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18 *and for all others similarly situated*

19 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
20 **COUNTY OF LOS ANGELES**
21 **CENTRAL CIVIL WEST**

22 DANIEL VASQUEZ, CHERISH HERNDON,
23 RENE VILLALOBOS, ALANA O'SHEA,
24 ELISABETH GIBSON, MICHAEL MERGIL,
25 NORMA RIZO, ROSAURA BORGES, RYAN
26 FOWLER, and ELISA HERNANDEZ on behalf
27 of themselves and all others similarly situated,

Plaintiffs,

vs.

CALIFORNIA SCHOOL OF CULINARY
ARTS, INC., a California corporation, CAREER
EDUCATION CORPORATION, a Delaware
corporation, SALLIE MAE, INC., a Delaware
corporation; SALLIE MAE BANK OF UTAH, a
Utah corporation; SALLIE MAE EDUCATION
TRUST, a Delaware statutory trust; DOLLAR
BANK, FEDERAL SAVINGS BANK, a
Pennsylvania corporation; STILLWATER
NATIONAL BANK AND TRUST COMPANY, a
national bank; SOUTHWEST BANCORP, INC.,

Case No. BC393129

CLASS ACTION

Assigned to Department 308
Hon. Jane Johnson

FOURTH AMENDED COMPLAINT:

1. FRAUD;
2. VIOLATION OF THE UNFAIR
COMPETITION LAW;
3. VIOLATION OF THE CONSUMER
LEGAL REMEDIES ACT;
4. DECLARATORY RELIEF;
5. MONEY HAD AND RECEIVED;
6. UNJUST ENRICHMENT; and
7. CONSTRUCTIVE TRUST

JURY TRIAL DEMANDED

1 an Oklahoma corporation; WELLS FARGO
2 BANK, N.A., a national association; WELLS
3 FARGO & COMPANY, a Delaware corporation;
4 STUDENT LOAN FINANCE CORPORATION,
5 a South Dakota corporation; SUN TRUST
6 BANKS, INC., a Georgia corporation; SUN
7 TRUST STUDENT LOAN FUNDING, LLC, a
8 Delaware limited liability company; BANK OF
9 AMERICA CORPORATION, a Delaware
10 corporation; ACADEMIC MANAGEMENT
11 SERVICES CORPORATION, a Delaware
12 corporation; WACHOVIA FINANCIAL
13 SERVICES, INC. a North Carolina corporation;
14 J.P. MORGAN CHASE BANK (FKA BANK
15 ONE), a New York corporation; FIFTH THIRD
16 BANK, an Ohio corporation; CITIGROUP, INC.,
17 a Delaware corporation; COLLEGE LOAN
18 CORPORATION, a Nevada corporation; and
19 DOES 1 to 1,000,000 inclusive,

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Defendants.

1 Plaintiffs, acting for themselves and for all persons who purchased a California School of
2 Culinary Arts education or any part of one during the relevant time frame (collectively
3 “Plaintiffs”), allege as follows. Plaintiffs’ allegations are based on the investigation of counsel,
4 including but not limited to reviews of advertising and marketing material, SEC filings, other
5 publicly available information, interviews of former employees and former students, and review of
6 non-confidential documents produced by Defendants, and thus on information and belief, except
7 as to the individual actions of Plaintiffs, as to which Plaintiffs have personal knowledge.

8 The Parties

9 1. The individual Plaintiffs, Mr. Vasquez, Ms. Herndon, Mr. Villalobos, Ms. O’Shea,
10 Ms. Gibson, Mr. Mergil, Ms. Rizo, Ms. Borges, Mr. Fowler, and Ms. Hernandez (“Individual
11 Plaintiffs”) and, upon information and belief, more than two-thirds of all members of the putative
12 class, at all material times relevant to the allegations of this Complaint, were residents of the State
13 of California, and are current or former students of Defendant California School of Culinary Arts
14 (“CSCA”).

15 2. Defendant CSCA is a California corporation that operates a for-profit culinary
16 school in the City of Pasadena, County of Los Angeles. It is wholly owned and operated by
17 Defendant Career Education Corporation (“CEC”).

18 3. Defendant CEC is a Delaware corporation that does business in the City of
19 Pasadena and the County of Los Angeles by and through its wholly owned and controlled
20 subsidiary CSCA. Defendants CEC, CSCA, and DOES 1-100 are collectively referred to as the
21 “School Defendants.”

22 4. Plaintiffs are informed and believe that CEC exercises complete dominion and
23 control over each and all of its subsidiaries, including CSCA, enjoys the full benefit of all moneys
24 and profits earned by these subsidiaries, and benefits in other direct and indirect ways from and
25 dictates and causes all of the wrongful actions of CSCA alleged in this complaint and, as a
26 consequence, is in possession of moneys rightfully belonging to Plaintiffs. Plaintiffs are informed
27 and believe that CEC develops and oversees the implementation of all policies and procedures at

1 CSCA, including without limitation policies and procedures concerning admissions practices,
2 financial aid practices, curriculum, and job placement. Defendant CSCA then implements and
3 carries out the policies and procedures developed by CEC.

4 5. Defendant Sallie Mae, Inc. ("Sallie Mae") is a Delaware corporation that maintains
5 its headquarters in Reston, Virginia. At all relevant times alleged in this complaint, Sallie Mae
6 was doing business in California and in this county and with California citizens.

7 6. Defendant Sallie Mae Bank of Utah, is a Utah corporation that maintains its
8 headquarters in Murray, Utah. At all relevant times alleged in this complaint, Sallie Mae Bank of
9 Utah was doing business in California and in this county and with California citizens.

10 7. Defendant Sallie Mae Education Trust is a statutory trust based in Delaware. At
11 all relevant times alleged in this complaint, Sallie Mae Education Trust was doing business in
12 California and in this county and with California citizens.

13 8. Defendant Dollar Bank, Federal Savings Bank is a Pennsylvania corporation that
14 maintains its headquarters in Pittsburgh, Pennsylvania. At all relevant times alleged in this
15 complaint, Dollar Bank, Federal Savings Bank was doing business in California and in this county
16 and with California citizens.

17 9. Defendant Stillwater National Bank and Trust Company, a wholly owned
18 subsidiary of Southwest Bancorp, Inc., is a national bank that maintains its headquarters in
19 Stillwater, Oklahoma. At all relevant times alleged in this complaint, Stillwater National Bank
20 and Trust Company was doing business in California and in this county and with California
21 citizens.

22 10. Defendant Southwest Bancorp, Inc., is an Oklahoma corporation that maintains its
23 headquarters in Stillwater, Oklahoma. At all relevant times alleged in this complaint, Southwest
24 Bancorp, Inc. was doing business in California and in this county and with California citizens.

25 11. Defendant Wells Fargo Bank, N.A., is a national association that maintains its
26 headquarters in Sioux Falls, South Dakota. At all relevant times alleged in this complaint, Wells
27 Fargo Bank, N.A. was doing business in California and in this county and with California citizens.

1 12. Defendant Wells Fargo & Company is a Delaware corporation that maintains its
2 headquarters in San Francisco. At all relevant times alleged in this complaint, Wells Fargo &
3 Company was doing business in California and in this county and with California citizens.

4 13. Defendant Student Loan Finance Corporation is a South Dakota corporation that
5 maintains its headquarters in Aberdeen, South Dakota. At all relevant times alleged in this
6 complaint, Student Loan Finance Corporation was doing business in California and in this county
7 and with California citizens.

8 14. Defendant Sun Trust Banks, Inc. is a Georgia corporation that maintains its
9 headquarters in Atlanta, Georgia. At all relevant times alleged in this complaint, Sun Trust
10 Banks, Inc. was doing business in California and in this county and with California citizens.

11 15. Defendant Sun Trust Student Loan Funding, LLC is a Delaware limited liability
12 company that maintains its headquarters in Atlanta, Georgia. At all relevant times alleged in this
13 complaint, Sun Trust Student Loan Funding, LLC was doing business in California and in this
14 county and with California citizens.

15 16. Defendant Bank of America Corporation is a Delaware corporation that maintains
16 its headquarters in Charlotte, North Carolina. At all relevant times alleged in this complaint, Bank
17 of America Corporation was doing business in California and in this county and with California
18 citizens.

19 17. Defendant Academic Management Services Corporation is a Delaware corporation
20 that maintains its headquarters in Swansea, Massachusetts. At all relevant times alleged in this
21 complaint, Academic Management Services Corporation was doing business in California and in
22 this county and with California citizens.

23 18. Defendant Wachovia Financial Services, Inc. is a North Carolina corporation that
24 maintains its headquarters in Charlotte, North Carolina. At all relevant times alleged in this
25 complaint, Wachovia Financial Services, Inc. was doing business in California and in this county
26 and with California citizens.

1 19. Defendant J.P. Morgan Chase Bank (fka Bank One) is a New York corporation that
2 maintains its headquarters in New York, New York. At all relevant times alleged in this
3 complaint, J.P. Morgan Chase Bank (fka Bank One) was doing business in California and in this
4 county and with California citizens.

5 20. Defendant Fifth Third Bank is an Ohio Corporation that maintains its headquarters
6 in Cincinnati, Ohio. At all relevant times alleged in this complaint, Fifth Third Bank was doing
7 business in California and in this county and with California citizens.

8 21. Defendant Citigroup, Inc. is a Delaware corporation that maintains its headquarters
9 in New York, New York. At all relevant times alleged in this complaint, Citigroup, Inc. was
10 doing business in California and in this county and with California citizens.

11 22. Defendant College Loan Corporation is a Nevada corporation that maintains its
12 headquarters in Las Vegas, Nevada. At all relevant times alleged in this complaint, College Loan
13 Corporation was doing business in California and in this county and with California citizens.

14 23. Each of DOES 1-100 is the agent, servant, partner, joint-venturer, co-venturer,
15 principal, director, officer, manager, employee, or shareholder of one or more of its Co-defendants
16 who aided, abetted, controlled, and directed or conspired with and acted in furtherance of said
17 conspiracy with one or more of its Co-defendants in said Co-defendant(s) performance of the acts
18 and omissions described below and for the fraudulent purposes described below. Each of DOES
19 101-1,000,000 is the holder, beneficial holder, or servicer of a Note (as used in this complaint, the
20 term "Note(s)" is defined as a promissory note(s) entered into by any of the Plaintiffs and/or any
21 putative class members in order to obtain a loan to attend CSCA) of one or more of the Plaintiffs
22 and/or putative class members. Plaintiffs sue each of these DOE Defendants by these fictitious
23 names because Plaintiffs do not now know these Defendants' true names and capacities.

24 **Factual Summary of the Claims**

25 24. CSCA advertises itself as a "Le Cordon Bleu Program" culinary arts school
26 offering various culinary education programs to its students, including an associate degree in
27 culinary arts. CSCA's print, web, and television advertising, and its promotional videos, one or

1 more of which Plaintiffs are informed and believe are seen by all class members, each offer
2 prospective students the opportunity to “be a Chef” by purchasing the education that the School
3 Defendants sell. The School Defendants’ sales and marketing efforts make clear their message
4 that a culinary degree from CSCA will make the prospect a Chef. The School Defendants provide
5 training and specific scripts and flowcharts to their salespeople so that, when prospects respond to
6 “become a Chef” advertising, salespeople stand ready to draw them in through a choreographed
7 series of scripts and stages of solicitation.

8 25. The School Defendants also specifically market their programs to a vulnerable
9 population. CSCA’s television, radio, and internet advertising are all designed to be attractive and
10 target persons who are unemployed and/or disaffected by painting a picture of their graduates
11 working in a highly fashionable, desirable, and glamorous environment, with substantial earning
12 opportunities. The School Defendants’ television ads show pictures of students working as chefs
13 in glamorous settings, talk about graduates becoming “Chefs” or “professional Chefs,” and
14 emphasize the employment opportunities and earnings potential available to graduates.

15 26. The School Defendants’ marketing material shown to all class members
16 universally includes CSCA “placement statistics” that show a substantial percentage of its
17 graduates are placed within six months of graduating (75%-96% for the Culinary Arts Program
18 and, on average and during most of the Class Period, about 75% for the Patisserie and Baking
19 Program).¹ Prospective students who purchase the School Defendants’ programs understand these
20 statistics to relate to the jobs for which those students seek training, i.e., “Chef” jobs. These
21 prospects and class members are at all relevant times unaware, and the School Defendants’ know,
22 conceal, and fail to disclose, that those statistics do not relate to “Chef” jobs, but to prep and line
23 cook jobs, and other low-wage jobs, available without a culinary degree. In fact, the School

24 _____
25 ¹ The Patisserie and Baking Program’s placement rates for 2004 and 2005 were 20% and 53%
26 respectively. CSCA explained the 20% placement rate in the 2004 statistics with an asterisk
27 noting “This program is new.” From 2005 through 2008 the Patisserie and Baking Program’s
placement rate averaged roughly 77%. While the 2004 and 2005 placement rates are not
particularly high, they would have been significantly lower if CSCA only included Chef positions
and their equivalent.

1 Defendants at all relevant times knew and failed to disclose (1) that CEC “Le Cordon Bleu”
2 culinary schools were graduating so many people that even if they had the skills to be Chefs there
3 were, at best, only low wage entry level jobs available for them; (2) that only years of experience
4 in the kitchen working at low wages and/or truly exceptional ability (for which the School
5 Defendants’ “admissions” personnel do not at all screen) can qualify anyone to be a Chef, simply
6 going to CSCA, does not.

7 27. When the School Defendants’ employees responded to the central question asked
8 by such prospective students, that is, how much can I expect to earn, they routinely either (1)
9 stated what a Chef or Sous Chef makes (something on the order of \$18 an hour, or \$40,000 a year)
10 or (2) suggested that the prospect find out what a “Chef” makes by doing their own research
11 (which would result in them finding that median salaries are generally \$40,000-\$50,000 a year).
12 These responses misled class members by suggesting that they would be Chefs and earn Chef
13 salaries upon graduation.

14 28. The School Defendants, at all relevant times, were on notice that these lies were
15 being told to prospective students by their employees and, in fact, rewarded their best sales people
16 who, of necessity, were the ones telling these lies. Rewards included, among other things,
17 miscellaneous perquisites and better sales leads. Employees who did not tell such lies obviously
18 failed to convert sales leads into admissions at the same rate as their peers, were not able to meet
19 their admissions targets, and were fired.

20 29. The School Defendants further falsely represented to prospective students that
21 CSCA’s admissions process was highly selective and its degree prestigious, all with the specific
22 purpose and intent of lending credibility to their false claims that a CSCA degree would enable a
23 graduate to become a Chef and earn Chef wages—a factual, practical, and financial impossibility
24 for the reasons set forth herein.

25 30. Grossly misled as to the true facts, unfamiliar with the market for culinary school
26 graduates, and believing they can expect Chef wages upon graduation, class members purchased
27 CSCA’s programs, which are approximately a year to fifteen months long, and cost the students

1 between \$40,000 and \$50,000 – money virtually all of them had to borrow, mostly at very high
2 interest rates. With required deferments and cumulating interest, and inevitable defaults in many
3 cases, class members routinely wind up owing lenders \$50,000 to \$100,000, and sometimes more,
4 for these programs. Most will never be able to pay off this debt, even if they work all their lives.
5 In effect, Plaintiffs and class members have been put in a position of indentured servitude, as
6 under current law, student loans are not dischargeable, in whole or in part, in bankruptcy.

7 31. Having sold class members on “becoming a Chef” and provided placement
8 statistics that class members reasonably understand meant the vast majority of graduates obtain the
9 kinds of jobs for which CSCA purports to train them, the School Defendants had a duty to disclose
10 the true facts.

11 32. The truth is that the vast majority of CSCA graduates end up, if they find a job in
12 the food services industry at all, with entry level positions as line cooks, prep cooks, or other
13 similar positions, making approximately \$8-\$10 an hour, and which would have been available to
14 these same students without any degree from CSCA. The vast majority of CSCA graduates end
15 up having to find these positions on their own, rather than being “placed” through CSCA. Almost
16 none of these positions are Chef level positions, and the career track necessary to achieve a Chef
17 level position, if possible at all, takes many many years after graduation.

18 33. In actual effect, a CSCA degree is not just worthless, but actually is a net financial
19 detriment to a graduate as compared to not having gone to CSCA at all. Most graduates live at or
20 below the poverty line when their incomes are adjusted to reflect their debt burdens. (Imagine
21 earning \$8 to \$12 an hour or perhaps \$1600 a month and being saddled with \$700-\$1,000 a month
22 in debt service.)

23 34. Because of the experience and skills required to become a Chef, and the economic
24 burden imposed by the debt a CSCA education represents, perhaps 1 in 50 graduates will ever
25 become a Sous Chef, and 1 in 200 will ever become a Chef. And by the time they do, their debt
26 will be so great, they will continue to live in effective poverty for years. In other words, less than
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1 2% will ever get what CSCA sold Plaintiffs and class members -- the opportunity to become a
2 Chef -- and virtually no one will ever get any net financial benefit from having gone to CSCA.

3 35. The School Defendants' actions have financially ruined the vast majority of CSCA
4 graduates lives. Marriages have ended due to the stress. Couples wanting children have been
5 financially unable to afford them. Previously independent young people have been forced to move
6 back into their parents' homes. And, it is not just the CSCA graduates who suffer, but the parents
7 and spouses and others who co-signed these loans. The School Defendants' actions are spreading
8 financial ruin. Even assuming arguendo that CSCA provides invaluable training, it is sold as
9 something it is not—a means to earning a reasonable wage in a reasonable time through education.
10 In fact, its cost is a quantum beyond unjustifiable except to dilettantes for whom the economics are
11 irrelevant.

12 36. Both CSCA and publicly traded CEC, at all relevant times, knew that their culinary
13 programs made no financial sense for prospective students. CEC's stock analysts knew that too.
14 In a third-quarter 2008 CEC earnings call, one analyst said “. . . *[W]e've all known for quite some*
15 *time* that the starting salary levels of students that graduate in that segment [culinary school] are
16 very low, and that *the cost equation does not work out on paper* the way it does in some of the
17 other segments” (emphasis added). The only people who did not know it, and were never told,
18 were CSCA's prospective students.

19 37. CEC and CSCA engaged in a pattern of well-coached, intensive, one-on-one
20 marketing of the school to potential students through the use of partial truths, misleading
21 statements, significant omissions, and outright lies, all of which were designed to create, in the
22 minds of prospective students, the strong impression that they will be both personally and
23 financially better off for having gone through the CSCA program. In fact, graduates of CSCA
24 receive a degree which is effectively worthless to them, end up with jobs which they could have
25 obtained without a CSCA degree, are saddled with non-dischargeable student loans which they
26 cannot pay with those jobs, and with a personal life ruined by the financial burden imposed by

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1 their educational expenses. All of this is known to CEC and CSCA, but is not disclosed to CSCA's
2 prospective students.

3 **CULINARY ARTS CLASS REPRESENTATIVES**

4 **Plaintiff Daniel Vasquez**

5 38. The following are specific allegations relating to named Plaintiff Daniel Vasquez
6 and the fraudulent misrepresentations, concealments, and non-disclosures perpetrated by the
7 School Defendants against him. These allegations are not unique to Mr. Vasquez, but
8 representative of the content, type and nature of the false and fraudulent representations made by
9 the School Defendants throughout the time period alleged in this Complaint.

10 39. Plaintiff Daniel Vasquez was a student at CSCA from in or about October 2005
11 until in or about April 2007.

12 40. Mr. Vasquez graduated from CSCA with a degree in Culinary Arts from the Le
13 Cordon Bleu Culinary Arts program offered by CSCA.

14 41. Mr. Vasquez was interested in pursuing a career as a Chef. He had heard of CSCA
15 from acquaintances and saw its television advertisements. In or about August 2005, Mr. Vasquez
16 contacted CSCA by telephone and spoke with an operator. The operator took his name, telephone
17 number and other contact information and then transferred him to an admissions representative
18 named Tino Anglade.

19 42. In or about August 2005, Mr. Vasquez communicated by telephone with Tino
20 Anglade, who represented to Mr. Vasquez that he was an employee of CSCA and a CSCA
21 admissions representative. In the telephone conversation, Mr. Anglade told Mr. Vasquez that
22 CSCA was an elite school with a selective admissions process. Mr. Anglade told Mr. Vasquez
23 that only 300 students were admitted and that Mr. Vasquez should act quickly to reserve his place.

24 43. In or about August 2005, Mr. Anglade further told Mr. Vasquez on the telephone
25 that CSCA had a very good reputation, that people in the food service industry looked up to the Le
26 Cordon Bleu name and that with his CSCA degree, Mr. Vasquez would shine in comparison to
27 other culinary students when applying for culinary positions.

1 44. In or about August 2005, Mr. Anglade further told Mr. Vasquez on the telephone
2 that he could expect to make at least \$18 an hour starting wages or find a salaried position with his
3 degree from CSCA. He further told Mr. Vasquez that if he went through the full culinary program
4 he would leave prepared and qualified to be an Executive Chef or to start his own restaurant
5 business. Mr. Anglade then encouraged Mr. Vasquez to come in for a tour as soon as possible
6 because tuition rates were going up and he should reserve his spot now.

7 45. In or about August 2005, Mr. Vasquez visited the CSCA campus where he was met
8 by Mr. Anglade. Mr. Anglade asked Mr. Vasquez where he lived. When Mr. Vasquez told him,
9 Mr. Anglade represented that he lived nearby and that he was from the same area as Mr. Vasquez.
10 This and other representations made Mr. Vasquez feel comfortable with Mr. Anglade and made
11 him feel that he could trust Mr. Anglade and the School Defendants.

12 46. Mr. Anglade gave Mr. Vasquez a tour of the campus and, during the tour, made
13 numerous representations to Mr. Vasquez regarding CSCA including: (1) CSCA was an exclusive
14 school with a great reputation in the food service industry, (2) Mr. Vasquez would compare
15 favorably to other job applicants with a degree from CSCA, (3) Mr. Vasquez could expect to make
16 at least \$18 an hour upon graduation or find salaried employment, (4) Mr. Vasquez would be
17 qualified to be an Executive Chef upon graduation, (5) CSCA has a lot of ties with really good
18 restaurants, and (6) given the number of employment opportunities in food service and CSCA's
19 great reputation Mr. Vasquez would always and easily be able to find work.

20 47. At the time of his tour in or about August 2005, Mr. Anglade provided Mr.
21 Vasquez with purported job placement rates and salaries of CSCA graduates *in writing*. The paper
22 indicated that job placement rates were very high and Mr. Anglade told Mr. Vasquez that salaries
23 were no less than \$18 an hour and usually more.

24 48. Mr. Anglade then provided Mr. Vasquez with a questionnaire, which asked
25 questions about why he wanted to attend culinary school. Mr. Anglade told Mr. Vasquez that he
26 would have to complete this questionnaire and then he would be interviewed to determine if he
27 was a good enough candidate for admissions. After completing the questionnaire, Mr. Anglade

1 took Mr. Vasquez to meet with a second person in the admissions department. The person held
2 himself out to be an employee of CSCA and a member of the admissions staff. During the
3 meeting, the admissions staff member asked Mr. Vasquez a number of the same questions on the
4 questionnaire. The staff member appeared to consider Mr. Vasquez's answers and then informed
5 him that he would be a good candidate. This was a charade, dictated by the School Defendants'
6 written procedures and scripted to mislead Mr. Vasquez into believing admissions were selective
7 and, thereby, add credibility to the School Defendants claims about the value of a CSCA degree in
8 the job marketplace.

9 49. After meeting with the admissions staff member, Mr. Anglade took Mr. Vasquez to
10 the library where he was given a test on the computer. After he took the test he was informed by
11 Mr. Anglade that he had passed and was being granted admission. Mr. Anglade then pressured
12 him to sign-up that day because rates would be increasing and he should lock in the best possible
13 rate by signing-up now. Mr. Anglade then took Mr. Vasquez to meet with a financial aid
14 representative.

15 50. At the time of Mr. Vasquez's tour, in or about August of 2005, Mr. Vasquez met
16 with CSCA employee and financial aid representative Chris Kano. Mr. Kano told Mr. Vasquez
17 that after he graduated he would be an executive chef making at least \$18 an hour and that
18 servicing his loans therefore would not be a big deal. Mr. Kano further told Mr. Vasquez that
19 financing his CSCA education would be easy and that he could get grants. Because Mr. Vasquez
20 could not get approved for a student loan without a co-signor, Mr. Kano urged that Mr. Vasquez's
21 mother serve as a co-signor for his student loan. Mr. Kano told him he could expect payments that
22 would be manageable in light of his income upon graduation. After he graduated, Mr. Kano
23 assured Mr. Vasquez, CSCA could help him lower his payments. Mr. Kano did not tell Mr.
24 Vasquez that lowering his payments or deferring payments would increase the interest paid on the
25 loans.

26 51. Based on the verbal representations described above made by CSCA employees
27 Mr. Anglade and Mr. Kano, and on the written representations contained in various brochures and

1 documents provided to Mr. Vasquez by CSCA, and in reliance on these representations, Mr.
2 Vasquez agreed to attend CSCA.

3 52. Based on the verbal representations described above made by CSCA employees
4 Mr. Anglade and Mr. Kano, and on the written representations contained in various brochures and
5 documents provided to Mr. Vasquez by CSCA, and in reliance on these representations, Mr.
6 Vasquez took out student loans from Sallie Mae and from Stillwater National, arranged for and
7 with the assistance of Mr. Kano and CSCA, in the amount of \$48,000. Mr. Vasquez's mother
8 served as co-signor on these student loans.

9 53. But for the oral representations of the School Defendants' employees, the written
10 representations provided by the School Defendants, and had the School Defendants not concealed
11 and failed to disclose the truth about its graduates' career paths, job opportunities, income
12 opportunities, and prospects of ever becoming a Chef, Mr. Vasquez would not have agreed to
13 attend CSCA and would not have taken out loans to attend CSCA.

14 54. After Mr. Vasquez matriculated, he found that the academic standards were not
15 rigorous. Mr. Vasquez once missed an exam and requested that he be given the opportunity to re-
16 take the exam. The chef instructor told Mr. Vasquez, "If you leave now, I will pass you."

17 55. After he graduated, Mr. Vasquez first learned that the representations made by
18 CSCA were false, and that facts that CSCA had concealed and not disclosed were the important
19 ones. CSCA's reputation was not as good as he had been led to believe because many persons in
20 the food industry did not trust the quality of CSCA chefs. A CSCA degree would not get him
21 anything he could not have gotten without it.

22 56. Mr. Vasquez secured an internship at a Pasadena neighborhood restaurant on his
23 own with no assistance from CSCA's career services department. After he graduated, he was
24 offered a position at this restaurant based on his hard work ethic and willingness to learn. The
25 position paid \$10 an hour. Based on the experience of his classmates, whom he informally polled,
26 Mr. Vasquez believed that he could not secure a better paying position and was, in fact, lucky to
27 have secured a position in the food service industry at all.

1 57. Mr. Vasquez subsequently found a job working at another restaurant in Pasadena –
2 a position that he secured based on a connection made at his previous employment and without the
3 assistance of CSCA. Mr. Vasquez was still making \$10 an hour. Mr. Vasquez was laid off when
4 the restaurant he was working for closed. After that, Mr. Vasquez was working on an hourly wage
5 basis in the catering department of a food services group. Mr. Vasquez was only making \$11 an
6 hour in that position. Mr. Vasquez is currently working as a Sous Chef at a small restaurant at a
7 job he found himself. Mr. Vasquez is now still only making \$14 an hour, and has not been able to
8 find better employment.

9 58. As a result of his low wage positions, Mr. Vasquez has struggled to make payments
10 on his student loans. Currently, Mr. Vasquez owes over \$74,000 on his outstanding student loans
11 with payments of over \$600 a month. He has had to refinance and take hardship deferrals on his
12 loans. He has been caused a great deal of anxiety and stress as a result of his debt, from which he
13 has suffered physical symptoms. Given Mr. Vasquez's salary and job prospects, Mr. Vasquez has
14 no reasonable basis to believe he can ever pay off his non-dischargeable student loans.

15 59. Mr. Vasquez has been receiving letters from Sallie Mae advising him of the
16 damage he is being subjected to because of his inability to make payments on his student loans.
17 For example, in a letter dated December 8, 2010 from Sallie Mae to Mr. Vasquez, which indicates
18 that his student loan with Sallie Mae is delinquent, Sallie Mae informs Mr. Vasquez that the
19 reporting of the delinquency on his payments "may hurt your credit and make it difficult for you to
20 obtain future credit including auto loans, additional student loans, home loans and even credit
21 cards. Plus, any delinquency can stay on your credit report for up to sever years." This December
22 8, 2010 letter from Sallie Mae to Mr. Vasquez is a form letter that is obviously sent out to
23 numerous borrowers of student loans that are delinquent on their payments, such as the class
24 members. Sallie Mae's statements in the letter regarding the damage that is being inflicted on Mr.
25 Vasquez are therefore indicative of the damage that is being inflicted on the class members in this
26 case, most of whom cannot make payments on their student loans.

27

60. The School Defendants' statements obligated them to disclose the whole truth about their program. But they did not and instead concealed it. Specifically, at no time did the School Defendants, or any of them, disclose to Mr. Vasquez that graduates could only reasonably hope for entry level positions following graduation, positions that were available without an expensive culinary degree, that experience counted for much more than education in the trade, and that CSCA graduates had a less than 2% chance of ever becoming Chefs. Instead, the School Defendants concealed these facts, deflecting Mr. Vasquez's inquiries when he asked all pursuant to the policies and scripts employed by the School Defendants to that specific and fraudulent end. At all times, Mr. Vasquez was ignorant of the job market for CSCA culinary graduates and their skills and actually and reasonably relied on Defendants' false statements and omissions.

Plaintiff Cherish Herndon

61. The following are specific allegations relating to named Plaintiff Cherish Herndon, detailing the specific lies, concealments, and non-disclosures perpetrated against her. These allegations are not unique to Ms. Herndon, but representative of the content, type and nature of the false and fraudulent representations, concealments, and nondisclosures perpetrated by the School Defendants throughout the time period alleged in this Complaint.

62. Plaintiff Cherish Herndon was a student at CSCA from in or about July 2006 until in or about November 2007.

63. Ms. Herndon graduated from CSCA with a degree in Culinary Arts from the Le Cordon Bleu Culinary Arts program offered by CSCA.

64. Ms. Herndon was interested in pursuing a career as a personal chef. When she applied to CSCA, she was working in the corporate world, making nearly \$45,000 a year. Her dream, however, was to be a Chef. She learned of CSCA after investigating culinary schools online. In or about late 2003, Ms. Herndon visited the CSCA website. The website appeared professional and marketed the school as an excellent opportunity for persons looking to pursue careers in the food service industry. Ms. Herndon viewed various interviews with former students,

1 many of whom claimed to be very successful. To learn more, Ms. Herndon filled out the online
2 information request form.

3 65. Shortly after submitting her online request form, Ms. Herndon received a telephone
4 call from a person who represented himself to be an admissions representative for CSCA. She
5 told him she wanted to become a Chef and was interested in attending CSCA if it could get her
6 there. He urged Ms. Herndon to come to the CSCA campus and take a tour.

7 66. During the course of their telephone conversation, in or about late 2003, the
8 admissions representative further told Ms. Herndon that a CSCA degree would enable her, upon
9 graduation, to realize her dream of becoming a Chef. CSCA's representative told Ms. Herndon
10 that she should come in to visit the campus as soon as possible because classes were filling up
11 quickly. Because CSCA was "a top rated school," the admissions representative told Ms. Herndon
12 that she would have to take a test to determine whether she could be admitted. "Don't put your
13 dream of becoming a Chef on hold," he told her.

14 67. Ms. Herndon visited the school in or about late 2003 and spoke with various
15 representatives of CSCA

16 68. During these conversations, the admissions representatives of CSCA further told
17 Ms. Herndon that CSCA had a great career center that helped students locate and find the kind of
18 job she wanted. They also told her that CSCA had built a great rapport with top chefs all over the
19 nation. According to the admissions representatives, CSCA students worked with top chefs like
20 Wolfgang Puck and were frequently employed at entertainment industry awards shows.

21 69. With her degree from CSCA, the admission representatives assured Ms. Herndon
22 she could and would easily find a job as an executive or banquet chef and expect to earn a
23 substantial salary.

24 70. Because Ms. Herndon was looking at CSCA as a launching pad to a second career,
25 and she was already employed in the corporate world making nearly \$45,000 a year, a fact she
26 disclosed, she questioned the admissions representative about the cost of obtaining and servicing
27 the student loans required to purchase the degree and whether the compensation she could

1 reasonably expect to earn with her CSCA degree would justify the cost of purchasing it, including
2 the interest costs. The admissions representative assured Ms. Herndon that if she chose CSCA, "it
3 would pay for itself."

4 71. Defendants' statements obligated the School Defendants to disclose the whole truth
5 about their program. But they did not and instead concealed it. Specifically, at no time did the
6 School Defendants, or any of them, disclose to Ms. Herndon that graduates could only reasonably
7 hope for entry level positions following graduation, positions that were available without an
8 expensive culinary degree, that experience counted for much more than education in the trade, and
9 that CSCA graduates had a less than 2% chance of ever becoming Chefs. Instead, the School
10 Defendants concealed these facts, deflecting Ms. Herndon's inquiries when she asked, all pursuant
11 to the policies and scripts employed by the School Defendants to that specific and fraudulent end.
12 At all times, Ms. Herndon was ignorant of the job market for CSCA culinary graduates and
13 actually and reasonably relied on Defendants' false statements and omissions.

14 72. In reasonable reliance on the School Defendants false and fraudulent
15 representations and omissions, and ignorant of the truth about the market for CSCA graduates and
16 their skills, Ms. Herndon enrolled in late 2003, but cancelled the enrollment due to her personal
17 situation at the time.

18 73. In April, 2006, she again contacted the school.

19 74. On or about April 12, 2006, Ms. Herndon went to CSCA to take a tour of the
20 campus. The male admissions representatives she had spoken with were no longer employed at
21 CSCA and she met instead with a female admissions representative named "Betsy," last name
22 unknown. Ms. Herndon understood Betsy to be an employee of CSCA and Betsy provided her
23 with a business card that indicated that she was employed by CSCA as an admissions
24 representative. Ms. Herndon advised Betsy of her dream of becoming a Chef and that her interest
25 in attending CSCA was based on her understanding that a CSCA degree would qualify her for a
26 Chef job. Betsy confirmed that a CSCA degree would in fact do that for Ms. Herndon.

1 75. On the CSCA campus tour in April 2006, Betsy, the CSCA admissions
2 representative, told Ms. Herndon that CSCA was an elite school and that it was difficult to get
3 into. She told Ms. Herndon that she would need to take a test to determine her eligibility. When
4 Ms. Herndon asked about continuing on to pursue a bachelor's degree at another institution, Betsy
5 claimed that CSCA was a fully accredited school and that the degree Ms. Herndon would be
6 earning would be the equivalent of an associate degree. She further stated that because CSCA was
7 such a top rated and exclusive school, classes filled up quickly. Betsy urged Ms. Herndon to start
8 immediately, in May 2006.

9 76. All these representations were false and fraudulent, and were designed to add
10 credibility to CSCA's false claims that it would catapult CSCA graduates to Chef jobs and Chef
11 salaries, and to conceal the truth that the same jobs open to CSCA graduates were open to those
12 without culinary degrees because experience, rather than education, was what counted most in the
13 trade. In fact, CSCA was not a top-ranked school and it admitted virtually everyone.

14 77. During that tour, Ms. Herndon specifically questioned Betsy about the career
15 opportunities for CSCA graduates. Specifically, Ms. Herndon indicated that she was interested in
16 pursuing a career as a Personal Chef. Betsy told Ms. Herndon of a former student who had,
17 immediately after graduation, "been placed" with a professional basketball player as a Personal
18 Chef earning over \$70,000 a year and clearly and deliberately implied, consistent with the practice
19 of admissions representatives at CSCA, that Ms. Herndon could expect similar opportunities to be
20 open to her upon graduation. Betsy further told Ms. Herndon that CSCA had a great career center
21 that would help her find amazing opportunities after she graduated.

22 78. While Ms. Herndon was at the CSCA campus in April 2006, Betsy also showed her
23 various papers that represented that CSCA had very high career placement rates for its graduates.
24 Ms. Herndon reasonably understood these numbers to represent employment in the kinds of jobs
25 for which CSCA trained its students, namely, Chef jobs—not prep and line cook jobs open to
26 anyone off the street. Employers, according to Betsy, were very excited to work with CSCA
27 graduates and the CSCA name meant a lot in the food service industry. The Le Cordon Bleu name

1 would open many doors for Ms. Herndon and provide her with many opportunities. Betsy then
2 told Ms. Herndon that her education would enable her to secure employment as a Personal Chef,
3 an Executive Chef, or a Lead Chef. CSCA graduates, assured Betsy, made over \$40,000 a year
4 upon graduation. These representations were false.

5 79. Defendants' statements, through their employee and agent Betsy, obligated the
6 School Defendants to disclose the whole truth about their program. But the School Defendants did
7 not disclose such truth. Specifically, at no time did the School Defendants, or any of them,
8 disclose to Ms. Herndon that graduates could only reasonably hope for entry level positions
9 following graduation, positions that were available without an expensive culinary degree, that
10 experience counted for much more than education in the trade, and that CSCA graduates had a less
11 than 2% chance of ever becoming Chefs. Instead, the School Defendants concealed these facts,
12 deflecting Ms. Herndon's inquiries when she asked, all pursuant to the policies and scripts
13 employed by the School Defendants to that specific and fraudulent end. At all times, Ms. Herndon
14 was ignorant of the true job market for CSCA culinary graduates and actually and reasonably
15 relied on Defendants' false statements and omissions.

16 80. When Ms. Herndon expressed concern over the cost of CSCA and the debt burden
17 to Betsy, Betsy told Ms. Herndon that CSCA was well worth the money and that, in a couple of
18 years, CSCA would pay for itself with the resulting high paying job opportunities a CSCA degree
19 secured for its graduates. These were lies.

20 81. Betsy further told Ms. Herndon that she could expect to have student loan
21 payments in the \$200 to \$300 a month range, a cost that would not be difficult for Ms. Herndon
22 given her high income job possibilities. These were lies too. In fact, CSCA graduates debt
23 service routinely was double or triple these amounts, particularly after deferrals and sometimes
24 defaults that inevitably result from attempting to live on the \$8 to \$12 an hour that CSCA
25 graduates reasonably can hope to earn in the trade.

1 82. On her tour of the CSCA campus in April 2006, Ms. Herndon paid CSCA the \$100
2 admissions fee. After leaving she received various phone calls following up with her to confirm
3 enrollment and ensure that she would start her class.

4 83. Later in April 2006, Ms. Herndon attended a second tour of the CSCA campus,
5 again with Betsy. The school was undergoing construction and Betsy told Ms. Herndon that the
6 school was making a newer, larger career center. Betsy again stressed that CSCA was an excellent
7 school with a great reputation in the food service industry. Again, Betsy showed Ms. Herndon
8 paperwork that represented high placement rates for CSCA graduates, which Ms. Herndon
9 reasonably understood represented placements in the jobs for which she sought training – Chef
10 jobs paying Chef wages and justifying the cost of the degree, including the interest that would be
11 payable on student loans to finance that cost.

12 84. Ms. Herndon next met with a financial aid representative named Sharice Fox, who
13 Ms. Herndon understood to be an employee of CSCA.

14 85. Ms. Fox assisted Ms. Herndon in securing loans to finance her CSCA degree.
15 During the course of filling out the paperwork, Ms. Herndon expressed concern over her debt
16 burden after graduation. Ms. Fox told her not to worry, that the loans would be more than
17 manageable and that she wouldn't have any problem paying off her student loans based on the
18 income she could expect to earn upon graduation. These statements were false and fraudulent,
19 calculated to deceive Ms. Herndon, close the sale and ensure Ms. Herndon's enrollment.

20 86. Ms. Herndon was not offered a choice of lenders, but given paperwork solely to
21 apply for loans through Sallie Mae. Ms. Herndon borrowed the principal sum of \$48,000 to attend
22 CSCA.

23 87. Based on the verbal representations described above made by CSCA employees
24 Betsy, Ms. Fox, the male admissions representative she spoke with earlier, and on the written
25 representations contained in various brochures and documents provided to Ms. Herndon by
26 CSCA, and in reliance on these representations, Ms. Herndon agreed to attend CSCA.

27

1 88. Based on the verbal representations described above made by CSCA employees
2 Betsy, Ms. Fox, the male admissions representative she spoke with on the telephone, and on the
3 written representations contained in various brochures and documents provided to Ms. Herndon by
4 CSCA, and in reliance on these representations, and ignorant of the facts omitted and concealed by
5 the School Defendants, Ms. Herndon took out student loans from Sallie Mae – arranged for and
6 with the assistance of Ms. Fox and CSCA, in the amount of \$48,000.

7 89. But for the oral representations of Defendants' employees, the written
8 representations provided by the School Defendants, and the material omissions and concealments
9 they perpetrated against her, Ms. Herndon would not have agreed to attend CSCA and would not
10 have taken out loans to attend CSCA.

11 90. After she graduated, Ms. Herndon found that the representations made by CSCA
12 were false and that material facts regarding the job market for CSCA graduates had been
13 misrepresented and concealed from her. She could not obtain a well paying job, nor any Chef job.
14 The market valued experience far more than a culinary degree, and CSCA's reputation was not as
15 good as she had been led to believe because many persons in the food industry did not trust the
16 quality of CSCA chefs.

17 91. Ms. Herndon secured an internship at a Pasadena neighborhood restaurant. After
18 she graduated, she was offered a position at this restaurant based on her hard work ethic and
19 willingness to learn. The low-level position paid \$10.50 an hour. Based on the experience of her
20 classmates, whom she polled, Ms. Herndon believed that she could not secure a better paying
21 position and was, in fact, lucky to have secured a position in the food service industry at all.

22 92. Ms. Herndon has received emails from CSCA with purported job opportunities, but
23 the opportunities are little more than publicly available employment advertisements from websites
24 such as careerbuilder.com and monster.com. Moreover, the jobs only pay in the \$8 to \$10 an hour
25 range – less than Ms. Herndon was then making.

1 93. As a result of her low wage position, Ms. Herndon has struggled financially. Her
2 student loans have been in deferment at various times and she now owes more than \$78,000 as a
3 result. Her resulting loan payments are well over \$700 a month.

4 94. Because of her high debt, her financial worries, and the reality of employment
5 opportunities, Ms. Herndon has suffered from depression and anxiety. When her bills come,
6 especially her Sallie Mae bills, she often finds herself in tears and unable to regain control over her
7 emotions for extended periods. She has low-mood, difficulty concentrating and alternating
8 feelings of extreme anxiety. Ms. Herndon has experienced physical symptoms, such as difficulty
9 sleeping, weight loss and increased susceptibility to illness. Although Ms. Herndon wishes to see
10 a psychologist and has been recommended to do so by friends and family, Ms. Herndon's position
11 does not offer insurance benefits and her current financial state does not permit her to secure
12 mental health treatment.

13 95. Ms. Herndon has finally left the food services industry all together in order to earn
14 enough money to attempt to pay both her student loans and her living expenses, which she is still
15 unable to do. She is now in default on her student loans, which will occasion dramatic increases
16 of principal and payments due to collection costs.

17 **Plaintiff René Villalobos**

18 96. The following are specific allegations relating to named Plaintiff René Villalobos,
19 detailing the specific lies, concealments, and non-disclosures perpetrated against him. These
20 allegations are not unique to Mr. Villalobos, but representative of the content, type and nature of
21 the false and fraudulent representations, concealments, and nondisclosures perpetrated by the
22 School Defendants throughout the time period alleged in this Complaint.

23 97. Plaintiff René Villalobos was a student at CSCA from in or about January 2005
24 until in or about May 2006.

25 98. Mr. Villalobos graduated from CSCA with a degree in Culinary Arts from the Le
26 Cordon Bleu Culinary Arts program offered by CSCA. Mr. Villalobos always loved to cook, and
27 was interested in pursuing a career in the culinary field. When he applied to CSCA, Mr.

1 Villalobos was a delivery driver, making approximately \$ 10 per hour. His dream, however, was
2 to work in the culinary field. He learned of CSCA after seeing commercials for the school on
3 television, and looking online, where he found the CSCA website. Mr. Villalobos called the
4 school for more information, and was told he would receive a phone call back.

5 99. Shortly after calling the school, Mr. Villalobos received a telephone call from a
6 person who represented himself to be an admissions representative for CSCA. He urged Mr.
7 Villalobos to come to the CSCA campus.

8 100. Mr. Villalobos visited the school in or about the fall of 2004 and did a meet and
9 greet with a CSCA admissions representative, who gave him a brochure for the school. During
10 that visit, the admissions representative with whom Mr. Villalobos spoke told him that careers in
11 the culinary industry were in high demand and that he would be making at least \$30,000
12 immediately upon graduation from CSCA. The admissions representative also gave Mr.
13 Villalobos a document that listed careers in the culinary arts. No entry level positions were listed
14 on that document. The admissions representative also informed Mr. Villalobos that it would be no
15 problem paying off his student loans. These were lies.

16 101. When Mr. Villalobos questioned the admissions representative about the cost of
17 tuition to attend the school, the admissions representative reiterated that Mr. Villalobos could pay
18 for the school through student loans, and reassured Mr. Villalobos that he would be able to easily
19 pay back the student loans once he graduated.

20 102. Mr. Villalobos next visited the CSCA campus in or about the fall of 2004, and met
21 with the same admissions representative again for a tour. During that tour, the admissions
22 representative reiterated the same information that he had discussed with Mr. Villalobos during the
23 first visit. The admissions representative stressed that there were numerous opportunities for
24 CSCA graduates to have careers in the culinary industry, and that he would be able to obtain a
25 position immediately upon graduation paying over \$30,000 to start. The admissions
26 representative also stated again that Mr. Villalobos would have no problem paying for the school
27 through student loans or paying off his student loans after graduation.

1 103. All these representations were false and fraudulent, and were designed to add
2 credibility to CSCA's false claims that it would catapult CSCA graduates to Chef jobs and Chef
3 salaries, and to conceal the truth that the same jobs open to CSCA graduates were open to those
4 without culinary degrees because experience, rather than education, was what counted most in the
5 trade.

6 104. During the first visit, the admissions representative told Mr. Villalobos that he
7 could not obtain student loans to attend CSCA without a co-signor. Mr. Villalobos later discussed
8 this situation with his father, who agreed to serve as a co-signor for Mr. Villalobos' student loans.
9 However, Mr. Villalobos' father informed him that, although he would agree to serve as a co-
10 signor on the loans, servicing the loans was ultimately Mr. Villalobos' responsibility.

11 105. Defendants' statements obligated the School Defendants to disclose the whole truth
12 about their program. But they did not and instead concealed it. Specifically, at no time did the
13 School Defendants, or any of them, disclose to Mr. Villalobos that graduates could only
14 reasonably hope for entry level positions following graduation, positions that were available
15 without an expensive culinary degree, that experience counted for much more than education in
16 the trade, and that CSCA graduates had a less than 2% chance of ever becoming Chefs. Instead,
17 the School Defendants concealed these facts, deflecting Mr. Villalobos' inquiries when he asked,
18 all pursuant to the policies and scripts employed by the School Defendants to that specific and
19 fraudulent end. At all times, Mr. Villalobos was ignorant of the job market for CSCA culinary
20 graduates and actually and reasonably relied on Defendants' false statements and omissions.

21 106. Mr. Villalobos filled out financial aid documentation, and opened a financial aid
22 account at CSCA, during his second visit to the school. During this process, Mr. Villalobos found
23 out he was approved for loans in an amount that would be sufficient to cover tuition for the school.
24 At that meeting, he also filled out the Enrollment Agreement forms.

25 107. Mr. Villalobos was not offered a choice of lenders for his student loans during the
26 second meeting when he filled out financial aid documentation, but was given paperwork solely to
27

1 apply for loans through Sallie Mae and Stillwater National Bank. Mr. Villalobos borrowed the
2 grand total of approximately \$50,000 to attend CSCA.

3 108. In reasonable reliance on Defendants' false and fraudulent representations and
4 omissions, and ignorant of the truth about the market for CSCA graduates and their skills, Mr.
5 Villalobos enrolled in or about January 2005.

6 109. Based on the verbal representations described above made by CSCA's admissions
7 representative, and on the written representations contained on CSCA's website and in various
8 brochures and documents provided to Mr. Villalobos by CSCA, and in reliance on these
9 representations, Mr. Villalobos agreed to attend CSCA.

10 110. Based on the verbal representations described above made by CSCA's admissions
11 representative, and on the written representations contained in various brochures and documents
12 provided to Mr. Villalobos by CSCA, and in reliance on these representations, and ignorant of the
13 facts omitted and concealed by the School Defendants, Mr. Villalobos took out student loans from
14 Sallie Mae and Stillwater National Bank – arranged for and with the assistance CSCA, in the
15 amount of approximately \$50,000.

16 111. But for the oral representations of Defendants' employees, the written
17 representations provided by the School Defendants, and the material omissions and concealments
18 they perpetrated against him, Mr. Villalobos would not have agreed to attend CSCA and would
19 not have taken out loans to attend CSCA.

20 112. At no time did the School Defendants, or any of them, disclose to Mr. Villalobos
21 that the student loans he obtained in order to attend CSCA would be almost impossible to pay
22 back in any reasonable time frame, if ever, given the expected salaries of CSCA graduates. At all
23 times, Mr. Villalobos was ignorant of the inability of CSCA graduates to service the debt for their
24 student loans after graduation, based on the expected salaries of CSCA graduates, and actually and
25 reasonably relied on Defendants' false statements and omissions.

26 113. After he graduated, Mr. Villalobos found that the representations made by CSCA
27 were false and that material facts regarding the job market for CSCA graduates had been

1 misrepresented and concealed from him. He could not obtain a well paying job, nor any Chef job.
2 The market valued experience far more than a culinary degree, and CSCA's reputation was not as
3 good as he had been led to believe.

4 114. After graduation, Mr. Villalobos got a job as entry level cook in the kitchen of a
5 hotel chain, being paid \$10 per hour. After this position, Mr. Villalobos worked as a cook for
6 another hotel chain, making approximately \$10.50 per hour. Subsequent to that position, Mr.
7 Villalobos got a job as a morning chef at a corporate catering company, making \$9.35 per hour.
8 After that, he became a cook at a national grocer making approximately \$12.50 per hour. At the
9 present, Mr. Villalobos is working as a deli clerk, making \$11.92 per hour.

10 115. Mr. Villalobos has struggled financially since graduating from CSCA as a result of
11 his heavy student loan burden. His student loans are currently in default and he now owes more
12 than \$60,000 in total. His father receives harassing calls on a consistent basis from debt
13 collectors, because he served as co-signor on the student loans Mr. Villalobos obtained to attend
14 CSCA.

15 116. Although he is presently working, Mr. Villalobos recently decided to attend a
16 community college program to get credentialed as an insurance appraiser. The total cost for this
17 program is \$200, and the starting salary for an insurance appraiser position pays substantially
18 more than any of the culinary jobs Mr. Villalobos has had since attending CSCA.

19 **Plaintiff Alana O'Shea**

20 117. The following are specific allegations relating to named Plaintiff Alana O'Shea,
21 detailing the specific lies, concealments, and non-disclosures perpetrated against her. These
22 allegations are not unique to Ms. O'Shea, but representative of the content, type and nature of the
23 false and fraudulent representations, concealments, and nondisclosures perpetrated by the School
24 Defendants throughout the time period alleged in this Complaint.

25 118. Plaintiff Alana O'Shea was a student at CSCA from in or about January 2005
26 until in or about May 2006.

27 119. Ms. O'Shea graduated from CSCA with a degree in Culinary Arts from the Le

1 Cordon Bleu Culinary Arts program offered by CSCA. Ms. O'Shea always liked to cook, and was
2 interested in pursuing a career in the culinary field. When she applied to CSCA, Ms. O'Shea was
3 working as a Quality Assurance Coordinator in the medical profession, making approximately \$14
4 per hour. Her dream, however, was to work in the culinary field. She learned of CSCA after
5 investigating culinary schools online, and coming upon the CSCA website. When she viewed
6 CSCA's website, it appeared professional looking to her, and the website marketed the school as
7 an excellent opportunity for persons looking to pursue careers in the food service industry. To
8 learn more, Ms. O'Shea filled out the online information request form for a tour of the school.

9 120. Shortly after submitting her online request form, Ms. O'Shea received a telephone
10 call from a person who represented himself to be an admissions representative for CSCA. He
11 informed her that his name was Rudolph Skeete. He urged Ms. O'Shea to come to the CSCA
12 campus and take a tour.

13 121. Ms. O'Shea visited the school in or about the fall of 2004 and met with CSCA's
14 admissions representative, Mr. Skeete, for a tour. During that tour, Mr. Skeete told her that
15 careers in the culinary industry were in high demand because, for example, programming on the
16 Food Network was becoming very popular at that time. Mr. Skeete also informed Ms. O'Shea that
17 it was easy to get a well-paying job in the culinary industry, such as a position as a Personal Chef.
18 These were lies.

19 122. When Ms. O'Shea questioned Mr. Skeete about the cost of tuition to attend the
20 school, he told her that the school was well worth the tuition because of what she would be able to
21 do afterward with her CSCA culinary degree. Specifically, Mr. Skeete informed Ms. O'Shea at
22 that meeting that the Le Cordon Bleu name would make it easy for her to get a job after she
23 graduated from CSCA, because she would have the Le Cordon Bleu name on her resumé. He
24 mentioned the opportunity to get a job as an Executive Chef after graduation, or a Personal Chef
25 making up to \$90,000. Mr. Skeete also indicated that there were opportunities for CSCA
26 graduates to get a job at prestigious businesses such as the Ritz Carlton. In addition, he told Ms.
27 O'Shea that CSCA was a prestigious school.

1 123. Ms. O'Shea expressed concern to Mr. Skeete about the cost of tuition to attend
2 CSCA. In response, Mr. Skeete specifically told her that she shouldn't be thinking about the
3 tuition, and stated that if she was thinking about the amount of the tuition, then she was not really
4 serious about a career in the culinary field. When questioned about the tuition, Mr. Skeete wrote
5 down on a piece of paper how much each semester would cost to attend CSCA. Based on these
6 numbers, Ms. O'Shea specifically informed him that she did not have the money to cover the
7 tuition for the school. Mr. Skeete then told her that she shouldn't worry about the tuition because
8 the loans will be easy to get and it will be covered. Mr. Skeete also invited Ms. O'Shea to bring to
9 her mom to the CSCA campus due to Ms. O'Shea's hesitation to enroll in the school, given the
10 high cost of tuition. Mr. Skeete further encouraged Ms. O'Shea to talk to her family, stating that
11 her mom could help her decide whether she wanted to attend CSCA.

12 124. Ms. O'Shea next visited the CSCA campus with her mom present, about a week
13 after the first visit, in or about the fall of 2004, and met with Rudolph Skeete again.

14 125. Ms. O'Shea's second visit to the CSCA campus with Mr. Skeete was very similar
15 to the first visit. At the second visit, Mr. Skeete escorted Ms. O'Shea and her mother around the
16 campus, and reiterated a number of things he had said during Ms. O'Shea's first visit to the
17 campus. Specifically, he again told her that if the cost of tuition to attend CSCA was a concern to
18 her, then she was not serious about pursuing a career in the culinary field. Mr. Skeete also pushed
19 upon Ms. O'Shea and her mother the importance of having someone serve as a co-signor for the
20 student loans Ms. O'Shea needed to attend CSCA. In addition, Mr. Skeete also told Ms. O'Shea
21 and her mother that with a co-signor it would be easier to obtain approval for the student loans to
22 attend the school. Further, Mr. Skeete informed them that it would make it easier to have the
23 loans paid back if Ms. O'Shea's mother served as a co-signor for the loans.

24 126. Ms. O'Shea again questioned Mr. Skeete about the cost of obtaining and servicing
25 the student loans required to purchase the degree and whether the compensation she could
26 reasonably expect to earn with her CSCA degree would justify the cost of purchasing it, including
27 the interest costs. Mr. Skeete again assured Ms. O'Shea that the loans would be covered. He also

1 stated to her that because she was a woman, her culinary degree from CSCA would provide her
2 with a particular advantage in a male-dominated field.

3 127. During the second visit to the CSCA campus, Mr. Skeete again emphasized the
4 opportunities available for people pursuing work in the culinary field, this time to both Ms.
5 O'Shea and her mother. Mr. Skeete repeatedly stated that there were all kinds of career
6 opportunities available for graduates of CSCA to pursue, and presented the position of chef as
7 glamorous. Along these lines, he stressed that CSCA students worked with top chefs like
8 Wolfgang Puck and were frequently employed at entertainment industry awards shows.

9 128. With her degree from CSCA, Mr. Skeete assured Ms. O'Shea she could and would
10 easily find a job as an executive or banquet chef and expect to earn a substantial salary.

11 129. All these representations were false and fraudulent, and were designed to add
12 credibility to CSCA's false claims that it would catapult CSCA graduates to Chef jobs and Chef
13 salaries, and to conceal the truth that the same jobs open to CSCA graduates were open to those
14 without culinary degrees because experience, rather than education, was what counted most in the
15 trade. In fact, CSCA was not a top-ranked, prestigious school, and it admitted virtually everyone.

16 130. Defendants' statements obligated the School Defendants to disclose the whole truth
17 about their program. But they did not and instead concealed it. Specifically, at no time did the
18 School Defendants, or any of them, disclose to Ms. O'Shea that graduates could only reasonably
19 hope for entry level positions following graduation, positions that were available without an
20 expensive culinary degree, that experience counted for much more than education in the trade, and
21 that CSCA graduates had a less than 2% chance of ever becoming Chefs. Instead, the School
22 Defendants concealed these facts, deflecting Ms. O'Shea's inquiries when she asked, all pursuant
23 to the policies and scripts employed by the School Defendants to that specific and fraudulent end.
24 At all times, Ms. O'Shea was ignorant of the job market for CSCA culinary graduates and actually
25 and reasonably relied on Defendants' false statements and omissions.

26 131. Ms. O'Shea came back to the CSCA campus for a third meeting to fill out financial
27 aid documentation, and opened a financial aid account at CSCA. During this process, Ms. O'Shea

1 found out she was approved for loans in an amount that would be sufficient to cover tuition for the
2 school. At that meeting, she also filled out the Enrollment Agreement forms.

3 132. Ms. O'Shea was not offered a choice of lenders for her student loans during the
4 third meeting when she filled out financial aid documentation, but was given paperwork solely to
5 apply for loans through Sallie Mae and other lenders. Ms. O'Shea borrowed the principal sum of
6 \$55,376.33 to attend CSCA.

7 133. In reasonable reliance on Defendants' false and fraudulent representations and
8 omissions, and ignorant of the truth about the market for CSCA graduates and their skills, Ms.
9 O'Shea enrolled in or about January 2005.

10 134. Based on the verbal representations described above made by CSCA employee
11 Rudolph Skeete, and on the written representations contained on CSCA's website and in various
12 brochures and documents provided to Ms. O'Shea by CSCA, and in reliance on these
13 representations, Ms. O'Shea agreed to attend CSCA.

14 135. Based on the verbal representations described above made by CSCA employee
15 Rudolph Skeete, and on the written representations contained in various brochures and documents
16 provided to Ms. O'Shea by CSCA, and in reliance on these representations, and ignorant of the
17 facts omitted and concealed by the School Defendants, Ms. O'Shea took out student loans from
18 Sallie Mae and other lenders – arranged for and with the assistance CSCA, in the amount of
19 \$55,376.33.

20 136. But for the oral representations of Defendants' employees, the written
21 representations provided by the School Defendants, and the material omissions and concealments
22 they perpetrated against her, Ms. O'Shea would not have agreed to attend CSCA and would not
23 have taken out loans to attend CSCA.

24 137. At no time did the School Defendants, or any of them, disclose to Ms. O'Shea that
25 the student loans she obtained in order to attend CSCA would be almost impossible to pay back in
26 any reasonable time frame, if ever, given the expected salaries of CSCA graduates. At all times,
27 Ms. O'Shea was ignorant of the inability of CSCA graduates to service the debt for their student

1 loans after graduation, based on the expected salaries of CSCA graduates, and actually and
2 reasonably relied on Defendants' false statements and omissions.

3 138. After she graduated, Ms. O'Shea found that the representations made by CSCA
4 were false and that material facts regarding the job market for CSCA graduates had been
5 misrepresented and concealed from her. She could not obtain a well paying job, nor any Chef job.
6 The market valued experience far more than a culinary degree, and CSCA's reputation was not as
7 good as she had been led to believe.

8 139. After graduation, Ms. O'Shea got a job as a food service worker at a corporate
9 catering business preparing food at the salad station, and being paid \$10 per hour. After this
10 position, Ms. O'Shea worked as a menu consultant for a home meal delivery company, making
11 approximately \$14 per hour. Subsequent to that position, Ms. O'Shea got a job at another
12 corporate catering company, where she started as a food service worker making \$12 per hour, and
13 has ultimately become a café manager making \$17.43 per hour.

14 140. Ms. O'Shea has struggled financially since graduating from CSCA as a result of
15 her heavy student loan burden. Despite making payments on her student loans, which currently
16 total more than \$800 per month, she now owes more than \$82,000 total. Ms. O'Shea's loans are
17 held by Sallie Mae Education Trust and other Sallie Mae affiliates.

18 **Plaintiff Rosaura Borges**

19 141. The following are specific allegations relating to named Plaintiff Rosaura Borges
20 and the fraudulent misrepresentations, concealments, and non-disclosures perpetrated by the
21 School Defendants against her. These allegations are not unique to Ms. Borges, but representative
22 of the content, type and nature of the false and fraudulent representations made by the School
23 Defendants throughout the time period alleged in this Complaint.

24 142. Ms. Borges was a student in CSCA's Culinary Arts Program from January 2008
25 until she withdrew on or about March 2008.

26 143. Shortly before she enrolled in CSCA, Ms. Borges was given a campus tour by a
27 CSCA admissions representative. During the tour, the admissions representative made the

1 following verbal representations to Ms. Borges: Culinary Arts graduates start at annual salaries of
2 \$55,000 and have the potential to make far more; virtually all Culinary Arts graduates find well
3 paying jobs; CSCA has an excellent reputation; CSCA is a good investment; Ms. Borges would
4 not have any trouble repaying her loans with the income she would be making after graduating;
5 and CSCA's Programs lead to Chef positions.

6 144. Ms. Borges was also shown and/or provided with written CSCA marketing
7 materials that made the following representations: CSCA's Programs lead to Chef positions;
8 CSCA's programs are a good investment; CSCA has an aggressive on-site job placement agency
9 with a great track record for successful placements; CSCA has an excellent reputation in the food
10 service industry and its graduates are highly sought after by employers.

11 145. The admissions representative also provided Ms. Borges with purported job
12 placement rates, which were very high, which Ms. Borges understood to refer to Chef positions or
13 their equivalent.

14 146. After the tour, Ms. Borges met with a CSCA financial aid representative who
15 referred Ms. Borges to Bank of America Corporation to obtain student loans.

16 147. Based on the foregoing verbal and written representations, Ms. Borges agreed to
17 attend CSCA and took out student loans from Bank of America Corporation to cover the cost of
18 the Program.

19 148. But for the verbal representations of the School Defendants' employees, the written
20 representations provided by the School Defendants, and had the School Defendants not concealed
21 and failed to disclose the truth about its graduates' career paths, job opportunities, income
22 opportunities, and prospects of ever becoming a Chef, Ms. Borges would not have agreed to attend
23 CSCA and would not have taken out loans to attend CSCA.

24 149. In or about March 2008, Ms. Borges became disappointed with CSCA and
25 withdrew.

26 150. Ms. Borges was unable to repay her loans and eventually became homeless for six
27 months. Her student loans remain outstanding and are held by Bank of America Corporation.

Plaintiff Ryan Fowler

151. The following are specific allegations relating to named Plaintiff Ryan Fowler and the fraudulent misrepresentations, concealments, and non-disclosures perpetrated by the School Defendants against him. These allegations are not unique to Mr. Fowler, but representative of the content, type and nature of the false and fraudulent representations made by the School Defendants throughout the time period alleged in this Complaint.

152. Mr. Fowler was a student in CSCA's Culinary Arts Program from August 2007 until he graduated on or about August 2008.

153. Shortly before he enrolled in CSCA, Mr. Fowler was given a campus tour by a CSCA admissions representative who introduced himself as Mel. During the tour, the admissions representative made the following representations to Mr. Fowler: CSCA graduates were paid significantly more money in the culinary field than those without a CSCA degree; virtually all Culinary Arts graduates find well paying jobs; CSCA has an excellent reputation and its graduates are highly sought after by prestigious restaurants; and CSCA's Programs lead to Chef positions.

154. Mr. Fowler was also shown and/or provided with written CSCA marketing materials that made the following representations: CSCA's Programs lead to Chef positions; CSCA's programs are a good investment; CSCA has an aggressive on-site job placement agency with a great track record for successful placements; CSCA has an excellent reputation in the food service industry and its graduates are highly sought after by employers.

155. The admissions representative also provided Mr. Fowler with purported job placement rates, which were very high, which Mr. Fowler understood to refer to Chef positions or their equivalent.

156. After the tour, Mr. Fowler met with a CSCA financial aid representative. The financial aid representative referred Mr. Fowler to Sallie Mae and Wells Fargo Bank, N.A. and/or Wells Fargo & Company to obtain student loans.

1 157. Based on the foregoing verbal and written representations, Mr. Fowler agreed to
2 attend CSCA and took out student loans from Sallie Mae and Wells Fargo Bank, N.A. and/or
3 Wells Fargo & Company to cover the cost of the Program.

4 158. But for the oral representations of the School Defendants' employees, the written
5 representations provided by the School Defendants, and had the School Defendants not concealed
6 and failed to disclose the truth about its graduates' career paths, job opportunities, income
7 opportunities, and prospects of ever becoming a Chef, Mr. Fowler would not have agreed to attend
8 CSCA and would not have taken out loans to attend CSCA.

9 159. Since graduating from CSCA, Mr. Fowler has worked in a number of culinary
10 positions that pay between \$10 and \$12 an hour. After working for roughly two years he found a
11 position paying \$13 an hour.

12 160. Mr. Fowler's loans remain outstanding and are held by Sallie Mae and Wells Fargo
13 Bank, N.A. and/or Wells Fargo & Company

14 **PATISSERIE & BAKING CLASS REPRESENTATIVES**

15 **Plaintiff Elisabeth Gibson**

16 161. The following are specific allegations relating to named Plaintiff Elisabeth Gibson,
17 detailing the specific lies, concealments, and non-disclosures perpetrated against her. These
18 allegations are not unique to Ms. Gibson, but representative of the content, type and nature of the
19 false and fraudulent representations, concealments, and nondisclosures perpetrated by the School
20 Defendants throughout the time period alleged in this Complaint.

21 162. Plaintiff Elisabeth Gibson was a student at CSCA from in or about April 2007
22 until in or about November 2008. Ms. Gibson graduated from CSCA with a degree in Patisserie &
23 Baking from the Le Cordon Bleu Culinary Arts program offered by CSCA. Ms. Gibson had
24 always enjoyed baking, and was interested in pursuing a career in this field. When she applied to
25 CSCA, Ms. Gibson was a full time student at community college. Her dream, however, was to
26 work in the culinary field. She learned of CSCA after seeing television advertisements about the
27 school in or about April 2006. She began investigating culinary schools online, and came upon

1 the CSCA website. When she viewed CSCA's website, it appeared professional looking to her,
2 and the website marketed the school as an excellent opportunity for persons looking to pursue
3 careers in the food service industry. To learn more, Ms. Gibson filled in a request form on the
4 CSCA website to receive an information packet from the school.

5 163. After submitting her online request form, Ms. Gibson received a number of
6 telephone calls from individuals who represented themselves to be admissions representatives for
7 CSCA. She was urged by the admissions representatives to come to the CSCA campus and take a
8 tour.

9 164. Ms. Gibson visited the CSCA campus for a tour in or about January 2007. During
10 this tour, a female employee of CSCA presented a demonstration about the school's programs, and
11 a male employee described numerous career opportunities available to graduates of the school.
12 There were also a number of CSCA admissions representatives who were aggressively pushing
13 paperwork in front of Ms. Gibson during this tour. She was shown documents by the admissions
14 representatives that listed careers in the culinary arts. No entry level positions were listed on that
15 document.

16 165. During that tour, Ms. Gibson expressed concern to one of the CSCA employees
17 about the cost of tuition to attend the school, specifically asking if she would be able to pay back
18 the loans. In response, she was told by a CSCA employee that it was guaranteed that paying back
19 the loans wouldn't be a problem.

20 166. At the conclusion of the tour, Ms. Gibson was brought before a CSCA employee
21 who had a stack of papers in front of her, which included enrollment documentation. Although
22 Ms. Gibson tried to read the paperwork that was put before her carefully, the CSCA employee was
23 talking to her the whole time, which distracted her.

24 167. In reasonable reliance on the School Defendants' false and fraudulent
25 representations and omissions, and ignorant of the truth about the market for CSCA graduates and
26 their skills, Ms. Gibson enrolled in CSCA in or about April 2007.

27

1 168. A day after the first tour of the CSCA campus, Ms. Gibson received a call from an
2 employee of CSCA who urged her to come back to the CSCA campus for a second meeting to fill
3 out financial aid documentation. When she returned to the school for this meeting shortly
4 thereafter, Ms. Gibson was brought into a small room and placed in front of a computer. She was
5 informed by a CSCA employee that she should fill out the forms on the computer screen in front
6 of her and she would get her student loan. It was specifically described to her as a single student
7 loan. She was then left by herself in the room to fill out the financial aid documentation on the
8 computer.

9 169. Ms. Gibson was not aware at this time of the exact amount of loans she was taking
10 out. She tried to talk to a CSCA employee in the hallway about the documents she was reviewing
11 on the computer related to her student loans, but was told that it was self explanatory and she
12 needed to figure it out herself. Ms. Gibson then finished filling out the loan documents on the
13 computer, without receiving any help from a CSCA employee, despite her request for assistance.

14 170. Based on the verbal representations described above made by CSCA admissions
15 representatives, and on the written representations contained on CSCA's website and in various
16 brochures and documents provided to Ms. Gibson by CSCA, and in reliance on these
17 representations, Ms. Gibson agreed to attend CSCA.

18 171. Based on the verbal representations described above made by CSCA admissions
19 representatives, and on the written representations contained in various brochures and documents
20 provided to Ms. Gibson by CSCA, and in reliance on these representations, and ignorant of the
21 facts omitted and concealed by the School Defendants, Ms. Gibson took out student loans from
22 Sallie Mae and Wachovia Financial Services – arranged for and with the assistance CSCA, in the
23 amount of approximately \$28,000.

24 172. But for the oral representations of the School Defendants' employees, the written
25 representations provided by the School Defendants, and the material omissions and concealments
26 they perpetrated against her, Ms. Gibson would not have agreed to attend CSCA and would not
27 have taken out loans to attend CSCA.

1 173. At no time did the School Defendants, or any of them, disclose to Ms. Gibson that
2 the student loans she obtained in order to attend CSCA would be almost impossible to pay back in
3 any reasonable time frame, if ever, given the expected salaries of CSCA graduates. At all times,
4 Ms. Gibson was ignorant of the inability of CSCA graduates to service the debt for their student
5 loans after graduation, based on the expected salaries of CSCA graduates, and actually and
6 reasonably relied on the School Defendants' false statements and omissions.

7 174. After she graduated, Ms. Gibson found that the representations made by CSCA
8 were false and that material facts regarding the job market for CSCA graduates had been
9 misrepresented and concealed from her. She could not obtain a well paying job in the baking
10 field. The market valued experience far more than a culinary degree, and CSCA's reputation was
11 not as good as she had been led to believe.

12 175. Prior to graduation, Ms. Gibson was expected to complete an externship, and had
13 obtained an externship at a bakery. After the end of her externship in July 2008, she was hired at
14 the bakery in the position of night baker, working the night shift from about midnight until five in
15 the morning. She was making \$13.00 per hour in this position. In August 2008, Ms. Gibson was
16 shifted to a position at the bakery as a head baker. In this position, she made \$12.00 per hour.
17 Ms. Gibson worked in this capacity until November 2008, when her work schedule was dropped
18 from four days a week to two, which did not provide sufficient hours to maximize her earnings.
19 Ultimately, Ms. Gibson left this position and found a job in the education field which paid her
20 \$11.50 per hour, while she continued to attend community college part time. She has recently
21 transferred to a four year college to obtain a sociology degree.

22 176. Ms. Gibson's loan with Wachovia Financial Services, Inc. was subsequently
23 acquired by Wells Fargo Bank, N.A. and/or Wells Fargo & Company. Ms. Gibson recently settled
24 this loan. Ms. Gibson's other loans are held by Sallie Mae Education Trust and other Sallie Mae
25 entities.
26
27

Plaintiff Michael Mergil

177. The following are specific allegations relating to named Plaintiff Michael Mergil, detailing the specific lies, concealments, and non-disclosures perpetrated against him. These allegations are not unique to Mr. Mergil, but representative of the content, type and nature of the false and fraudulent representations, concealments, and nondisclosures perpetrated by the School Defendants throughout the time period alleged in this Complaint.

178. Plaintiff Michael Mergil was a student at CSCA from in or about November 2007 until in or about June 2008.

179. Mr. Mergil graduated from CSCA with a degree in Patisserie & Baking from the Le Cordon Bleu Culinary Arts program offered by CSCA. Mr. Mergil was interested in pursuing a career in the culinary field, particularly one involving the preparation of desserts. He had learned about CSCA after doing an internet search for culinary schools, and had requested an information packet from the school website. However, he did not receive any information from the school after filling out the request form online, so he stopped by and visited the campus during a trip through Pasadena.

180. During his visit to the CSCA campus, Mr. Mergil was given a tour of the school by an admissions representative named Jim Morales. During the tour, Mr. Morales questioned Mr. Mergil about his career goals. In response, Mr. Mergil indicated that he hoped to land a position preparing desserts at a large high-end hotel. Mr. Morales informed Mr. Mergil that CSCA was the perfect place for him to achieve this goal, because CSCA places former students in lots of hotels, and the career services department at CSCA would be great in helping him find this position. Mr. Morales further informed Mr. Mergil that a lot of CSCA alumni work in large hotels and they would be happy to take in a fellow Le Cordon Bleu graduate.

181. Mr. Morales specifically told Mr. Mergil that it would be easy for Mr. Mergil to get a job after he graduated from CSCA. Mr. Morales told him that the career services department provided job postings to students every week, and he claimed that the certificates that Mr. Mergil would achieve by graduating the school would make it easy for him to get a job after graduation.

1 Mr. Morales emphasized that career services would be available to help Mr. Mergil land a job
2 regardless of where he moved to in the future. These were lies.

3 182. During the tour with Mr. Morales, Mr. Mergil asked about the amount of money
4 necessary to attend the school. Mr. Morales told Mr. Mergil that there was money available for
5 everyone who wanted to attend CSCA. He specifically claimed that California had money
6 available to give to students. Mr. Morales also told Mr. Mergil that it was extremely easy to get a
7 loan to attend CSCA. When Mr. Mergil informed Mr. Morales that he had bad credit, Mr.
8 Morales told Mr. Mergil that it was extremely easy to get a loan to attend CSCA even with bad
9 credit.

10 183. When Mr. Mergil questioned Mr. Morales about how he would be able to afford
11 the student loans necessary to attend CSCA, Mr. Morales told him that he could make payments
12 during school, which would make the interest on the loans lower when he graduated. Mr. Morales
13 stressed that it would be not be hard for Mr. Mergil to make the payments necessary to service the
14 loans, and indicated that the lenders would work with him.

15 184. At the end of the tour, Mr. Mergil was brought into the admissions office and
16 signed enrollment papers to attend CSCA. After that, he was told to go to the Financial Aid
17 office, which he did.

18 185. At the Financial Aid office, a CSCA Student Loan Specialist named Darlene Perez
19 provided Mr. Mergil with all the forms to fill out, but he did not qualify for a student loan due to
20 his bad credit. Immediately thereafter, Ms. Perez asked Mr. Mergil if there was anyone who could
21 serve as a co-signor for the student loans, which she said would be better anyway. After hearing
22 this, Mr. Mergil called his mother to see if she was willing to serve as a co-signor for the loans. In
23 response, she specifically asked him whether he would be able to pay the loans back, and Mr.
24 Mergil told her that CSCA admissions representatives had told him it would be easy to get a job
25 with the CSCA degree. Although Mr. Mergil's mother was hesitant to sign the form, Ms. Perez
26 sent his mother the form to serve as a co-signor, which his mother hesitantly signed and returned.

27

1 186. At this point in time, Mr. Mergil was under the impression that he was only taking
2 out one student loan to attend CSCA. He filled out some paperwork at a computer and also a
3 paper document. Shortly thereafter, the Financial Advisor told Mr. Mergil that he was approved
4 for the loan. Mr. Mergil would later learn that he had actually taken out two loans totaling
5 approximately \$27,000.

6 187. In reasonable reliance on the School Defendants' false and fraudulent
7 representations and omissions, and ignorant of the truth about the market for CSCA graduates and
8 their skills, Mr. Mergil enrolled in or about November 2007.

9 188. Based on the verbal representations described above made by CSCA's admissions
10 representative, and on the written representations contained on CSCA's website and in various
11 brochures and documents provided to Mr. Mergil by CSCA, and in reliance on these
12 representations, Mr. Mergil agreed to attend CSCA.

13 189. Based on the verbal representations described above made by CSCA's admissions
14 representative, and on the written representations contained in various brochures and documents
15 provided to Mr. Mergil by CSCA, and in reliance on these representations, and ignorant of the
16 facts omitted and concealed by the School Defendants, Mr. Mergil took out student loans from
17 Sallie Mae and other lenders, arranged for and with the assistance CSCA, in the total amount of
18 approximately \$28,500.

19 190. But for the oral representations of the School Defendants' employees, the written
20 representations provided by the School Defendants, and the material omissions and concealments
21 they perpetrated against him, Mr. Mergil would not have agreed to attend CSCA and would not
22 have taken out loans to attend CSCA.

23 191. At no time did the School Defendants, or any of them, disclose to Mr. Mergil that
24 the student loans he obtained in order to attend CSCA would be almost impossible to pay back in
25 any reasonable time frame, if ever, given the expected salaries of CSCA graduates. At all times,
26 Mr. Mergil was ignorant of the inability of CSCA graduates to service the debt for their student
27

1 loans after graduation, based on the expected salaries of CSCA graduates, and actually and
2 reasonably relied on the School Defendants' false statements and omissions.

3 192. After he graduated, Mr. Mergil found that the representations made by CSCA were
4 false and that material facts regarding the job market for CSCA graduates had been misrepresented
5 and concealed from him. He could not obtain a well paying job in the culinary field. The market
6 valued experience far more than a culinary degree, and CSCA's reputation was not as good as he
7 had been led to believe.

8 193. Prior to graduation, Mr. Mergil was expected to complete an externship. He had
9 been told during his tour of the CSCA campus that students were placed by the school in their
10 externships. However, when the time for his externship came about, the school simply provided
11 him and the other students with a relatively short list of places where externships were available,
12 but did not provide him any meaningful assistance in terms of being placed. Meanwhile, he was
13 being told by employees of CSCA that if he did not obtain an externship, he was not going to
14 graduate.

15 194. Ultimately, from June to July 2008, Mr. Mergil got an unpaid externship in Upland
16 at pizza place that also had a bakery. The externship involved mostly washing dishes and
17 occasionally preparing cupcakes.

18 195. After the end of his externship, Mr. Mergil contacted Rebecca Freeman, a CSCA
19 employee who worked in the school's career services department, seeking assistance in being
20 placed in a job. Eventually, he was placed at the Peninsula Hotel with the help of one of Ms.
21 Freeman's personal contacts. Mr. Mergil showed up to work at the Pensinsula, and prepared
22 deserts for a party at the hotel. However, on the next day, he was told that he was not qualified for
23 the position, and informed that he should not return.

24 196. After being asked to not return to his position at the Peninsula Hotel because he
25 was not qualified, Mr. Mergil questioned Rebecca Freeman in CSCA's Career Services
26 Department on why he was being told he was not qualified, despite having made it through the
27 entire Patisserie & Baking program at CSCA. Ms. Freeman mentioned that maybe the Peninsula

1 Hotel was looking for somebody with more experience than him, and Mr. Mergil then questioned
2 why he was sent to the hotel for work when he did not have the qualifications the hotel was
3 looking for.

4 197. Subsequently, Mr. Mergil contacted Rebecca Freeman regarding potential job
5 opportunities that CSCA's career services department could help him with. Ms. Freeman
6 repeatedly referred him to job listings, but the jobs listed for positions at hotels all indicated that
7 experienced was required, which Mr. Mergil did not possess since he was just out of school.

8 198. Ultimately, because he was not able to find a position in the culinary field, Mr.
9 Mergil began to seek work outside the culinary field, despite all of his work and expense in
10 obtaining his degree from CSCA.

11 199. In October 2010, Mr. Mergil placed himself in a position as a line cook in a
12 restaurant, making approximately \$8 per hour. Mr. Mergil stayed at that position for about a
13 month, but had to quit because it was an abusive working environment, as he was constantly being
14 yelled at by another cook.

15 200. Mr. Mergil has been unemployed since that time, although he has recently been
16 attempting to establish his own business in the cooking field. Mr. Mergil has struggled financially
17 since graduating from CSCA as a result of his heavy student loan burden. Approximately six
18 months after graduation, Mr. Mergil found out that he actually had two loans, when he had been
19 under the impression during the enrollment process that he had a single loan.

20 201. Because he had not been able to find consistent work since graduating from CSCA,
21 Mr. Mergil was not able to make payments on his student loans. For this reason, Mr. Mergil's
22 mother was helping him make the payments on the loans, and since she was a co-signor, his
23 inability to make the payments was affecting her credit. In addition, Sallie Mae has been calling
24 every day and Mr. Mergil receives letters demanding payment on his student loans.

25 202. Currently, Mr. Mergil's outstanding student loans total \$22,600.
26
27

Plaintiff Norma Rizo

203. The following are specific allegations relating to named Plaintiff Norma Rizo, detailing the specific lies, concealments, and non-disclosures perpetrated against her. These allegations are not unique to Ms. Rizo, but representative of the content, type and nature of the false and fraudulent representations, concealments, and nondisclosures perpetrated by the School Defendants throughout the time period alleged in this Complaint.

204. Plaintiff Norma Rizo was a student at CSCA from in or about November 2007 until in or about June 2008. Ms. Rizo graduated from CSCA with a degree in Patisserie & Baking from the Le Cordon Bleu Culinary Arts program offered by CSCA. Ms. Rizo always enjoyed making cakes, and was interested in pursuing a career in the culinary field based on this interest.

205. In the fall of 2007, Ms. Rizo was considering attending cooking school, and had seen television advertisements for CSCA. Ms. Rizo loved to bake cakes, and had a particular interest in opening her own bakery. She ultimately contacted the admissions office at CSCA to learn more about the school, and went in for a tour sometime in or around early November 2007.

206. Almost immediately upon arriving at the CSCA campus for her first visit, Ms. Rizo felt pressured by the hard sale tactics of the CSCA admissions representative she encountered there. During that meeting, the CSCA admissions representative told Ms. Rizo that she had better sign up for the program immediately, because classes were filling up. She further told Ms. Rizo that if she did not attend cooking school now, she would never do it. In response to these high pressure sales tactics, Ms. Rizo told the admissions representative that she needed to think about whether it was the right decision for her to attend CSCA. In response, the admissions representative then told Ms. Rizo that if she waited another month to enroll, it would cost more to attend the school.

207. The admissions representative that Ms. Rizo was speaking to during her first visit to the campus also told her that attending CSCA would open a lot of doors for her, and provide her with great career opportunities, such as being placed in restaurants and hotels. She also told Ms. Rizo that CSCA works with Wolfgang Puck in placing students for jobs. The admissions

1 representative also specifically told Ms. Rizo that she would be making a good living because of
2 the experience she obtained by attending CSCA. In addition, the admissions representative stated
3 that the Le Cordon Bleu name would help her get a position in the culinary industry. These were
4 lies.

5 208. During the tour, Ms. Rizo expressed concern to the CSCA admissions
6 representative about her ability to service her student loan debt after graduation. In response, the
7 admissions representative told her that it would not be a problem for her to pay her loans back
8 because of the education she would obtain by attending CSCA. Because she is a single parent,
9 Ms. Rizo was particularly concerned about the job opportunities available to CSCA graduates and
10 her ability to service her student loan debt. The admissions representative assured her that CSCA
11 opened doors to job opportunities and that she would be able to pay her loans back as a result.
12 These were also lies.

13 209. Although Ms. Rizo remained nervous about signing up to attend CSCA so quickly,
14 and expressed this to the CSCA admissions representative she was speaking with, the admissions
15 representative placed enrollment forms in front of her to sign. At that point, the admissions
16 representative specifically told Ms. Rizo that she should sign the application, and CSCA would
17 then get her approved for her student loans easily and without any problems.

18 210. Ms. Rizo went home after this visit to the CSCA campus and considered whether
19 she wanted to attend CSCA. Shortly thereafter, Ms. Rizo called back the admissions
20 representative and talked to her more about the school. During this conversation, the admissions
21 representative told Ms. Rizo that if she wanted to open her own bakery, then the best thing for her
22 to do is sign up for CSCA now and attend the program. At that point, based on the representations
23 the admissions representative made to her, Ms. Rizo decided to attend CSCA. She returned to the
24 CSCA campus sign an application form, and a credit check was run on her.

25 211. Following that, Ms. Rizo was brought to a Financial Aid office, and was told to
26 fill out forms on a computer to see if she had qualified to obtain a student loan. After she did so, a
27 Financial Aid Advisor told Ms. Rizo that she qualified and was getting two loans to attend CSCA.

1 Ms. Rizo was not offered a choice of lenders for her student loans during the meeting when she
2 filled out financial aid documentation.

3 212. In reasonable reliance on the School Defendants' false and fraudulent
4 representations and omissions, and ignorant of the truth about the market for CSCA graduates and
5 their skills, Ms. Rizo enrolled in CSCA in or about November 2007. Based on the verbal
6 representations described above made by a CSCA admissions representative, and on the written
7 representations contained on CSCA's website and in various brochures and documents provided to
8 Ms. Rizo by CSCA, and in reliance on these representations, Ms. Rizo agreed to attend CSCA.

9 213. Based on the verbal representations described above made by a CSCA admissions
10 representative, and on the written representations contained in various brochures and documents
11 provided to Ms. Rizo by CSCA, and in reliance on these representations, and ignorant of the facts
12 omitted and concealed by the School Defendants, Ms. Rizo took out student loans from Sallie Mae
13 and Bank of America Corporation – arranged for and with the assistance of CSCA.

14 214. But for the oral representations of the School Defendants' employees, the written
15 representations provided by the School Defendants, and the material omissions and concealments
16 they perpetrated against her, Ms. Rizo would not have agreed to attend CSCA and would not have
17 taken out loans to attend CSCA.

18 215. At no time did the School Defendants, or any of them, disclose to Ms. Rizo that the
19 student loans she obtained in order to attend CSCA would be almost impossible to pay back in any
20 reasonable time frame, if ever, given the expected salaries of CSCA graduates. At all times, Ms.
21 Rizo was ignorant of the inability of CSCA graduates to service the debt for their student loans
22 after graduation, based on the expected salaries of CSCA graduates, and actually and reasonably
23 relied on the School Defendants' false statements and omissions.

24 216. After she graduated, Ms. Rizo found that the representations made by CSCA were
25 false and that material facts regarding the job market for CSCA graduates had been misrepresented
26 and concealed from her. She could not obtain a well paying job. The market valued experience far
27

1 more than a culinary degree, and CSCA's reputation was not as good as she had been led to
2 believe.

3 217. Prior to graduation, Ms. Rizo attempted to get an externship as part of the Patisserie
4 & Baking curriculum. Although she had been promised an externship prior to enrolling in the
5 school, CSCA only provided the students with a limited number of leads for obtaining an
6 externship, many of which were no good. Ultimately, Ms. Rizo was told that she would have to
7 obtain an externship or retake the class and pay additional tuition. Because she was upset and
8 complained that she had been promised an externship prior to enrolling in the school, she was
9 placed by the school in a restaurant run by CSCA at the campus. Ms. Rizo did not receive pay for
10 her time at this restaurant.

11 218. After her externship ended in the summer of 2008, Ms. Rizo did not have a job in
12 the culinary industry despite spending a significant amount of time searching for one. Ultimately,
13 the only job she could find in July 2008 was in the bakery at Von's making \$9.90 per hour
14 decorating cakes. Because she could not make enough money working in this position at Von's,
15 she left after two months to find a job paying a higher wage. Ultimately, Ms. Rizo left the
16 culinary industry altogether, because she could not make enough money. Of all the people in her
17 Patisserie & Baking program at CSCA, she is only aware of two that are actually working in a
18 position that involves baking.

19 219. Ms. Rizo has struggled financially since graduating from CSCA as a result of her
20 heavy student loan burden, and now owes more than \$34,000.

21 **Plaintiff Elisa Hernandez**

22 220. The following are specific allegations relating to named Plaintiff Elisa Hernandez
23 and the fraudulent misrepresentations, concealments, and non-disclosures perpetrated by the
24 School Defendants against her. These allegations are not unique to Ms. Hernandez, but
25 representative of the content, type and nature of the false and fraudulent representations made by
26 the School Defendants throughout the time period alleged in this Complaint.

1 221. Ms. Hernandez was a student in CSCA's Patisserie & Baking Program from April
2 2004 until she withdrew six to nine months later.

3 222. Shortly before she enrolled in CSCA, Ms. Hernandez was given a campus tour by a
4 CSCA admissions representative. During the tour, the admissions representative made the
5 following representations to Ms. Hernandez: CSCA had an excellent reputation and its graduates
6 were highly sought after by prestigious restaurants; admission to CSCA was selective; CSCA's
7 Programs lead to Chef position; CSCA was the most prestigious culinary school in California; Ms.
8 Hernandez would make a lot of money when she graduated; and Ms. Hernandez would not have
9 any trouble repaying her loans with the income she would be making after graduating.

10 223. Ms. Hernandez was also shown and/or provided with written CSCA marketing
11 materials that made the following representations: CSCA's Programs lead to Chef positions;
12 CSCA's programs were a good investment; CSCA had an aggressive on-site job placement agency
13 with a great track record for successful placements; CSCA had an excellent reputation in the food
14 service industry and its graduates were highly sought after by employers.

15 224. The admissions representative also provided Ms. Hernandez with purported job
16 placement rates, which were very high, which Ms. Hernandez understood to refer to Chef
17 positions or their equivalent.

18 225. After the tour, Ms. Hernandez met with a CSCA financial aid representative. The
19 financial aid representative referred Ms. Hernandez to Student Loan Financial Corp. to obtain
20 student loans.

21 226. Based on the foregoing verbal and written representations, Ms. Hernandez agreed
22 to attend CSCA and took out student loans from Student Loan Financial Corp. to cover the cost of
23 the Program.

24 227. But for the oral representations of the School Defendants' employees, the written
25 representations provided by the School Defendants, and had the School Defendants not concealed
26 and failed to disclose the truth about its graduates' career paths, job opportunities, income
27

1 opportunities, and prospects of ever becoming a Chef, Ms. Hernandez would not have agreed to
2 attend CSCA and would not have taken out loans to attend CSCA.

3 228. Six to nine months after enrolling, Ms. Hernandez withdrew from CSCA because
4 she was dissatisfied with the program and was facing health issues.

5 229. Ms. Hernandez did not work in the culinary industry after withdrawing from
6 CSCA.

7 230. Ms. Hernandez's loans remain outstanding and are serviced by Student Loan
8 Financial Corp., which acts as the agent of the holder of Ms. Hernandez's loans.

9 **Additional Allegations Common to All Causes of Action**

10 231. This action arises out of a fraudulent scheme conceived and operated by
11 the School Defendants in connection with the recruitment of their students and their sale of
12 hundreds of millions of dollars of trade-school education that positioned graduates, who sought to
13 better themselves, to work for low wages under crushing debt loads few of them will ever pay off.

14 232. As part of and in furtherance of the fraudulent scheme, CSCA offers the following
15 programs to students: (1) a 15 month Associate of Occupational Studies Degree in Le Cordon
16 Bleu Culinary Arts ("Culinary Arts"); (2) a 1 year Le Cordon Bleu Pâtisserie & Baking Diploma
17 Program "Baking and Pastry;" (3) a 42 week Le Cordon Bleu Part-Time Pâtisserie & Baking
18 Diploma Program "Baking and Pastry;" (4) a 60 week Associate of Occupational Studies Degree
19 in Le Cordon Bleu Hospitality & Restaurant Management "Management" (collectively, the
20 "Programs").

21 233. The School Defendants marketed the Programs to Plaintiffs and other prospective
22 students through an extensive advertising campaign that included television, radio, print, and
23 direct mail advertisements and in-person recruitment at high school campuses.

24 234. During and throughout the statutory claims period the School Defendants induced
25 Plaintiffs and other then-prospective students to apply to and attend CSCA by making all of the
26 following false, fraudulent, and misleading representations: (a) CSCA has a selective admissions
27 process; (b) a CSCA education enables graduates to obtain Chef jobs, immediately upon

1 graduation, earning Chef's wages, e.g., \$40,000 a year or more, or \$18 an hour or more; (c) the
2 food industry is booming and there are more jobs than applicants for Chef positions; (d) CSCA
3 students have an extremely high rate of job placement in Chef jobs and related high-end culinary
4 industry jobs for which the students seek to be trained; (e) a CSCA degree can be financed through
5 student loans that CSCA will arrange for the benefit of the student and with a resulting debt
6 service burden that is reasonable and manageable in light of the income opportunities available to
7 graduates; and (f) that their resulting degree would be the equivalent of an associate degree and
8 that they could continue on elsewhere to pursue a bachelor or other advanced degree.

9 235. Further, because of all they said, the School Defendants had a duty to disclose to
10 their prospective students, and instead knowingly and willfully failed to disclose and actively
11 concealed and trained their employees and agents to conceal, the following true facts of which
12 Plaintiffs and all members of the proposed class were ignorant at all relevant times:

- 13 a. That a CSCA degree does not result in a graduate obtaining a job beyond
14 that for which the graduate would have qualified without it;
- 15 b. That graduates will obtain only low-paying entry level jobs like prep-cook
16 and line-cook jobs at \$8 to \$12 an hour;
- 17 c. That graduates will be unable to live and service their CSCA-generated
18 student-loan debt on these wages;
- 19 d. That few if any graduates will ever earn \$18 an hour or more working in the
20 culinary industry, and none will do so at any time near to their graduation;
- 21 e. That there are more culinary industry graduates in California than job
22 opportunities that pay a wage sufficient to support an above-the-poverty-
23 line standard of living while servicing the student loan debt students will
24 incur by attending CSCA;
- 25 f. That experience is valued far more the education in the culinary field and a
26 culinary degree is not necessary or highly valued by managers and
27 employers, whereas experience is;

- 1 g. That no one knowledgeable about the employment practices of the industry
2 would recommend a CSCA degree as an economically sensible approach to
3 a culinary career;
- 4 h. That in fact a CSCA degree renders a culinary career impossible for most
5 graduates because the resulting debt burden precludes the years of
6 experience at low wages required to develop the skills and judgment
7 required to find employment as a Chef;
- 8 i. That few if any of CSCA's graduates have the inherent abilities to work as a
9 Chef or Executive Chef and CSCA does not test for those abilities in any
10 way sufficient to ensure its graduates have the potential (never mind any
11 assurance) of obtaining and/or succeeding at that job.

12 236. It was, and is, the custom and practice of the School Defendants to make each of
13 the above described representations, omissions, and concealments to recruit each prospective
14 applicant and induce them to attend CSCA in reliance thereon. The School Defendants provide
15 their admissions representatives with extensive training, marketing materials, scripts, sample Q&A
16 sessions, flowcharts, and detailed instruction on how to convert a lead into an enrollment without
17 regard for whether or not the course of study fits the student, or whether the student can afford the
18 course of study. Prospective applicants are recruited to apply to and attend CSCA in a high
19 pressure environment – sales calls quickly follow inquiries and a mechanized process is used to
20 create a artificial sense of urgency. Prospects are further bullied into buying with questions about
21 whether they are actually committed enough and deserving enough to attend the school.

22 237. The primary thrust of The School Defendants' representations and concealments
23 was and is to create the impression in the prospective student that 1) a degree from CSCA would
24 allow them to get a Chef job earning Chef pay; 2) the placement statistics shown to students were
25 representative of individuals who had gotten Chef jobs earning Chef pay; and 3) that the students
26 would be financially better off having obtained a CSCA degree, even with the tuition, expenses,
27 and loans necessary to get the degree, than if they did not obtain such a degree.

1 238. CSCA's marketing materials specifically list the following positions as jobs
2 obtainable with the CSCA degree: "Chef, Caterer, Catering Manager, Personal Chef, Garde
3 Manager Chef, Pastry Chef, Pastry Manager, Banquet Chef, Corporate Chef, Restaurant Manager,
4 Hotel Manager." Prospective students reasonably understand the written placement statistics that
5 The School Defendants publish to them as reflecting the percentage of graduates (generally 80%
6 to 90% or more) who obtain jobs in these positions upon graduation.

7 239. CSCA's marketing materials further explicitly state that CSCA is where "[w]e
8 separate the chefs from the cooks" – implying that CSCA graduates would be able to obtain,
9 immediately upon graduation, positions higher than the entry level positions of "line cook" or
10 "prep cook," when, in fact, line cook and prep cook are precisely the jobs graduates get – and
11 could have gotten without a CSCA degree.

12 240. CSCA's admissions representatives orally told prospective students that they would
13 be able to make starting salaries of approximately \$18 an hour, or \$40,000 a year. They
14 represented that the placement statistics shown to the prospective students, stating placement rates
15 of 80 - 90 percent, were representative of students who had obtained jobs with such salaries.

16 241. CSCA's admissions representatives also told prospective students that CSCA was
17 very selective in the students they admitted, and that it was up to the admissions' representative to
18 either recommend or not recommend the student for admission to an "admissions committee," and
19 that such admissions representatives would only recommend the student for admission if they
20 were convinced the student would be a good fit and successful in the program. These
21 representations were intended to and did bolster the credibility of CSCA's representations that its
22 program qualified graduates for Chef jobs and Chef salaries upon graduation, and bolstered the
23 misleading effect of the written placement statistics.

24 242. These representations were materially false and/or misleading, particularly given
25 the true facts that the School Defendants had a duty to disclose but failed to disclose, and instead
26 actively concealed.
27

1 243. The vast majority of students who graduate from CSCA can only get jobs as a line
2 cook or prep cook – jobs which pay \$8-\$10 an hour and which anyone without a culinary school
3 degree is also qualified for, and which are distinct from a “Chef” position in prestige and pay. For
4 example, according to the employment website “www.ihirechefs.com,” a “Chef” position, in
5 2009, has a median salary of \$40,000 per year, 50 percent more than that of a line cook or prep
6 cook. In fact, jobs advertised for line cooks or prep cooks require no culinary education at all and
7 many positions provide for on the job training.

8 244. CSCA’s job placement statistics, which are shown to prospective students, show
9 “placement” rates in the 80 - 90 percent range, or more, for all graduates of the associate degree
10 program. What CSCA fails to inform students is that these “placements” are defined by CSCA as
11 any individual who obtained a position in the food services industry or a related position. Thus, a
12 graduate who obtained a position as a barista at Starbucks, or an \$8 an hour prep cook, or operated
13 a hot dog stand, would be considered to have been “placed” for purposes of these statistics.
14 Because of these definitions, which are not disclosed, the placement statistics are misleading.
15 Prospective students reasonably understand them to reflect the proportion of graduates who obtain
16 Chef jobs when, in fact, virtually none of CSCA graduates obtain Chef jobs on graduation. These
17 written statistics are therefore stunningly misleading.

18 245. CSCA also failed to disclose that these “placement” rates do not reflect
19 “placement” of graduates by the school itself, but rather, any graduate who obtained a job in the
20 food services industry, by whatever means, within the first six months after graduation. In actual
21 fact, the vast majority of CSCA graduates must find their jobs without any useful contribution by
22 the CSCA career services center.

23 246. There is also no selectivity about CSCA’s admissions process, or at least none
24 dependent upon the individual ability or suitability of the applicant. Anyone who is judged able to
25 obtain a loan and show up for at least the first five days of class (thereby enabling CSCA to retain
26 a healthy chunk of the student’s tuition payments even if they drop out after that) is “admitted.” In
27 actual fact, and contrary to statements made by admissions representatives, CSCA’s admissions

1 representatives are not required to “recommend” the student for admission. In fact, there is no
2 “admissions committee” that such representatives could even “recommend” the student to. The
3 “interview” process is solely designed to make the target student more likely to sign up and show
4 up, not to “screen” the target student in any way. The only requirements for admission are that the
5 student have a high-school diploma and/or a GED, and be able to show up and pay tuition, either
6 themselves or through the financial aid process.

7 247. Similarly, graduation from CSCA is virtually guaranteed by showing up and
8 paying. Almost no one flunks out of this school even if they fail to attend classes regularly or
9 learn the skills or obtain the knowledge the Programs are supposed to teach. CSCA’s lack of
10 selectivity and graduation of all who show up violates its promise of a valuable degree by creating
11 a marketplace where employers know that CSCA degrees are available to anyone, and graduates
12 routinely are not capable people able to perform the jobs for which CSCA promised to train them.

13 248. A CSCA education does not materially increase graduates’ incomes and
14 opportunities in the food service industry. It certainly does not begin to increase them to an extent
15 that makes a CSCA education worth the tuition. Only a dilettante who had nothing better to do
16 with \$50,000 of available cash, and 15 months of time wherein no employment was wanted or
17 needed, and who wanted a cooking degree, and who couldn’t gain admission or travel to a
18 genuinely selective school, would consider a CSCA degree worth pursuing.

19 249. Because CSCA graduates its students without any regard for whether they have
20 mastered the skills CSCA purportedly teaches, and admits any applicant who can pay for the
21 school, many graduates of CSCA have few or none of the skills a cooking degree should
22 guarantee. Accordingly, a degree from CSCA does not inspire confidence in the minds of
23 prospective employers and is frequently a detriment to graduates – including those who have
24 mastered the appropriate skills – because of the bad and worsening reputation of CSCA in the Los
25 Angeles County area and elsewhere.

26 250. Few graduates of CSCA are hired by prestigious employers and, in fact, most
27

1 CSCA graduates have a difficult time finding any job at all in their field, particularly if they
2 disclose they have a CSCA degree. Many employers, including former CSCA students, will not
3 hire CSCA graduates because of the poor quality of education that CSCA students receive and the
4 absence of selectivity and exclusivity in the admissions process. Many graduates do not put their
5 degree on their resume.

6 251. Contrary to CSCA's representations, CSCA does not provide students with any
7 meaningful assistance in finding employment. CSCA does not have an extensive network of
8 contacts and close relationships with prestigious restaurants and other food service industry
9 employers with which CSCA graduates can obtain employment. Rather, most CSCA students find
10 jobs in the industry solely as a result of their own efforts and despite their CSCA "credential,"
11 with little or no assistance from CSCA.

12 252. CSCA's job assistance is limited largely to web-based lists of employers that are
13 hiring only for entry level positions at low wages. CSCA finds these jobs by searching job posting
14 boards such as Craigslist.com – which are equally available to people who did not attend CSCA –
15 and not through CSCA's purported contacts in the "culinary industry."

16 253. Although CSCA maintains a list of what purports to be potential employers seeking
17 to hire CSCA students, the list is virtually useless. Many of the listings are outdated and have old
18 and inaccurate contact information. Most of the remaining employers on the list are not interested
19 in hiring CSCA graduates. Effectively, the list provides CSCA graduates with no help at all.
20 Students are virtually abandoned by CSCA, contrary to promises that CSCA will provide them
21 with lifetime job placement services, and are generally able to find only low paying, entry level
22 jobs in their field. As a result, and in light of the hefty loan payments they face upon graduation,
23 many students ultimately leave the food services industry entirely.

24 254. Contrary to CSCA's representations, CSCA's reputation in the industry is poor, and
25 this has concrete and measurable meaning – graduates cannot readily find jobs that, for example,
26 graduates of the Culinary Institute of America and other top flight schools can obtain. Many
27 employers are reluctant to hire CSCA graduates. Most graduates who are able to find jobs in the

1 industry do so not because of their CSCA degree, but because of their own efforts and/or their
2 prior industry experience. A degree from CSCA does not enable graduates to gain better and more
3 prestigious jobs than they could without one.

4 255. The loans that The School Defendants help students secure result in a debt service
5 burden that is unreasonably high in light of the opportunities available to CSCA graduates.
6 Although the School Defendants routinely tell prospective students that their loan payments will
7 be easily manageable based upon the salaries they will be making upon graduation, the School
8 Defendants know this is false. The School Defendants know graduates will not obtain Chef jobs
9 or Chef pay. Accordingly, many graduates seek deferrals or consolidate their loans, which
10 generally results in even higher interest rates and higher repayment amounts. Many graduates
11 ultimately and inevitably default, adding tens of thousands of dollars in liquidated collection costs
12 to their principal debts. Plaintiffs are informed and believe that the School Defendants and/or their
13 personnel receive benefits from the lenders in connection with student loans that are unlawful,
14 improper, and not disclosed.

15 256. The degree that CSCA graduates receive is not the equivalent of an associate of arts
16 degree and almost none of the credits students earn at CSCA are transferable to other institutions.

17 257. The above-described misleading acts and omissions by CSCA are perpetrated
18 methodically by CSCA pursuant to a program developed and prescribed by CEC and perpetrated
19 at the specific direction and involvement of CEC (the "Fraudulent Recruiting Program").
20 Plaintiffs are informed and believe that CSCA is a wholly owned subsidiary of CEC, and that CEC
21 as the sole shareholder of CSCA receives the benefit of all moneys wrongfully obtained by CSCA
22 by the means alleged in this complaint.

23 258. CSCA's admissions representatives conduct the Fraudulent Recruiting Program on
24 the phone, by mail, by email, and in face to face meetings with prospective students
25 systematically, and daily, all pursuant to the Fraudulent Recruiting Program. Prospective students
26 of CSCA, including each of the Plaintiffs when recruited, reasonably relied and continue each day
27

1 to reasonably rely on the misrepresentations, omissions, and concealments of CSCA and CEC to
2 enroll in the Programs.

3 259. In truth, a CSCA degree is and at all relevant times was worth no more, and
4 probably less, than a culinary arts degree from a community college, a degree obtainable at a cost
5 more on the order of \$2,000.

6 260. As a result of the School Defendants' unlawful conduct, including the
7 misrepresentations and omissions of material fact alleged above as part of the Fraudulent
8 Recruiting Program, Plaintiffs have been damaged by, among other things: (1) paying tuition to
9 the School Defendants; (2) paying interest on student loans that the School Defendants had
10 induced them to take out in order to pay tuition; and (3) being unable to find employment
11 commensurate with the representations made by the School Defendants. Plaintiffs and each of
12 them paid or became obligated to one or more third parties (lenders) to pay tens of thousands of
13 dollars (in most cases approximately \$50,000), plus significant interest thereon, for an education
14 worth not more than \$2,000. In addition, Plaintiffs and each of them invested valuable months of
15 their lives and incurred cost of living and other expenses. Further, Plaintiffs have been damaged
16 in that their ability to obtain credit has been severely damaged, including, but not limited to, their
17 ability to obtain credit for auto loans, additional student loans, home loans, and credit cards. The
18 credit reports of Plaintiffs have also been damaged, which lasts for many years. Plaintiffs have
19 been damaged in other and further ways subject to proof at trial.

20 **Allegations Regarding the Student Lender and Loan Servicer**

21 **Defendants' Derivative Liability Under the Holder Clause**

22 261. All or the vast majority of students who attended CSCA during the class period
23 took out student loans from Sallie Mae to pay for their CSCA tuition and associated costs. The
24 fact that most students obtained their loans through Sallie Mae is not by accident. Nor is it due to
25 Sallie Mae offering any type of superior product. Rather, Sallie Mae received the vast majority of
26 the CSCA students' business because CSCA referred the students to Sallie Mae—oftentimes
27 without informing the students of any other possible lenders—and/or because, based on

1 information and belief, CSCA was affiliated with Sallie Mae pursuant to a contract and a business
2 arrangement between CEC and Sallie Mae.

3 262. CSCA students obtained various loan products from Sallie Mae, including Federal
4 Family Education Loans (“FFELs”) and private loans (i.e., loans not guaranteed by the federal
5 government). Lenders that class members received student loans from, include, but are not limited
6 to: Sallie Mae, Inc.; Sallie Mae Bank of Utah; Sallie Mae Education Trust; Dollar Bank, Federal
7 Savings Bank; Stillwater National Bank and Trust Company; Southwest Bancorp, Inc.; Wells
8 Fargo Bank, N.A; Wells Fargo & Company; Student Loan Finance Corporation; Sun Trust Banks,
9 Inc.; Sun Trust Student Loan Funding, LLC; Bank of America Corporation; Academic
10 Management Services Corporation; Wachovia Financial Services, Inc.; J.P. Morgan Chase Bank
11 (fka Bank One); Fifth Third Bank; Citigroup, Inc.; College Loan Corporation; CSCA; CEC and
12 DOES 101-1,000,000 (collectively “Student Lender Defendants”). Based on information and
13 belief, Plaintiffs allege that these lenders are referred by CSCA or that CSCA was affiliated with
14 the Student Lender Defendants pursuant to a referral, contract and or business arrangement
15 between CEC and each of the Student Lender Defendants.

16 263. Pursuant to 16 C.F.R. § 433.2 (the “Holder Rule”), the Federal Trade Commission
17 (“FTC”) requires that all purchase money loan agreements, including agreements for the purchase
18 of educational services like CSCA’s,² must contain a clause that subjects the holder of the note to
19 all claims and defenses that the consumer could assert against the seller—here, CSCA and CEC
20 (hereinafter the “Preservation of Claims and Defenses Clause” or “Holder Clause”). The Required
21 wording of the Holder Clause is substantially as follows:

22 ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO
23 ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT
24 AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED PURSUANT

25
26 ² The FTC’s own guidelines expressly apply the Holder Rule to vocational school student loans.
27 *Guidelines on Trade Regulation Rule Concerning Preservation of Consumers’ Claims and*
Defenses 41 Fed. Reg. 20022, 20024 (May 14, 1976).

1 HERETO OR WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER
2 BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR
3 HEREUNDER.

4 Based on information and belief, all Notes (as defined in this complaint) during the relevant class
5 period contain the Holder Clause. If any Notes do not contain a Holder Clause, such a clause must
6 be implied by operation of law.

7 264. Additionally, all lenders of FFEL loans use a common promissory note, created by
8 the Department of Education, which contains a Preservation of Claims and Defenses Clause.
9 Although the Department of Education has made minor changes to the language of the
10 Preservation of Claims and Defenses Clause throughout the relevant class period, it essentially
11 tracks the Holder Clause language required by the Holder Rule. Furthermore as acknowledged by
12 the Department of Education and the FTC, pursuant to the FTC's authority to regulate for-profit
13 schools, the promissory notes for all FFEL loans made to students attending CSCA during the
14 relevant class period are required to comply with the Holder Rule. Therefore, as with the private
15 loans, if any FFEL promissory note fails to contain a Holder Clause, such a clause must be implied
16 by operation of law.

17 265. Based on information and belief, the Student Lender Defendants are each
18 holders of one or more of the Notes. Pursuant to the Holder Clauses contained within the Notes,
19 explicitly or by operation of law, the class may assert against the Student Lender Defendants all
20 claims they have against CSCA and CEC. The class may recover all payments they made under
21 the terms of their loans and are further entitled to cancel all their remaining indebtedness.

22 266. Some or all of the Student Lender Defendants are themselves or utilize loan
23 servicers to collect interest and principal arising under the Notes. Plaintiffs are informed and
24 believe that these servicers possess funds that were obtained from Plaintiffs that Plaintiffs are
25 entitled to recover under the Holder Clause. Defendants that service class members' loans
26 include, but are not limited to, Sallie Mae, Inc. and Student Loan Finance Corporation. All
27 Defendants that service Notes are hereinafter referred to as "Loan Servicer Defendants."

Class Action Allegations

267. Plaintiffs will seek certification of a class or classes under California Code of Civil Procedure § 382 and/or California Civil Code § 1781.

268. This complaint is brought on behalf of the following classes, all jointly referred to throughout this complaint as the “class”:

- a. All persons who enrolled in, and/or graduated from, the Culinary Arts Program at CSCA, within the statutory limitations periods applicable to the herein-alleged causes of action (including, without limitation, the period following the filing of this action).
- b. All persons who enrolled in, and/or graduated from, the Patisserie & Baking Program at CSCA, within the statutory limitations periods applicable to the herein-alleged causes of action (including, without limitation, the period following the filing of this action).

269. The School Defendants, and each of them, engaged in the Fraudulent Recruiting Program as to each member of the class, consistent with the School Defendants’ policy, custom, and practice, and to induce the reliance of all class members. The School Defendants’ representations and omissions were material, were relied upon by the class, and resulted in damage to each and every member of the class as alleged above.

270. The exact number of members of the class as identified above is not known. But by inference from CSCA’s class size and number of classes starting and/or graduating during the relevant statutory claims period, Plaintiffs estimate that there are approximately 6,000 members of the class. The class is so numerous that joinder of individual members is impracticable.

271. Upon information and belief, Plaintiffs allege that well over two-thirds of the putative class members were, at all material times, residents of the State of California.

272. There are common questions of law and fact in the action that relate to and affect the rights of each member of the class, namely whether CSCA’s Fraudulent Recruiting Program, including its misrepresentations of the school’s placement statistics, selectivity,

1 exclusivity, and reputation of the school and the value of its degree in the marketplace, and/or its
2 failure to disclose that it or its personnel or other related persons were receiving benefits from the
3 lenders that CSCA directed students to borrow money from, are actionable under applicable legal
4 theories.

5 273. The relief sought is common to the class. For example, each affected Plaintiff and
6 class member will be entitled under the Unfair Competition Law to, among other things,
7 restitution of money that the School Defendants wrongfully acquired from them through their
8 Fraudulent Recruiting Program and to damages under other causes of action. Each affected
9 Plaintiff and class member also will be entitled to a *pro rata* share of punitive damages imposed
10 upon the School Defendants in this case.

11 274. The claims of Plaintiffs, who are representatives of the class identified above, are
12 typical of the claims of the class. The claims of all members depend upon a showing of the acts
13 and omissions of Defendant described herein giving rise to the right of Plaintiffs to the relief
14 sought.

15 275. There is no conflict as between the individually named Plaintiffs and other
16 members of the class with respect to this action, or with respect to the claims for relief herein set
17 forth.

18 276. The named Plaintiffs are the representative parties for the class. They are able to
19 and will fairly and adequately protect the interests of the class.

20 277. Counsel for Plaintiffs are experienced and capable in the field of consumer
21 protection litigation. They have successfully prosecuted claims in other, similar litigation.

22 278. Certification of the class is appropriate under applicable law. The questions of law
23 and fact common to the members of the class predominate over any questions affecting only
24 individual members. A class action is superior to other available methods for the fair and efficient
25 adjudication of the controversy, and will create a substantial benefit to both the public and the
26 courts in that:

27

- Costs of prosecuting the action individually will vastly exceed the costs for prosecuting the case as a class action;
- Class certification will obviate the necessity of a multiplicity of claims;
- It is desirable to concentrate the litigation of these claims in this forum;
- Unification of common questions of fact and law into a single proceeding before this Court will reduce the likelihood of inconsistent rulings, opinions, and decisions.

279. A class action is a superior means of fairly and efficiently resolving this dispute. Members of the class almost invariably lack the means to pay attorneys to prosecute their claims individually. Given the complexity of the issues presented here, individual claims are not sufficiently sizeable to attract the interest of highly able and dedicated attorneys who will prosecute them on a contingency basis. Only by aggregating claims can Plaintiffs gain the leverage necessary to pursue a just and global resolution of the issues raised in this complaint. A class action is therefore essential to prevent a failure of justice.

280. Notice to the putative class may be accomplished through the School Defendants' alumni directory lists and other records maintained by the School Defendants, to the extent available, through discovery propounded to the holders of the student loans taken out by putative class members, and otherwise through publication or other forms of distribution, if necessary.

First Cause of Action for Fraud

(Against All Defendants)

281. Plaintiffs incorporate paragraphs 1 through 280 above as though repeated here. Per the terms of the Holder Clause in the Notes of the Plaintiffs and members of the putative class, and by operation of law, the Student Lender Defendants are liable for all claims and defenses which could be asserted against the School Defendants, and thus, are directly liable for the claims asserted against Defendants in this cause of action.

282. As part of the Fraudulent Recruiting Program, the School Defendants knowingly and intentionally made numerous false representations of material fact with the intent to deceive

1 and/or induce reliance by Plaintiffs. The School Defendants further failed to disclose and
2 concealed facts that had to be disclosed in order to prevent other statements that they had made
3 from being false and misleading. Plaintiffs actually and reasonably relied on these
4 misrepresentations, nondisclosures, and concealments resulting in substantial damages to Plaintiffs
5 in the form of tuition and expenses paid, loan principal and interest obligations incurred, work
6 time lost, life opportunities lost, and emotional, psychological, and other injuries incurred.

7 283. As a direct and proximate result, each Plaintiff has been damaged in a sum in
8 excess of the jurisdictional limits of this Court.

9 284. The School Defendants' herein-alleged wrongful acts and omissions, and each of
10 them, were knowingly, willfully, intentionally, maliciously, oppressively, and fraudulently
11 undertaken with the express purpose and intention of defrauding Plaintiffs, and each of them, all to
12 the substantial financial benefit of the School Defendants, and each of them, entitling Plaintiffs to
13 punitive damages.

14 **Second Cause of Action for**
15 **Violation of California Business and Professions Code § 17200, *et seq.***
16 **[The Unfair Competition Law]**
17 **(Against All Defendants)**

18 285. Plaintiffs incorporate paragraphs 1 through 280 and 301 through 305 as though
19 repeated here. Per the terms of the Holder Clause in the Notes of the Plaintiffs and members of
20 the putative class, and by operation of law, the Student Lender Defendants are liable for all claims
21 and defenses which could be asserted against the School Defendants, and thus, are directly liable
22 for the claims asserted against Defendants in this cause of action.

23 286. California Business and Professions Code § 17200, *et seq.*, (the "Unfair
24 Competition Law" or "UCL") authorizes private lawsuits to enjoin acts of "unfair competition"
25 which includes any unlawful, unfair, or fraudulent business practice.

26 287. The UCL imposes strict liability. Plaintiffs need not prove defendant intentionally
27

1 or negligently engaged in unlawful, unfair or fraudulent business practices—but only that such
2 practices occurred.

3 288. The material misrepresentations, concealments, and non-disclosures by Defendants
4 CSCA, CEC, and DOES 1-100, as part of the Fraudulent Recruiting Program, are unlawful, unfair,
5 and fraudulent business practices prohibited by the UCL.

6 289. The School Defendants violated the UCL by engaging in the following unlawful
7 business acts and practices, among others:

- 8 a. Committing fraud in carrying out the Fraudulent Recruiting Program in
9 connection with the operation of their business, as set forth more fully
10 above.
- 11 b. Violating the Consumer Legal Remedies Act, California Civil Code §
12 1770, *et seq.*, as alleged more fully below.
- 13 c. Violating 20 U.S.C. § 1094(a)(8), by failing to provide information
14 substantiating the truthfulness of published placement statistics at or before
15 the time of the potential student's application.
- 16 d. Violating 16 CFR 254.4(d), by misrepresenting graduates' career success
17 and salaries.
- 18 e. Violating 34 CFR 668.8, by including jobs in placement statistics that were
19 not in the recognized occupation for which students were trained or in a
20 related comparable recognized occupation.
- 21 f. Violating 34 CFR 668.14(b)(10), by failing to provide information
22 substantiating the truthfulness of published placement statistics at or before
23 the time of the potential student's enrollment.

24 290. The School Defendants' above-alleged actions and each of them further constituted
25 unfair business acts and practices since the actions were deceptive, sharp, immoral, unethical,
26 oppressive, unscrupulous, substantially injurious, and operate to the competitive disadvantage of
27

1 other culinary schools that do not engage in such practices. Moreover, the injury to Plaintiffs was
2 substantial and outweighs the utility of the School Defendants' practices.

3 291. The School Defendants' above-alleged actions and each of them further constituted
4 fraudulent business acts and practices since the actions were likely to deceive the public, and
5 Plaintiffs and the class were deceived and damaged by the School Defendants' actions.

6 292. In carrying out the Fraudulent Recruiting Program in connection with the operation
7 of their business, the School Defendants have committed fraud and constructive fraud and have
8 violated various other laws, regulations, statutes, and/or common law duties. The School
9 Defendants' business practices alleged herein, therefore, are unlawful within the meaning of the
10 UCL.

11 293. The harm to Plaintiffs and members of the public outweighs the utility of the
12 School Defendants' practices and, consequently, the School Defendants' practices in carrying out
13 the Fraudulent Recruiting Program, as set forth above, constitute an unfair business act or practice
14 within the meaning of the UCL.

15 294. The School Defendants' practices in carrying out the Fraudulent Recruiting
16 Program are additionally unfair because they have caused Plaintiffs and the class substantial
17 injury, which is not outweighed by any countervailing benefits to consumers or to competition,
18 and is not an injury the consumers themselves could have reasonably avoided.

19 295. The School Defendants' practices in carrying out the Fraudulent Recruiting
20 Program, as set forth above, have misled the general public in the past and will mislead the general
21 public in the future. Consequently, the School Defendants' practices constitute a fraudulent
22 business practice within the meaning of the UCL.

23 296. Defendant CSCA at all relevant times used the Le Cordon Bleu moniker and
24 marketed its Le Cordon Bleu affiliation, pursuant to the license agreement between CEC and Le
25 Cordon Bleu (the "LCB License Agreement"), as an inducement to potential students to enroll at
26 CSCA. At all relevant times, the School Defendants violated terms contained and existing in the
27 LCB License Agreement—including class-size limitations and promises to ensure students are

1 provided with all necessary support systems—which were specifically intended to benefit the class
2 and each member of it. The LCB License Agreement was effective at all relevant times and,
3 pursuant to those limitations, the School Defendants had a legal duty to their licensor and the class
4 to conform to its quality and instruction requirements, which the School Defendants disregarded.
5 The School Defendants’ violations of the LCB License Agreement, combined with the above-
6 alleged actions and each of them, constituted unlawful, unfair, and fraudulent business acts or
7 practices.

8 297. Regardless of whether the class and each member of it were intended beneficiaries
9 of the LCB License Agreement, CSCA’s use of the Le Cordon Bleu moniker and the marketing of
10 CSCA’s Le Cordon Bleu affiliation as an inducement to potential students to enroll at CSCA,
11 while failing to comply with the quality standards enumerated in the LCB License Agreement—
12 including class-size limitations and promises to ensure students are provided with all necessary
13 support systems—constituted unlawful, unfair, and fraudulent business acts or practices.

14 298. Pursuant to Cal. Bus. & Prof. Code § 17204, an action for unfair competition may
15 be brought by any “person . . . who has suffered injury in fact and has lost money or property as a
16 result of such unfair competition.” The School Defendants’ wrongful misrepresentations and
17 omissions have directly and seriously injured Plaintiffs and the putative class by causing them to
18 enroll and pay for a CSCA education that is of no value or far less value than represented by
19 CSCA, and to enter into agreement for loans that were not competitively priced. In short,
20 Plaintiffs have been defrauded of tens of thousands of dollars each, if not more.

21 299. The unlawful, unfair, and fraudulent business practices of the School Defendants
22 are ongoing and present a continuing threat that members of the public will be misled into
23 applying to and attending CSCA pursuant to the Fraudulent Recruiting Program.

24 300. Pursuant to the UCL, Plaintiffs are entitled to preliminary and permanent injunctive
25 relief ordering the School Defendants to cease this unfair competition, as well as disgorgement
26 and restitution to Plaintiffs of all of the School Defendants’ revenues associated with their unfair
27 competition, or such portion of those revenues as the Court may find equitable.

**Third Cause of Action for
Violation of California Civil Code § 1770, et seq.
[The Consumer Legal Remedies Act]
(Against All Defendants)**

301. Plaintiffs incorporate paragraphs 1 through 280 as though repeated here. Per the terms of the Holder Clause in the Notes of the Plaintiffs and members of the putative class, and by operation of law, the Student Lender Defendants are liable for all claims and defenses which could be asserted against the School Defendants, and thus, are directly liable for the claims asserted against Defendants in this cause of action.

302. The Consumer Legal Remedies Act ("CLRA") creates a non-exclusive statutory remedy for unfair methods of competition and unfair or deceptive acts or business practices. *See Reveles v. Toyota by the Bay*, 57 Cal. App. 4th 1139, 1164 (1997). Its self-declared purpose is to protect consumers against these unfair and deceptive business practices, and to provide efficient and economical procedures to secure such protection. Cal. Civil Code §1760. The CLRA was designed to be liberally construed and applied in favor of consumers to promote its underlying purposes. *Id.*

303. More specifically, Plaintiffs allege that the School Defendants have violated paragraphs 5, 7, 9 and 19 of Cal. Civ. Code § 1770(a) by engaging in the unfair and/or deceptive acts and practices set forth herein. The School Defendants' unfair and deceptive business practices in carrying out the Fraudulent Recruiting Program were and are undertaken in transactions with consumers that were and are intended to and did and do result in the purchase of The School Defendants' services by consumers, including Plaintiffs, in violation of the CLRA. Cal. Civil Code § 1770, et seq.

304. As a result of the School Defendants' unfair and/or deceptive business practices, Plaintiffs and all purchasers of the School Defendants' services have suffered damage and lost money in that they paid for services that were not as represented, but were seriously inferior.

1 Plaintiffs seek and are entitled to an order enjoining the School Defendants from continuing to
2 engage in the unfair and deceptive business practices alleged herein.

3 305. Pursuant to Section 1782 of the CLRA, on or about March 27, 2008, Plaintiffs
4 notified the School Defendants in writing of the particular violations of Section 1770 of the CLRA
5 (the "Notice Letter"). In the Notice Letter, Plaintiffs demanded that, among other things, the
6 School Defendants cease the Fraudulent Recruiting Program described herein and provide
7 restitution to Plaintiffs and other persons who are the victims of the School Defendants' unlawful
8 conduct. Plaintiffs sent said Notice Letter by certified mail, return-receipt requested, to the School
9 Defendants at their principal places of business as of the filing of this Complaint. The School
10 Defendants have failed to comply with Plaintiffs' demands within thirty days of receipt of the
11 Notice Letter, pursuant to Section 1782 of the CLRA. Accordingly, Plaintiff also seeks damages,
12 restitution and attorney's fees from the School Defendants as remedies on this cause of action.

13 **Fourth Cause of Action for Declaratory Relief**

14 **(Against All Defendants)**

15 306. Plaintiffs incorporate paragraphs 1 through 305 as though repeated here.

16 307. As set forth in detail above, there is an actual controversy between Plaintiffs and
17 Defendants with respect to the validity and enforceability of the promissory notes held by the
18 Defendants. Similarly, Defendants maintain that the Notes are valid and enforceable. Plaintiffs
19 dispute the enforceability of the Notes.

20 308. Pursuant to Code of Civil Procedure § 1060, Plaintiffs are entitled to a declaration
21 that all the Notes held by the Defendants are void, voidable, and/or unenforceable, either in part or
22 in full. The particular lenders that each class member borrowed money from to attend CSCA
23 and/or the current holders of such Notes can easily be determined through records in the
24 possession of Defendants.

25 **Fifth Cause of Action for Money Had and Received**

26 **(Against the Loan Servicer Defendants Only)**

27 309. Plaintiffs incorporate paragraphs 1 through 308 as though repeated here.

310. The Loan Servicer Defendants have collected loan payments and related charges and/or penalties from Plaintiffs and retained some or all of these funds.

311. The Loan Servicer Defendants gained control of these amounts as a result of the above alleged fraudulent and misleading actions of the School Defendants.

312. Plaintiffs are entitled to recover these funds pursuant to the Holder Clause as set forth above.

313. Plaintiff seeks an order requiring the Loan Servicer Defendants to (1) pay damages according to proof; (2) immediately cease collection of any amounts due under the Notes; (3); make full restitution of all funds wrongfully obtained; and (4) disgorge all revenues and/or profits stemming from the Notes.

Sixth Cause of Action for Unjust Enrichment

(Against the Loan Servicer Defendants Only)

314. Plaintiffs incorporate paragraphs 1 through 308 as though repeated here.

315. The Loan Servicer Defendants have collected loan payments and related charges and/or penalties from Plaintiffs and retained some or all of these funds.

316. The Loan Servicer Defendants gained control of these amounts as a result of the above alleged fraudulent and misleading actions of the School Defendants.

317. Retention of these funds at the expense of Plaintiffs and class members is unjust because Plaintiffs and class members are entitled to recover these funds pursuant to the Holder Clause as set forth above.

Seventh Cause of Action for Constructive Trust

(Against the Loan Servicer Defendants Only)

318. Plaintiffs incorporate paragraphs 1 through 308 as though repeated here.

319. The Loan Servicer Defendants have collected loan payments and related charges and/or penalties from Plaintiffs and retained some or all of these funds.

320. The Loan Servicer Defendants gained control of these amounts as a result of the above alleged fraudulent and misleading actions of the School Defendants.

321. As set forth above, Plaintiffs and class members are entitled to recover these funds pursuant to the Holder Clause.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs, individually and on behalf of the class, pray for relief and judgment as follows (*except that Plaintiffs seek monetary remedies under the CLRA only as against the School Defendants at this time*):

1. For preliminary and permanent injunctive relief enjoining Defendants CEC and CSCA, their agents, servants and employees and all persons acting in concert with them from implementing their Fraudulent Recruiting Program and from continuing to engage in the unfair, unlawful and/or fraudulent business practices alleged above and that may yet be discovered in the prosecution of this action;

2. For certification of the putative class;

3. For restitution and disgorgement of all money or property wrongfully obtained by Defendants;

4. For damages;

5. For punitive damages against Defendants CEC and CSCA in an amount sufficient to punish and set an example of Defendants CEC and CSCA;

6. For an accounting by Defendants for any and all profits derived by them from the herein-alleged unlawful, unfair, and/or fraudulent conduct and/or business practices;

7. For restitution of all monies paid by the class under the terms of their Notes;

8. For an injunction precluding the enforcement of the class' Notes, by any of the Defendants, their successors, and their assigns; and

9. For a declaration that the class' Notes held by Defendants are void, voidable, and/or otherwise unenforceable:

10. For restitution of the Notes themselves:

1 11. For attorneys' fees and expenses pursuant to all applicable laws including, without
2 limitation, Code of Civil Procedure §1021.5, the CLRA, and the common law private attorney
3 general doctrine;

4 12. For imposition of a constructive trust against the Loan Servicer Defendants on all
5 monies paid by the class under the terms of the Notes;

6 13. For costs of suit;

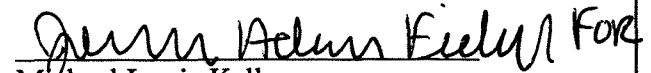
7 14. For such other and further relief as the Court deems just and proper.

8
9 Date: April 12, 2011

RESPECTFULLY SUBMITTED,

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PROOF OF SERVICE

[CCP §§1010.6, 1011, 1013, 1013a, 2015.3; CRC 2.260, 2.306]
STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I, the undersigned, am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action. My business address is 2361 Rosecrans Avenue, Fourth Floor, El Segundo, California 90245. I am "readily familiar" with my employer's practice of collection and processing of correspondence and documents for mailing with the United States Postal Service, mailing via overnight delivery, transmission by facsimile machine, and delivery by hand.

On April 12, 2011, I served a copy of each of the documents listed below by placing said copies for processing as indicated herein:

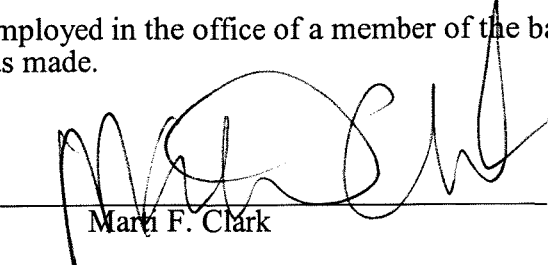
FOURTH AMENDED COMPLAINT

- (✓) U.S. MAIL: The correspondence or documents were placed in sealed, labeled envelopes with postage thereon fully prepaid on the above date and placed for collection and mailing at my place of business to be deposited with the U.S. Postal Service at El Segundo, California on this same date in the ordinary course of business.
- (✓) E-MAIL TRANSMISSION: The correspondence or documents were e-mailed from my place of business on this same date in the ordinary course of business prior to 6:00 p.m. Pacific Time.

PERSONS OR PARTIES SERVED:

PLEASE SEE ATTACHED SERVICE LIST

- (✓) (State) I certify (or declare) under penalty of perjury that the foregoing is true and correct and that this declaration was executed on April 12, 2011.
- () (Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.


Mari F. Clark

SERVICE LIST

Vasquez v. California School of Culinary Arts, Inc., et al.
Los Angeles Superior Court Case No. BC 393129

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