February 28, 2014

The Honorable Ted Lieu
Senate Committee on Business, Professions,
    and Economic Development Chair
State Capitol, Room 4061
Sacramento, CA 95814

Re. Recommendations for the Sunset Review of the California Bureau of Private Postsecondary Education

Dear Senator Lieu:

With more students enrolled in for-profit colleges in California than in any other state, adequate oversight of for-profit colleges and adequate protections for California’s students are of the utmost importance. Our organizations appreciate the opportunity to provide feedback for the Sunset Review of the Bureau of Private Postsecondary Education.

Since the Bureau’s creation in 2010, the evidence of problems in the for-profit college industry has continued to stack up. Reports from the U.S. Senate Health, Education, Labor, and Pensions Committee documented widespread industry problems, with dozens of state attorneys general and multiple federal agencies now investigating for-profit college companies. Just earlier this week, the Consumer Financial Protection Bureau filed a lawsuit against for-profit company ITT Educational Services, accusing the company of predatory lending.

California is no stranger to the issues within the for-profit college industry. California Attorney General Kamala Harris last October filed suit against Corinthian Colleges, accusing them of misrepresenting job prospects to students and investors and engaging in “unlawful, unfair and fraudulent practices.” In a news release announcing the suit (included as an attachment to these comments), Attorney General Harris stated that "the predatory scheme devised by executives at Corinthian Colleges Inc. is unconscionable. Designed to rake in profits and mislead investors, they targeted some of our state's most particularly vulnerable people -- including low income, single mothers and veterans returning from combat." And seventeen members of California’s Congressional delegation signed a December 2013 letter to U.S. Secretary of Education Arne Duncan (included as an attachment to these comments) calling for strong regulation of career education programs, stating “More than ever, we need a rule that ends federal financial aid for programs that consistently leave students – our veterans, working parents, and other Americans struggling to build new lives – without decent incomes and with insurmountable debt.”

Our organizations submit the following recommendations for your consideration:

1. **Strong state oversight must include all private postsecondary schools and, to efficiently allocate state resources and reduce burden on schools, focus monitoring and enforcement activities on those schools that appear to pose the highest risk to students.** To stratify schools for varying levels of oversight, we urge the use of information about college performance rather than the categorical exemptions currently in place. Exempting schools from state oversight based
solely on their regional accreditation at the same time Attorney General Harris is suing WASC-accredited Heald College’s parent company Corinthian Colleges makes no sense. Instead, California could use criteria such as: colleges’ cohort default rates as calculated by the U.S. Department of Education; whether schools that recently changed ownership or control, or consolidated campuses; the share of college revenue derived from federal financial aid (e.g., the “90/10 rule”); and whether schools have been subject to legal and/or regulatory actions by states or the federal government. The Fashion Institute of Design & Merchandising’s recent letter to the California Student Aid Commission (included as an attachment to these comments) notes that these “verifiable standards of quality” are “often used as reasonable proxies for educational quality at for-profit institutions.”

To be effective and sufficient, state oversight must include adequate state complaint investigation and tracking processes, targeted audits of disclosures, and targeted unannounced inspections. As the need for specific oversight activities will vary over time, the Bureau must have the flexibility needed to allocate resources appropriately.

2. **Disclosures to prospective students must be improved and reach students prior to enrollment.** Legislation authored by now-Senator Marty Block and signed by Governor Jerry Brown in 2012 included important improvements to student disclosures, but more can be done. Specifically, this bill (AB 2296) did not define a comparable job placement rate for colleges to calculate, deferring to the Bureau to do so, and did not specify that the rate must include as employed only those graduates who were employed for a minimum period of time at a single job. This is of particular relevance now, given that the Attorney General’s complaint against Corinthian Colleges highlighted the problematic nature of counting temporary jobs as short as one day in duration as job placements. Additionally, colleges should be required to disclose the schools with which it has articulation agreements, and that, in the absence of an articulation agreement with a particular school, students should presume that credits earned will not transfer to that school. To aid in the development of accurate and comparable disclosures, barriers to safely linking college data and other state data should be removed. For example, linking colleges’ student-level data to state workforce data could shed light on students’ employment and salary outcomes.

3. **Schools must not enroll students in programs from which there are known impediments to employment.** These impediments may exist at the program level, if programs purporting to prepare students for employment do not meet the educational requirements to qualify a student to take a certification or licensing exam, to obtain a certification or license, or to satisfy employment criteria generally required in California. They may also arise for individual students, such as when schools enroll students with criminal records in programs preparing students for occupations that exclude people with criminal records, as the Harris School of Business has been accused of doing. (A New York Times article on a federal lawsuit against Harris and its parent company is included as an attachment to these comments.) Such enrollment should be prohibited by the state as a matter of consumer protection.
4. **Expand student relief provisions to provide more meaningful protection for students harmed by schools.** Student relief should be expanded to ensure adequate protection for all students enrolled in covered institutions. Currently, only students who pay into the Student Tuition Relief Fund (STRF) may file a claim for relief, but the fund size is capped and is currently near its limit. This may preclude students from paying into the fund, in turn precluding harmed students from seeking needed relief. Also, given that the federal government has recently expanded allowable student loan discharges to help students enrolled up to 120 days prior to a school’s closure, the Bureau should similarly expand its own timeframe, generally 30 days currently, for students to file STRF claims. Additionally, current Bureau rules do not allow for students to seek relief for costs paid by third parties, including time-limited state Cal Grants and federal Pell Grants. With strict time limits on students’ receipt of these grants (including recently tightened limits for Pell Grants), students’ use of their grants at schools that later close constitutes a significant economic loss to those students. STRF funds should be available to mitigate these losses by putting funds aside for students’ subsequent enrollment in other institutions, so that their wasted Cal Grants and Pell Grants do not represent wasted opportunity.

We thank you for your leadership on this issue, and for the opportunity to provide feedback to this process. We look forward to remaining engaged throughout the reauthorization process to ensure that the needs of students and consumers do not take a backseat to the demands of the industry.

Sincerely,

American Association of State Colleges and Universities (AASCU)
California Competes: Higher Education for a Strong Economy
Center for Responsible Lending
Children Now
Children’s Law Center of California
Consumer Action
Consumer Federation of California
Consumers Union
East Bay Community Law Center
National Consumer Law Center (on behalf of its low-income clients)
Public Advocates Inc.
Public Counsel
The Education Trust
The Education Trust - West
The Institute for College Access & Success
Veterans Education Success
Young Invincibles

Cc: Hon. Susan Bonilla, Assembly Business, Professions and Consumer Protection Committee Chair
Hon. Carol Liu, Senate Education Committee Chair
Hon. Das Williams, Assembly Higher Education Committee Chair
SAN FRANCISCO -- Attorney General Kamala D. Harris today filed a lawsuit against Corinthian Colleges, Inc. (CCI) and its subsidiaries that operate Everest, Heald and WyoTech colleges for false and predatory advertising, intentional misrepresentations to students, securities fraud and unlawful use of military seals in advertisements.

The complaint alleges that CCI intentionally targeted low-income, vulnerable Californians through deceptive and false advertisements and aggressive marketing campaigns that misrepresented job placement rates and school programs. CCI deployed these advertisements through persistent internet, telemarketing and television ad campaigns. The complaint further alleges that Corinthian executives knowingly misrepresented job placement rates to investors and accrediting agencies, which harmed students, investors and taxpayers.

"The predatory scheme devised by executives at Corinthian Colleges, Inc. is unconscionable. Designed to rake in profits and mislead investors, they targeted some of our state’s most particularly vulnerable people—including low income, single mothers and veterans returning from combat,” Attorney General Harris said. “My office will continue our investigation into the for-profit college industry and will hold accountable those responsible for these illegal, exploitative practices.”

According to Harris’ complaint, CCI’s predatory marketing efforts specifically target vulnerable, low-income job seekers and single parents who have annual incomes near the federal poverty line. In internal company documents obtained by the Department of Justice, CCI describes its target demographic as “isolated,” “impatient,” individuals with “low self-esteem,” who have “few people in their lives who care about them” and who are “stuck” and “unable to see and plan well for future.”

According to the complaint, CCI advertised job placement rates as high as 100% for specific programs when, in some cases, there is no evidence that a single student obtained a job during the specified time frame. The complaint further alleges that CCI runs millions of online and mobile ads offering ultrasound, x-ray, radiology, and dialysis technician programs at their California campuses—when, in fact, CCI does not offer those programs. CCI’s call center agents are disciplined if they tell callers that CCI does not offer these programs. Additionally, according to the complaint, CCI includes official Army, Navy, Air Force, Marine Corps, and Coast Guard seals in mailings and on web sites without authorization and in violation of California law.

The complaint alleges that CCI committed securities fraud by reporting a nationwide job placement rate of 68.1% in presentations to investors, when senior executives knew this percentage was false. The complaint describes internal audits emailed to CCI executives that show job placement data error rates between 53% and 70%. The complaint references an email from a CCI executive which explains that in 2011, two Everest College campuses (Hayward and San Francisco) paid a temporary employment agency “to place students to meet the accreditation deadline and minimum placement %.” The complaint also states that CCI double-counted job placements and failed to maintain required records of reported job placements.
According to a recent CCI securities filing, the average tuition for a CCI associate’s degree is $40,000 and the average tuition for an online CCI associate’s degree is $34,000. The average tuition for CCI’s non-degree healthcare programs is $17,000.

CCI is based in Santa Ana and currently operates 24 Everest, Heald and WyoTech campuses in California, 111 total campuses in North America and three online programs. Out of the 81,000 students who attend CCI colleges, approximately 27,000 (33%) are in California.

CCI is a publicly traded corporation with assets of over $1 billion. Federal funds account for almost all of CCI’s annual revenue.

In July 2013, Attorney General Harris filed a separate lawsuit in Sacramento Superior Court to enforce an investigative subpoena against Bridgepoint Education Inc., operator of Ashford University, as part of an investigation of that company’s practices.

Current or former CCI students who wish to file a complaint can contact the Attorney General’s Office at: http://oag.ca.gov/contact/consumer-complaint-against-business-or-company

Resources for current or former CCI students are available at: oag.ca.gov

A copy of the complaint is attached to the electronic version of this release at: http://oag.ca.gov/news

###

**Attachment**

<table>
<thead>
<tr>
<th>Description</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complaint, filed stamped.pdf</td>
<td>7.03 MB</td>
</tr>
</tbody>
</table>
The Honorable Arne Duncan  
Secretary of Education  
U.S. Department of Education  
400 Maryland Avenue, SW  
Washington, D.C. 20202

Dear Secretary Duncan:

We write today to express our support for your efforts to define the “gainful employment” requirement for career education programs through the negotiated rulemaking process.

The Higher Education Act of 1965 requires that all career education programs that receive Title IV funds “lead to gainful employment in a recognized occupation.” Yet, there is no official definition of “gainful employment,” making the provision difficult to enforce. Defining this term will help protect student and taxpayer investments in career education programs and enforce current law.

A majority of career education programs are offered by public colleges and require students to borrow little or nothing to attend. By contrast, students attending certain for-profit college programs have to borrow huge sums that they consistently are unable to repay. For-profit colleges enroll just 13% of all students, but account for nearly half of all federal student loan defaults. Student demographics alone do not explain these default rates. The Career College Association’s own study concludes that, even after accounting for differences in demographics and graduation rates, students at for-profit colleges are at least twice as likely to default as students at other types of schools.

More than ever, we need a rule that ends federal financial aid for programs that consistently leave students – our veterans, working parents, and other Americans struggling to build new lives – without decent incomes and with insurmountable debt. Federal aid should only go to career education programs that effectively train students and help them build careers.

Last year a federal district judge upheld the Department of Education’s authority to issue regulations to enforce the statutory “gainful employment” requirement. Although the judge vacated the 2011 gainful employment regulation because of defects in two areas, he ultimately confirmed the need for regulation, concluding “The Department has set out to address a serious policy problem, regulating pursuant to a reasonable interpretation of its statutory authority…Concerned about inadequate programs and unscrupulous institutions, the Department has gone looking for rats in a rat hole — as the statute empowers it to do.”

We support allowing the gainful employment rulemaking process to run its course. Efforts to slow that process are an affront to the hard-working students who invest their time, talent, and money in career education programs and to the American taxpayers whose dollars support these programs. We encourage the Department to move decisively towards issuing a final regulation.

Sincerely,

[Signatures]

MARK TAKANO  EJ HAWAI’I CUMMINGS  RAUL GRIJALVA  MIKE HONDA
Member of Congress  Member of Congress  Member of Congress  Member of Congress
Ludmila Wilson
Alan Lowenthal
Gloria Negrete Mayer
Ken A. Wayman
Sam Cherry
Joe Courtney

Ray B. Jeffers
Jackie Speier
Grace E. Napolitano
Ruben Hinojosa
Ann M. Tantaros
Sam Farr
January 29, 2014

Ms. Michele Siqueiros
Chair, Strategic Policy and Planning Committee
California Student Aid Commission
P.O. Box 129026
Rancho Cordova, CA 96670

Dear Chair Siqueiros and Committee Members:

As the Commission’s Strategic Policy and Planning Committee develops its Cal Grant Budget recommendations, The Fashion Institute of Design and Merchandising (FIDM) would like to urge the Committee to seek restoration of the proposed 11 percent reduction to the maximum Cal Grant award not only for private nonprofit postsecondary educational institutions, but also for WASC accredited for-profit postsecondary educational institutions. Current law specifies that students attending eligible for-profit institutions (i.e. those with 3-year cohort default rates of less than 15.5 percent and graduation rates greater than 30 percent) that are WASC accredited are eligible for the same maximum Cal Grant award as students attending nonprofit colleges and universities. This Budget language authorization was intended to insure that Cal Grant funding would only be available to for-profit schools with demonstrated educational quality and successful student outcomes. FIDM believes that the language has been effective in achieving its twin goals of consumer protection and budgetary savings. Since passage of the FY 2012-13, over 80 percent of for-profit schools have lost their Cal Grant eligibility and maximum awards for the remaining non-WASC schools have been reduced to $4000.

Currently nearly 800 FIDM students receive Cal Grant awards. FIDM’s long history of low default rates, exceptional graduation and placement rates, and extensive partnerships with California’s fashion and entertainment industries maximize opportunity for all FIDM students. 42 percent of students are minority with 28 percent receiving the maximum Pell grant. Of students receiving financial aid, 19 percent are independent while 81 percent are dependent with an average family income of $40,301 In 2012 FIDM graduated 2,265 students with an Associate of Arts degree and 223 students with a Bachelor of Science degree. Currently 198 entrepreneurial FIDM alums have started businesses in California.

FIDM believes that it is an institution’s commitment to its students - not its tax status - that should determine Cal Grant eligibility. In considering its FY 2014-15 Budget priorities, FIDM would ask the Commission to continue the policy of providing the maximum Cal Grant only to those schools that meet clear measures of educational quality and student outcomes.

At the same time, FIDM shares the concerns of Commission members about questionable practices at some for-profit schools. To assist the Committee in understanding some basic indicators of student success at for-profit schools, we have included an attachment that identifies
verifiable standards of quality at for-profit colleges. We hope that it will be useful in the Commission's policy development process.

If you have any questions or would like additional information about FIDM, please do not hesitate to contact me. FIDM representative Greg Gollihrur will be available at the next Committee meeting to answer any questions on the information provided.

Sincerely,

Norine Fuller
Executive Director, Student Financial Services
FIDM

cc: CSAC Commissioners
    Diana Fuentes-Michel, Executive Director, CSAC
Identifying Quality For-Profit Colleges

Though by no means perfect, the indicators below are often used as reasonable proxies for educational quality at for-profit institutions. A school’s tax status should not be the basis for measuring quality. Instead for-profit colleges should, where appropriate, meet the same standards as public and not-for-profit private institutions in the critical areas of educational quality, student success, consumer protection and financial accountability.

3-year Cohort Default Rate: The most widely used indicator, it is the basis upon which the U.S. Department of Education can declare a school ineligible to participate in Title IV Federal Financial Aid Programs and is used as the basis for Cal-grant eligibility.

Graduation and Placement Rates: For-profit schools educate and train students for specific occupations. Successful program completion and subsequent gainful employment is perhaps the best measure of the quality of a school’s programs.

Accreditation: Regional accreditors (e.g. WASC) accredit some for-profit colleges. Regional accreditors approve traditional two and four year public and private institutions. A school must be accredited to participate in federal financial aid.

Programmatic Accreditation: Specialized accreditation for specific programs is a particularly good indicator of educational quality because an institution is not required to seek such approval to access Federal aid. Difficult to obtain, programmatic accreditation is an additional example of educational quality and institutional commitment.

Percentage of Students Receiving Financial Aid: Some schools often have difficulty meeting the U.S. Department of Education’s requirement that at least 10% of their revenue be derived from non-financial aid sources. This "90-10" rule indicates how reliant an institution is on Title IV Student Financial Aid Programs.

Financial Stability: The U.S. Department of Education requires for-profit schools to provide information about an institution’s Equity Ratio. (Reserves and net income combined yield a composite score that must be at least 1.5). A score at or below 1.5 may indicate a lack of financial soundness in one or more areas.

Publicly Traded: Not all proprietary institutions are publically traded, however many for-profit schools are owned by large, publically traded corporations that are not based in California. These entities may place the interests of shareholders before those of students.

Degree Granting: For-profit institutions that grant degrees rather than certificates have a broad educational spectrum as 25% of the coursework must be in general education.

Length of Operation - How long has the institution been in continuous operation under the same corporate structure and is the institution and all of its branches located in a single state?
Legal and/or Regulatory Actions - Has the institution been subject to any of the following:

- Serious audit findings by state or federal regulators.
- Legal actions by States Attorney Generals for violation of consumer protection laws.
- Been subject to reimbursement by the U.S. Department of Education (i.e. the requirement that the school fully reconcile all accounts before additional financial aid may be drawn down).
- Placed on “show cause” by a regional or national accrediting agency.
Federal Lawsuit Accuses For-Profit Schools of Fraud

By RICHARD PÉREZ-PÉNA    FEB 19, 2014

LINWOOD, N.J. — It was the electronic monitor around a student’s ankle that first gave Rolli A. Amaya serious doubts about the Harris School of Business.

The young man with the monitor was studying to be a pharmacy technician, and Ms. Amaya, who worked at Harris, a for-profit chain of trade schools, knew that the most widely recognized certification for pharmacy technicians excludes anyone convicted of a felony or even a low-level drug offense.

But the student received federal financial aid, and for the school to keep collecting it, he had to remain in the program and complete an internship. So Ms. Amaya said she was told to find him an internship, even if that meant deceiving the employer.

"I saw students who never should have been there, students with whopping gaps in learning abilities and major psychiatric problems who were just not capable of doing the work," said Ms. Amaya, an administrator at Harris’s Linwood campus, and then at its Wilmington, Del., campus, from 2009 to 2011. "The bozos were always like, ‘Stop asking why they’re enrolled, just get them to graduation however you can.’"

Her charges are part of a federal lawsuit filed by seven former employees accusing it of fraudulent enrollment practices.

Her charges are part of a federal lawsuit filed by seven former employees against Harris and its parent company, Premier Education Group, which owns more than two dozen trade schools and community colleges operating under several names in 10 states. The suit contends that while charging more than $10,000 for programs lasting less than a year, school officials routinely misled students about their career prospects, and falsified records to enroll them and keep them enrolled, so that government grant and loan dollars would keep flowing.

Though they vary widely in quality, for-profit schools have drawn scrutiny in recent years for aggressive recruiting, high prices, low graduation rates and heavy borrowing by students who often have poor job prospects afterward. They have been a particular target of overhaul efforts by the Obama administration. Much of the attention has gone to a handful of large, visible national chains, like the University of Phoenix, DeVry University and
Corinthian Colleges, that are publicly traded. But like Premier, which had 17,000 students in 2012, most are privately owned and receive far less scrutiny.

In a separate case in New Jersey, dozens of former Harris students say that the school lied about what professional certifications they would qualify for after completing their courses; some were given a brochure saying they could sit for a dental assistant certification exam — an exam that had not been offered for years. Premier settled a similar case a few years ago before it went to trial.

The former employees' federal suit also charges that the school enrolled people who should not have been in its programs — like a student enrolled for massage therapy, though he had been convicted of a sex crime, which would prevent him from being licensed. They say the schools enrolled students who had not graduated from high school, though their programs required it, including some who presented diplomas from known fraudulent "diploma mills."

The company's lawyers and executives flatly denied many of the charges, and said others, like phony diplomas, reflected only isolated instances resulting from having a hard-to-serve clientele.

"It's a frivolous lawsuit," said Gary Camp, chief executive of Premier. "We're proud of the record we have. When you employ 1,500 people, you can't always make the best of decisions in the people you hire."

Jonathan D. Farrell, a lawyer for the company, said some of the people suing the company "may have financial motives," while others are resentful over being dismissed, and "some are misguided."

Some of the complaints against Harris, which has eight campuses in New Jersey, Delaware, Pennsylvania and Connecticut, echo those made against other for-profit schools, and were documented in investigations directed by the Government Accountability Office, Senator Tom Harkin, an Iowa Democrat, and others. Those include high-pressure enrollment tactics and misleading promises about job prospects upon graduation.

Compared with traditional, nonprofit schools, both public and private, for-profit schools disproportionately enroll low-income and minority students who qualify for significant government aid, and the schools rely far more on that aid for revenue. Federal records show that in 2011-12, Premier collected $112 million in federal Pell grants and federal student loans. For-profit schools also spend heavily on advertising, their students are far more likely to borrow money to pay for tuition, and those who borrow rack up more debt and are more likely to default.

Students at for-profit schools often do not realize that cheaper alternatives exist through public community colleges and trade schools. A study published this month found that the majority of people who had attended for-profit colleges and trade schools did not understand the distinction, learned of their schools through advertising and did not consider any other schools.

The most striking allegations against Premier involve students who were not capable of doing the work because they lacked the mental stability, academic skills or English proficiency, yet were kept on the books so the schools could collect their federal aid, which requires that a certain percentage of students make progress toward completion. When teachers gave them failing marks, the former employees charge, administrators changed the grades and falsified the attendance records.

Ms. Amaya said she was promoted by Harris, and then fired for insisting on following the rules.

The former employees contend that school executives often skewed aptitude tests used to screen applicants by giving students extra time, letting them keep smartphones that could be used to help answer questions, and faking the scores by filling in correct answers after students had turned the tests in.

Several students interviewed outside Harris campuses said that when they took the tests, they were told not to worry because the results did not matter, and one said that she was surprised that she was accepted because she had not understood or answered most of the questions. Most of the students said they found Harris through ads or by word of mouth, then met
with recruiters who sometimes pressed them to enroll immediately, saying that space was limited.

Premier's lawyers noted that no government agency requires the use of any aptitude test. "Maybe what they want is for Premier to discriminate based on disability," Mr. Farrell said. "We deny passing anyone who didn't deserve to be passed at a Premier school."

The lawsuit is unusual in that it is filed under the federal False Claims Act, charging that the conduct of Harris and Premier defrauded the federal government. Under that law, a defendant can be found liable for triple the actual damages, potentially enough to put Premier out of business, and the whistle-blowers can reap hefty paydays, collecting as much as 30 percent of any verdict award, which Premier's lawyers say is a motive for the suit.

The case against Premier was filed in 2011, but was unsealed and available to the public last fall.

Premier is bigger than most for-profit chains but its name is not well known; it operates under eight different school names like Harris School, Branford Hall and Salter School, each relatively small and operating and recruiting in a limited region.

And Premier, like most for-profit school companies, is privately held, making information about its structure and finances hard to come by. The company is controlled by a single family based in the Philadelphia area; it is a limited partnership whose members are family trusts and individuals.

At one time, a central figure in the company was a man named Andrew N. Yao, an entrepreneur who owned several companies — including one making and servicing student loans — and was headed to a spectacular downfall. Mr. Yao had airplanes, multiple estates, a wife, and a girlfriend who was a former centerfold model in men's magazines and would later testify against him.

In two separate federal cases, in 2008 and 2009, Mr. Yao was convicted of fraud linked to the financial collapse of his businesses. Federal records show that he was released from prison last year; attempts to find him were unsuccessful.

The Premier partners, including Robert L. Bast, a lawyer, and trusts for which his nephew, W. Roderick Gagne, was trustee, had invested millions of dollars in Mr. Yao's companies, and lent them millions more at high interest rates before they went into bankruptcy. It is not clear if that is how the family of Mr. Bast and Mr. Gagne, as creditors, gained control of Premier.

Court documents and records filed with state regulators say that at one time Mr. Yao, or a company wholly owned by him, was the general partner of Premier - in other words, its principal owner. Yet Mr. Camp, who acknowledged that as chief executive he used to report to Mr. Yao, insisted that he was never an owner of Premier, and Mr. Farrell, the lawyer, said he knew nothing about the company's ownership.

A version of this article appears on page A20 of the New York edition with the Headline: Lawsuit Accuses For-Profit Schools of Fraud. Order Reprints | Today's Paper | Subscribe