Additionally, as laid out above, at the direction of its corporate headquarters, ITT engaged in a continuous course of conduct designed to fraudulently conceal wrongdoing across all campuses from all students and from third parties that students may have relied on for information.

490. Thus, there are questions of fact common to members of the proposed class including: (1) whether ITT misrepresented that ITT adequately trained students for entry-level positions in technical fields that are in demand from employers; (2) whether ITT deceptively misrepresented that ITT provided students any return on their investments in the form of wages

sufficient to repay their debt; (3) whether ITT employed abusive, unfair and deceptive recruiting and retention strategies; (4) whether ITT misrepresented that ITT credentials were respected by employers and that ITT graduates were in demand; (5) whether ITT employed abusive, unfair, and deceptive financial aid practices; and (6) whether ITT fraudulently concealed its unfair and deceptive practices.

491. There are questions of law common to members of the class including: (1) whether ITT violated state and federal consumer protection statutes through conduct alleged herein; (2) whether ITT committed breach of contract through conduct alleged herein; and (3) whether, by reason of ITT's violations of consumer protection and contract laws, ITT should be required to (i) pay the remaining balances on all of the student loans taken out by Named Plaintiffs and class members, (ii) reimburse Named Plaintiffs and class members for payments made on their student loans, and (iii) compensate Named Plaintiffs and class members for their lost wages and time; and (4) whether Named Plaintiffs and class members are entitled to additional relief under common law, and the nature and extent of that relief.

492. In each of the 38 states in which ITT operated schools, there is a state consumer protection statute. Alabama Deceptive Trade Practices Act, Ala. Code §§ 8-19-1 *et seq.*; Arizona Consumer Fraud Act, Ariz. Rev. Stat. §§ 44-1521 *et seq.*; Arkansas Deceptive Trade Practices Act, Ark. Code Ann. §§ 4-88-101 *et seq.*; California Unfair Competition Law, Cal. Bus. & Prof. Code §§ 17200 *et seq.*; California False Advertising Law, Cal. Bus. & Prof. Code §§ 17500 *et seq.*; Colorado Consumer Protection Act, Colo. Rev. Stat. §§ 6-1-101 *et seq.*; Florida Deceptive and Unfair Trade Practices Act, Fla. Stat. §§ 501.201 *et seq.*; Georgia Fair Business Practices Act, Ga. Code Ann., §§ 10-1-390 *et seq.*; Idaho Consumer Protection Act, Idaho Code Ann. §§ 48-601 *et seq.*; Illinois Consumer Fraud and Deceptive Business Practices Act, 815 Ill. Comp. Stat. § 505 / 2; Indiana Deceptive Consumer Sales Act, Ind. Code §§ 24-5-0.5-1 *et seq.*; Iowa Consumer Frauds Act, Iowa Code §§ 714H.1 *et seq.*; Kansas Consumer Protection Act, Kan. Stat. Ann. §§ 50-623 *et seq.*; Kentucky Consumer Protection Act, Ky. Rev. Stat. Ann. §§ 367.110 *et seq.*; Louisiana Unfair Trade Practices and Consumer Protection Law, La. Rev. Stat. Ann. §§ 51:4101 *et seq.*; Maryland Consumer Protection Act, Md. Code Ann. §§ 13-101 *et seq.*; Massachusetts Unfair Business Practices Law, Mass. Gen. Laws ch. 93A; Michigan Consumer Protection Act, Mich. Comp. Laws §§ 445.901 *et seq.*; Minnesota Uniform Deceptive Trade Practices Act, Minn. Stat. §§ 325D.43 *et seq.*; Mississippi Consumer Protection Act, Miss. Code.

Ann. §§ 75-24-5 *et seq.*; Missouri Merchandising Practices Act, Mo. Rev. Stat. §§ 407.010 *et seq.*; Nebraska Consumer Protection Act, Neb. Rev. Stat. §§ 59-1601 *et seq.*; Nevada Deceptive Trade Practices Law, Nev. Rev. Stat. §§ 598.005 *et seq.*; New Jersey Consumer Fraud Act, N.J. Stat. Ann. §§ 56:8-1 *et seq.*; New Mexico Unfair Practices Act, N.M. Stat. §§ 57-12-1, *et seq.*; New York General Business Law, N.Y. Gen. Bus. § 349; North Carolina, N.C. Gen. Stat. §§ 75-1.1 *et seq.*; Ohio Consumer Sales Practices Act, O.R.C. §§ 1345.02 & 1345.03; Ohio Consumer Sales Practices Act, Ohio Rev. Code §§ 646.605 *et seq.*; Oklahoma Consumer Protection Act, Okla. Stat. Tit. 15, §§ 751 *et seq.*; Oregon Unlawful Trade Practices Act, Or. Rev. Stat. §§ 646.605 *et seq.*; Pennsylvania Unfair Trade Practices and Consumer Protection Law, 73 Pa. Cons. Stat. Ann §§ 201-1 *et seq.*; South Carolina Unfair Practices Act, S.C. Code Ann. §§ 39-5-10 *et seq.*; Tennessee Consumer Protection Act, Tenn. Code Ann. §§ 47-18-101 *et seq.*; Texas Deceptive Trade Practices Act, Tex. Bus. & Com. Code §§ 17.41 *et seq.*; Utah Unfair Practices Act, Utah Code Ann. §§ 13-5-2.5 *et seq.*; Virginia Consumer Protection Act, Va. Code Ann. §§ 59.1-196 *et seq.*; Washington Consumer Protection Act, Rev. Code Wash. §§ 19.86.010 *et seq.*; West Virginia Consumer Credit and Protection Act, W.Va. Code §§ 46A-6-101 *et seq.*; Wisconsin Deceptive Trade Practices Act, Wis. Stat. §§ 100.18 *et seq.*

493. By and large, these statutes are modeled after the Federal Trade Commission Act, 15 U.S.C. §§ 41-58, which broadly prohibits unfair methods of competition and unfair or deceptive acts or practices in commerce.

494. In the context of private vocational schools, the Federal Trade Commission has defined conduct that is presumptively unfair and/or deceptive. Among other things, it is deceptive for a school to: misrepresent the facilities, services, qualifications of staff status, *see* 16 C.F.R. § 254.4; misrepresent enrollment qualifications or limitations, *see* 16 C.F.R. § 254.5; or to employ deceptive sales practices, *see* 16 C.F.R. § 254.7.

495. The conduct of ITT toward the named plaintiffs and the class is clearly deceptive conduct that is prohibited by every relevant state law, its implementing regulations, and decisional law. Whether the state explicitly incorporates the Federal Trade Commission Act, has a scope of coverage in their law identical to the Federal Trade Commission Act, or provides a list of wrong-doing that is prohibited, the actions and practices of ITT described herein would be deemed illegal.

496. ITT's conduct falls within the core prohibitions of state consumer protection laws, as further evidenced by civil investigative demands or complaints from the attorneys general of Arkansas, Arizona, Colorado, Connecticut, Hawaii, Idaho, Illinois, Iowa, Kentucky, Maryland, Massachusetts, Minnesota, Missouri, Nebraska, New Mexico, North Carolina, Oregon, Pennsylvania, Tennessee, Washington, and the District of Columbia, acting under the authority of state consumer protection statutes. These investigations and lawsuits concern the practices at issue here, regarding ITT's marketing and advertising, recruitment, financial aid, academic advising, career services, admissions practices, programs, licensure exam pass rates, accreditation, student retention, graduation rates, and job placement performance.

Typicality and Adequacy

497. The claims of the named plaintiffs are typical of the claims of all members of the proposed class. The named plaintiffs, like all members of the class, have experienced deceptive misrepresentations, abusive, unfair and deceptive recruitment and retention practices, abusive, unfair and deceptive financial aid practices, breach of contract, and have been victims of illegal concealment practices, all at the hands of ITT.

498. The claims of each proposed class representative are set out in detail in an attachment to the Class Proof of Claim, filed concurrently with this proceeding. *See* Roytenberg Decl. Ex. 10.

Jorge Villalba

499. Mr. Villalba attended ITT in California, graduating in 2010 with a bachelor's degree in Digital Entertainment and Game Design.

500. Mr. Villalba experienced ITT's deceptive recruiting and retention practices, including misrepresentations about the salary he could expect after going to ITT and the transferability of ITT credits. When Mr. Villalba first went to enroll, he was told by a recruiter that he would earn four times what he was earning prior to enrolling (at the time it was \$13 per hour) with an associate degree, and double that with a bachelor's degree. When Mr. Villalba first met with a recruiter, he was told that he could start at ITT and could go to any other school. However, when Mr. Villalba wanted to transfer to another school, he inquired and did his own research online, only to find out that ITT credits did not transfer.

501. Mr. Villalba also experienced ITT's deceptive financial aid practices, including high pressure loan tactics. ITT financial aid employees would not explain his loans in detail and

would also pull him out of class to sign paperwork, not giving him the chance to actually understand what he was signing.

502. Mr. Villalba has also suffered injury typical of the class. Upon graduation, after applying to hundreds of jobs, Mr. Villalba was only able to find employment as a graphic designer at a fitness company, earning \$8 per hour. Even now, more than six years later, Mr. Villalba makes \$22 per hour in his current position, nothing close to what the recruiter promised him. Mr. Villalba currently owes over \$149,000 in private and federal loans, and because of the loan debt, has experienced significant stress, anxiety, and has put a strain on his familial relationships. Mr. Villalba regrets his decision to attend ITT.

James Eric Brewer

503. Mr. Brewer attended ITT in Indiana, graduating in 2012 with an associate degree in Computer Network Systems.

504. Mr. Brewer experienced ITT's deceptive recruitment practices, including misrepresentations about ITT's ability and willingness to help find him employment after graduation, the salary he could expect to be making, and the hands-on training he would receive. Before Mr. Brewer enrolled in the program, the recruiter told him that ITT would help him find a job in his field of study and that upon graduating, Mr. Brewer would make a mid-range salary of \$55,000. The reality is that ITT has never helped Mr. Brewer find a job in his field of study. All of Mr. Brewer's lab experience was "virtualized." All of the work was done on simulated models on a computer screen, rather than hands-on with actual equipment. Mr. Brewer had very little experience with actual equipment while at ITT, where he never saw a router, switch, or server, all of which are common equipment used in the computer network systems field.

505. Mr. Brewer also experienced ITT's deceptive financial aid practices, including high pressure loan tactics. ITT financial aid employees rushed through every meeting with Mr. Brewer and pulled him out of class to sign paperwork, not giving him the chance to actually understand what he was signing. Mr. Brewer was not made aware that he was taking out private loans in addition to federal loans.

506. Mr. Brewer has also suffered injury typical of the class. Upon graduation, the only employment Mr. Brewer could secure was a short-lived help desk support position, making \$14 per hour. Currently, Mr. Brewer is unemployed. He has never made the salary that the recruiter told him about. Mr. Brewer currently owes over \$72,500 in private and federal loans, and as

result of the loan debt, he has experienced significant stress, anxiety, loss of sleep, and has put a strain on his relationship with family and friends. Mr. Brewer regrets his decision to attend ITT.

Cheryl House

507. Ms. House attended ITT in New Mexico, graduating in 2012 with a bachelor's degree in Criminal Justice.

508. Ms. House experienced ITT's deceptive recruiting and retention practices, including misrepresentations about the salary she could expect after going to ITT and that she would be working in her field of study upon graduation. Ms. House was told that she would start out making \$80,000 a year after graduated.

509. Ms. House also experienced ITT's deceptive financial aid practices, including high pressure loan tactics. ITT financial aid employees would rush through every meeting with Ms. House. Ms. House also was not made aware that he was taking out private loans in addition to federal loans.

510. Ms. House has also suffered injury typical of the class. Upon graduation, the only employment Ms. House could secure was as a retail sales clerk position making \$7.45 per hour. To this day, Ms. House has never worked in her field of study. Ms. House currently owes over \$87,300 in private and federal loans, and as a result of the loan debt, she has experienced significant stress, anxiety, headaches, and suicidal thoughts. Ms. House regrets her decision to attend ITT.

Juan Hincapie

511. Mr. Hincapie attended ITT in Massachusetts, graduating in 2014 with a bachelor's degree in Information Systems Security.

512. Mr. Hincapie experienced ITT's deceptive recruiting and retention practices, including misrepresentations about the salary he could expect after going to ITT and the hand-on experience ITT could offer. In the hallways of ITT, ITT boasted on a poster that graduates of ITT with a bachelor's degree would make \$80,000 upon graduating. Ms. Hincapie found that ITT had outdated technology and incorrect and outdated information on how to use the software. Mr. Hincapie also found that the computers provided were outdated and could not run the programs that students needed.

513. Mr. Hincapie also experienced ITT's deceptive financial aid practices, including high pressure loan tactics. ITT financial aid employees would not explain his loans in detail,

would rush him through the process, and would not give him paperwork when he requested to review it.

514. Mr. Hincapie has also suffered injury typical of the class. Mr. Hincapie currently makes \$48,000 annually, nothing close to what ITT promised him. Mr. Hincapie currently owes over \$72,000 in private and federal loans, and because of the loan debt, has experienced significant stress, anxiety, and has put a strain on his familial relationships. Mr. Hincapie regrets his decision to attend ITT.

Joshua Cahill

515. Mr. Cahill attended ITT in Nebraska, graduating in 2015 with a bachelor's degree in Information Systems Cyber Security.

516. Mr. Cahill experienced ITT's deceptive recruitment practices, including misrepresentations about ITT's ability and willingness to help find him employment after graduation and the salary he could expect to be making. When Mr. Cahill was enrolling in the program, the recruiter told him that ITT would help him find a job in his field of study with six months and that upon graduating with a bachelor's degree, Mr. Cahill would earn a mid-range salary of \$55,000-\$100,000. The reality is that ITT never found Mr. Cahill a job in his field of study.

517. Mr. Cahill also experienced ITT's deceptive financial aid practices, including high pressure loan tactics. When Mr. Cahill first met with financial aid to discuss loans, he expressed concern about having to pay them back. The financial aid employee sent Mr. Cahill back to the recruiters, who reminded him about ITT's job placement and salary rate.

518. Mr. Cahill has also suffered injury typical of the class. Currently, Mr. Cahill works as a sandwich delivery person making \$9 per hour and has never worked in his field of study and does not believe he will ever be able to work in his field of study. Mr. Cahill currently owes over \$57,200 in private and federal loans, and as result of the loan debt, he has experienced stress and anxiety. Mr. Cahill regrets his decision to attend ITT.

519. Named Plaintiffs will adequately and fairly represent and protect the interests of the proposed class because they have the requisite personal interest in the outcome of this litigation and have no interests antagonistic to those of the class.

520. Named Plaintiffs are represented by counsel experienced in class action litigation and litigation to enforce the rights of consumers, particularly individuals who have incurred student loan debt to attend for-profit schools.

Requirements of Rule 23(b)(2)

521. Because of ITT's centralized control of all its campuses across states, ITT has acted, or failed to act, on grounds generally applicable to the entire proposed class, thereby making injunctive or declaratory relief appropriate with respect to the class as a whole, as required by Federal Rule 23(b)(2).

522. ITT students seek declaratory relief in this proceeding for the purposes of determining, in an efficient and comprehensive manner, the exact nature of Defendant's wrongdoing towards them, and consequently determining the loan relief available in collateral administrative proceedings.

523. To the extent applicable, ITT students also seek an injunction against further collection of private loan debt facilitated by ITT and currently held by alter egos of ITT. These alter egos are creditors in this bankruptcy matter.

Requirements of Rule 23(b)(3)

524. Every claim that Named Plaintiffs have alleged on behalf of themselves and those similarly situated arise out of ITT's violation of consumer protection and contract laws, which occurred as a result of ITT's systematic, uniform, and centrally controlled policies. Therefore, common issues of law and fact presented predominate over any individual issues that may arise, as required by Federal Rule 23(b)(3).

525. To the extent that individual questions of damages may obtain, these issues do not predominate in this proceeding, for several reasons. First, the amount of damages that are available from the estate may ultimately be limited, such that all claimants will have a deficiency judgment. Under these circumstances, apportionment of damages according to a formula may be appropriate, resolving the need for individualized inquiries into damages.

526. To the extent that variations exist in state consumer protection laws, these variations do not destroy predominance or render administration of class action proceedings unmanageable. ITT's practices violate the core prohibitions of each and every state's consumer protection laws. To the extent that liability may turn on questions of individual state laws, the court may create subclasses or, in the alternative, determine that a single state law applies.

527. Furthermore, specifically because of the current posture of ITT, a debtor in a Chapter 7 bankruptcy proceeding, this controversy may only be adjudicated in this forum.

528. A class action is the superior method for a fair and efficient adjudication of this matter because ITT has acted in a manner generally applicable to the class, joinder of all members of the class is impracticable, and a class action will avoid numerous separate actions by class members that would unduly burden the court.

GROUND FOR RELIEF

I. Violation of Consumer Protection Statutes

529. Plaintiffs allege and incorporate by reference each of the forgoing paragraphs, as if fully set forth herein.

530. ITT violated consumer protection statutes by deceptively misrepresenting that ITT adequately trained students for entry-level positions in technical fields that are sought after by employers.

531. ITT violated consumer protection statutes by deceptively misrepresenting that ITT provided any return on investment for students in the form of gainful employment.

532. ITT violated consumer protection statutes by employing abusive, unfair, and deceptive recruiting and retention strategies.

533. ITT violated consumer protection statutes by deceptively misrepresenting that ITT credentials were respected by employers and that ITT graduates were in high demand.

534. ITT violated consumer protection statutes by employing abusive, unfair, and deceptive financial aid practices.

535. ITT violated consumer protection statutes by falsely obtaining accreditation.

536. As a result of ITT's violation of consumer protection statutes, Named Plaintiffs and class members have experienced significant harm, including but not limited to:

- a. Harassing debt collection and involuntary collection;
- b. Destruction of credit;
- c. Loss of opportunity;
- d. Homelessness;
- e. Undermining of families; and
- f. Harm to mental and physical wellbeing.

- g. Accordingly, Named Plaintiffs and class members are entitled to equitable relief, declaratory relief, court costs, attorney's fees, and any and all other relief provided by law.

II. Breach of Contract and Unconscionability

537. Plaintiffs allege and incorporate by reference each of the forging paragraphs, as if fully set forth herein.

538. Named Plaintiffs and class members who attended ITT entered into enrollment contracts with ITT. Each enrollment contract incorporates by reference the school catalog, which contains, among other things, a description of program objectives, instructional facilities, and career opportunities for that program.

539. Pursuant to their enrollment contracts, Named Plaintiffs and class members who attended ITT agreed to pay tuition and fees in exchange for ITT's provision of educational services and job placement assistance.

540. ITT breached its contracts with students by failing to provide, entirely or substantially, the promised educational services.

541. ITT also breached its contracts with class members by ceasing to provide its educational services when it closed its doors in September 2016. Furthermore, ITT breached its contracts with class members because as a result of its closure, students can no longer take lifelong refresher courses or get lifetime assistance with job placement.

542. ITT breached the implied covenant of good faith and fair dealing in relation to these contracts. The implied covenant of good faith and fair dealing obligates the parties to deal with each other in good faith, including in the performance of the contract, and to refrain from doing anything to destroy or injure the right of the other party to receive the fruits of the contract.

543. By underinvesting in educational services, understaffing career service offices, implementing grade inflation policies, enrolling unqualified students, canceling programs and classes, ITT knowingly deprived students the benefit of the bargain, and therefore, ITT breached the implied covenant of good faith and fair dealing.

544. ITT imposed unconscionable terms on students. A contract that is unconscionable may not be enforced.

545. By granting itself the right to unilaterally change the terms, provisions, procedures, policies, and requirements of the enrollment contract without notice and at any time

and making such changes binding on students, ITT made its promises illusory and its enrollment agreement unconscionable.

546. In its “Cost Summary and Payment Addendum to Enrollment Agreements,” ITT made unconscionable illusory promises that render its enrollment contract unenforceable.

547. By requiring students to assent to mandatory, binding arbitration of disputes as a condition of enrollment, while reserving for itself the right to seek remedies outside of arbitration, or even to conduct arbitration under different terms than those contained in the Enrollment Agreement, ITT made the promises in its contracts illusory and rendered its enrollment contract unconscionable.

548. As a result of ITT’s various breaches of contract, Named Plaintiffs and class members have been injured.

549. Accordingly, Named Plaintiffs and class members are entitled to actual damages, declaratory relief, court costs, and attorney’s fees.

PRAYER FOR RELIEF

WHEREFORE Named Plaintiffs and members of the Class respectfully pray for the following relief jointly and severally as against ITT as follows:

1. An order certifying this case as a class action under Federal Rule of Civil Procedure 23;
2. A judgment declaring that ITT has committed the violations of law alleged in this action;
3. An order enjoining ITT or its alter egos from collecting on all private students loans administered by ITT or any alter ego including but not limited to CUSO and PEAKS;
4. Actual and/or compensatory damages against ITT in an amount to be determined;
5. An order awarding disbursements, costs, and attorney’s fees; and
6. Such other and further relief that may be deemed just and proper.

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Dated: January 3, 2017

Respectfully submitted,

/s/ Eileen M. Connor

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