

Michael T. Carr, CSBN 183085
 LAW OFFICES OF MICHAEL T. CARR, APC
 2670 Myrtle Avenue, Suite 106
 Monrovia, CA 91016-5077
 Telephone: (626) 254-8901
 Facsimile: (626) 254-8921
 Email: mike@michaelcarrlaw.com

Attorneys for Plaintiff, ASHLEY PAREDES
 class representative and for the Class

**UNITED STATES DISTRICT COURT
 CENTRAL DISTRICT OF CALIFORNIA**

ASHLEY PAREDES, an individual and) Case No.: 5:14-cv-02554-SVW-SPx
 class representative on behalf of herself)
 and all others similarly situated,)

Plaintiff,

vs.

THE UNIVERSITY OF PHOENIX,)
 INC., a business entity doing business in) §17200 et al.,
 California; APOLLO EDUCATION) 2. FRAUD or DECIET
 GROUP, INC., a business entity doing) 3. INJUNCTIVE and DECLARTORY
 business in California and DOES 1) RELEIF PER §17200 et al.,
 through 100, Inclusive,)

Defendants.

SECOND AMENDED CLASS
 ACTION COMPLAINT:

1. UNFAIR AND DECEPTIVE
 BUSINESS PRACTICES IN
 VIOLATION OF THE BUSINESS
 AND PROFESSIONS CODE

2. FRAUD or DECIET
 3. INJUNCTIVE and DECLARTORY
 RELEIF PER §17200 et al.,

DEMAND FOR JURY TRIAL

1 Plaintiff, ASHLEY PAREDES, an individual and class representative on
2 behalf of herself and all others similarly situated, (the "Class"), hereby demands a
3 jury trial and complains and alleges as follows:
4

5 INTRODUCTION

6
7 1. This Second Amended Class Action complaint is brought by Plaintiff,
8 ASHLEY PAREDES, ("class representative for "Plaintiffs"), on her behalf and on
9 behalf of other individuals similarly situated, (collectively referred to as
10 "Plaintiffs" or the "Class"), against Defendant THE UNIVERSITY OF PHOENIX,
11 INC., ("UNIVERSITY OF PHOENIX" or "UOP"). Plaintiff is informed and
12 believes, and based thereupon, alleges, that all times relevant hereto Defendant
13 UNIVERSITY OF PHOENIX is a subsidiary of Defendant APOLLO
14 EDUCATION GROUP, INC., was and is owned by APOLLO EDUCATION
15 GROUP, INC.
16
17
18

19 2. Plaintiff is informed and believes, and based thereupon, alleges, that
20 all times relevant hereto that Defendant APOLLO EDUCATION GROUP, INC.,
21 was and is the parent corporation of Defendant UNIVERSITY OF PHOENIX, and
22 is doing business in California, and owned, managed, controlled and operated
23 Defendant, UNIVERSITY OF PHOENIX through common management, common
24 ownership and entities.
25
26
27
28

1 3. This Class Action is brought forth as a result of the fraudulent and
2 deceptive business practices carried out by Defendant upon hundreds of
3 unsuspecting students (Plaintiff's in the Class) whom were essentially sold a "pipe
4 dream" by sophisticated recruiters or high pressure salespersons employed at UOP.
5 However, along with this pipe dream students were sold, came a heavy price. This
6 price came in the form of the large Federal loans, which students were duped into
7 taking on in order to pay the exorbitant tuition charged by UOP for a substandard
8 education, not being able to find employment related to their education from UOP,
9 and not obtaining transferrable credits.

10 4. UOP's high pressure recruiters/salespersons, who are euphemistically
11 referred to by UOP as Admissions Representatives or recruiters used aggressive,
12 deceptive, misleading and fraudulent tactics in order to persuade students to enroll
13 with UOP. These aggressive and deceptive sales tactics by UOP's admissions
14 representatives/recruiters have convinced numerous students of the Class into
15 taking on large debt, in the form of federal loans, in an amount far beyond their
16 ability to repay. Additionally, as a result of the deceptive and coercive sales tactics
17 used by UOP's recruiters, students envisioned obtaining an education that would
18 lead them to begin a lucrative career immediately following completion of UOP's
19 various educational programs. Students were specifically informed that in
20 applying and competing for jobs after completion of UOP's educational programs,

1 they were guaranteed employment upon graduating from UOP. Furthermore, these
2 students were also led to believe that they could transfer all units earned at UOP to
3 any other college, including all four year universities, if they chose to further their
4 education in no matter which educational program at UOP, the student enrolled in.
5

6
7 5. However, many of the students of the Class, have not been able to
8 achieve the educational goal that motivated them to enroll at UOP, as many of
9 them have simply not been able to complete UOP's programs due to the
10 substandard education they received at UOP, or have not been able to obtain work
11 after graduation, in the field related to the education they received at UOP.
12

13 Additionally, several members of the Class who choose to continue their education
14 or obtain a degree from another college were later shocked to learn that they were
15 unable to transfer credits from UOP to other colleges or universities and higher
16 learning institutions including the California state university system. Furthermore,
17 those students who chose to pursue their education at other colleges and
18 universities are unable to obtain federal funding until they have paid off the loans
19 accrued from UOP. Therefore, many of these students are caught in a "catch 22"
20 type situation. That is, because students are unable to pay for the cost of UOP's
21 tuition, they are pressured by the UOP's recruiters to take on federally funded
22 student loans adding up to amounts into the tens of thousands of dollars in order to
23 pay for UOP's exorbitant tuition. Consequently these students have: 1) received a
24
25
26
27
28

1 substandard education at UOP, 2) have not been able to find employment, 3) and,
2
3 are consequently unable to pay back the loans. Adding to their dilemma, these
4 students have to first pay off the loans taken out for UOP tuition before they can
5 qualify for any other loans at a reputable college or university. Consequently,
6
7 because these students can not find gainful employment due to the substandard
8 education they received from UOP, they are unable to pay off their student loans
9 incurred from UOP's tuition, and are therefore unable to obtain loans for an
10 education at a reputable college. Instead students are stuck with a worthless degree,
11 and/or earned credits, heavy debt and little or no chance of finding employment.
12
13 UOP has essentially used students as a conduit for receiving federal money, by
14 siphoning money from the taxpayers and the federal government and consequently
15 ruining careers of students, ruining the credit of students and their families, along
16 with straddling students with a lifetime of debt.
17
18

19 6. Between 1998-9 and 2008-9, the enrollment at for-profit schools
20 increased by 236 percent, while growth at other non-profit colleges and
21 universities totaled approximately twenty (20) percent.¹ For-profit colleges are a
22 \$30 billion a year industry with as much as 90 percent of its revenue coming from
23
24

25
26 ¹ *Education Trust analysis of Integrated Postsecondary Education Data System*, (Washington,
27 D.C.: U.S. Department of Education, National Center for Education Statistics).

28 <http://nces.ed.gov/ipeds/>

1 student loans and grants, funded by the federal government UOPording to the
 2 Government Accountability Office, (GAO). Additionally, the demographics of
 3 those whom take on Pell Grant loans mainly consist of individuals who come from
 4 a lower socio-economical background, within the age range of 18 to 30, and most
 5 of whom have no education beyond high-school and a significant portion do not
 6 even have a high-school diploma.²

7
 8
 9
 10 7. To cover the high cost of tuition, almost all students at for-profit
 11 schools must borrow. In fact the cost of attendance at for-profit schools is so high
 12 that most students must max out their federal loan limits. Students from for-profits
 13 schools represent 43 percent of all federal student loan defaults.³ The consequences
 14 of default are severe. For example, defaulted student loans will appear on student's
 15 credit record, which will further make it difficult to obtain an auto loan, mortgage
 16 and credit cards at competitive lending rates. Student loan debt is not dischargeable
 17 in bankruptcy, so it can follow students for a lifetime. Students who have defaulted
 18 on student loans will also be ineligible to receive any additional Title IV federal
 19
 20
 21
 22

23
 24 ² Statistics from Government Accountability Office; The Education Trust *Subprime Opportunity,*
 25 *The Unfulfilled Promise of For-Profit Colleges and Universities*, By Lynch, Jennifer Engle, and
 26 Jose L. Cruz, November 2010

27 ³ Senate Committee on Health, Education, Labor, and Pensions, "Emerging Risk?" "Institutional
 28 Default Rate Comparison." <http://www2.ed.gov/offices/OSFAP/defaultmanagement/instrates..html>

1 educational funding until the loan is repaid in full. There are further consequences
 2 as defaulters of student loans can have their wages garnished, income tax refunds
 3 intercepted, and their Social Security payments withheld. For-profits schools enroll
 4 students in exorbitantly high-cost degree programs that statistically have been
 5 shown to provide little or no chance of leading to high-paying careers or even
 6 employment, and, have saddle the most vulnerable students with more debt than
 7 they can reasonably manage to repay, even if they do graduate.⁴
 8
 9
 10
 11

12 **PARTIES.**

13 **The Plaintiffs:**

14
 15 8. Plaintiffs include the class representative, ASHLEY PAREDES, and
 16 all former and current students of Defendant UNIVERSITY OF PHOENIX,
 17 (“UOP”), who were at all relevant times residents of California who enrolled
 18 between November 10, 2011 through November 10, 2014, in UOP’s educational
 19 programs for Psychology, Education, Nursing, Health Administration and Criminal
 20 Justice, and Technology, through both online and/or attending at a campus/learning
 21 center, including those enrolled for obtaining an Associates of Arts degree,
 22 Bachelors Degree and Masters Degree at UOP.
 23
 24
 25
 26

27 ⁴ The Education Trust *Subprime Opportunity, The Unfulfilled Promise of For-Profit Colleges*
 28 *and Universities*, By Lynch, Jennifer Engle, and Jose L. Cruz, November 2010.

1 **Plaintiff Class Representative:**

2 9. Plaintiff ASHLEY PAREDES, (who is the Class Representative), was
3 formerly enrolled as an online student in the Associate of Arts Psychology
4 program through Defendant UOP's, Ontario, California campus location. Plaintiff
5 was a twenty two year old mother of three children at the time she enrolled at
6 UOP. More specifically, when Plaintiff met with an Admissions Representative
7 from UOP, sometime on or about July 17, 2012, Plaintiff specifically informed the
8 Admissions Representative, (Terry Eubanks) that she previously attended another
9 college and learned that the credits she had earned at this other college were not
10 transferable to other colleges or universities, including all colleges in the California
11 state university system. During this meeting with the Admissions Representative,
12 or recruiting process, Plaintiff specifically informed the Admissions
13 Representative, Eubanks, *inter alia*, that she was concerned about whether or not
14 the credits earned at UOP would be transferable to other universities including the
15 California state universities and if credits earned at UOP could be used to take the
16 standardized Licensure test administered in California to become a licensed
17 counselors/therapists and psychologists. During this same recruiting process,
18 Plaintiff specifically informed the Admissions Representative that she intended on
19 transferring to another university in California within the California state
20 university system to obtain an advanced degree, and, Plaintiff specifically

1 informed the Admissions Representative that it was imperative that she would be
2 able to transfer any credits she earned at UOP, to a college within the California
3 state university system and that earned at UOP could be used to take the
4 standardized Licensure test administered in California to become a licensed
5 counselors/therapists and psychologists. During this recruiting process, Plaintiff
6 specifically informed the Admissions Representative that her educational goals
7 were to complete her Bachelors Degree and Masters Degree, so that she could
8 become a Licensed Psychologist or therapist/counselor. Plaintiff also specifically
9 informed the Admissions Representative that she needed to later be able to transfer
10 to a college in the California state university system to further her education. In
11 response to Plaintiff's statements of her educational goals and requirements that
12 her enrollment was conditioned on, the UOP's Admissions Representative
13 specifically informed Plaintiff that UOP offers the right accreditation and
14 credentials for Plaintiff to become a licensed Psychologist and to obtain any job in
15 the field of psychology, and, that any credits earned at UOP would be transferable
16 to any other college in the state of California or elsewhere, and, that this would not
17 be a problem and for Plaintiff not to worry about any of that. Plaintiff justifiably
18 relied on these assurances and representations made by the Admissions
19 Representative. Based on and in reliance of these representations assurances made
20 to Plaintiff by the Admissions Representative, Plaintiff made the decision to enroll
21
22
23
24
25
26
27
28

1 at UOP. Had Plaintiff known that these assurances and representations made by
2 the Admissions Representative were false Plaintiff would not have enrolled at
3 UOP. During this same meeting or recruitment process, the Admissions
4 Representative did not disclose any type of assessment regarding what Plaintiff's
5 financial ability to repay the student loan debt, (she would incur via federal
6 funding), would be. In fact the Admissions Representative did not discuss that
7 issue at all.

8
9
10
11 Furthermore, the Admissions Representative did not disclose any statistics
12 regarding former UOP students who have defaulted on their loans, or anything to
13 do with the financial impact that befalls students as a result of the debt they incur
14 through school loans. During this recruitment process, the Admissions
15 Representative purposely failed to disclose information that the Admissions
16 Representative knew would likely dissuade and discourage Plaintiff from enrolling
17 at the UOP. During this same recruitment process, the Admissions
18 Representative's main objective was to enroll Plaintiff at the UOP regardless
19 whether or not enrollment at the UOP was in the best interest of Plaintiff. The
20 Admissions Representative knew that revealing certain information that he was
21 obligated to explain would not be conducive to making the sale. Specifically, the
22 Admissions Representative did not explain to Plaintiff what the interests rates on
23 the loans would be, the likelihood as to the amount of payments Plaintiff would
24
25
26
27
28

1 incur after graduation, or how interest would be compounded and calculated.

2 During this same recruiting process, the Admissions Representative specifically
3 assured that Plaintiff was guaranteed to obtain employment upon completion of her
4 education at UOP. Immediately following the above described recruiting process -
5 which lasted for approximately thirty (30) minutes – the Admissions
6

7 Representative guided Plaintiff through the completion of the computer based
8 application process at UOP, and the application process at UOP for Plaintiff to
9 receive federal financial aid via FAFSA. During this same recruiting process, the
10 Admissions Representative further informed Plaintiff that he was very
11 knowledgeable about the educational system and the job market and was someone
12 who was looking out for Plaintiff's best interest to help her achieve her academic
13 goals and to obtain employment. Based on these representations made by the
14

15 Admissions Representative, Plaintiff justifiably perceived the Admissions
16 Representative as someone who was looking out for her best interest, as someone
17 in a position of authority and knowledge, and, therefore trusted representations
18 made by the Admissions Representative. Plaintiff justifiably relied on these
19 assurances and representations made by the Admissions Representative. Based on
20 and in reliance of these representations and assurances made to Plaintiff by the
21

22 Admissions Representative, Plaintiff made the decision to enroll at UOP. Had
23 Plaintiff known that these assurances and representations made by the Admissions
24
25
26
27
28

1 Representative were false and had Plaintiff been made aware of these omissions by
2 the Admissions Representative, Plaintiff would not have enrolled at UOP.
3

4 After attending UOP for approximately 9 months, and after incurring
5 approximately \$12,000.00 in federal student loan debt to pay for UOP's tuition,
6 Plaintiff learned and was informed and believes and alleges that the units she
7 earned at UOP were not transferable to other universities in the California
8 university system, and, that those units Plaintiff earned at the UOP could not be
9 used towards obtaining and taking the Licensure test to become a licensed
10 therapist/counsel or psychologist.
11

12
13
14 10. On or about April of 2013, Plaintiff contacted Patton State Hospital
15 seeking employment as a Psychiatric Technician Assistant. At that time Plaintiff
16 learned from Patton State Hospital that she did not qualify for the position because
17 the units she earned at UOP did not allow her to qualify for the position at the
18 Hospital and that the units earned at UOP did not qualify to meet the required
19 educational prerequisites, as UOP was not a college recognized and accredited to
20 allow Plaintiff to take the state licensure test. Additionally at approximately this
21 same time, Plaintiff contacted the California Board of Behavioral Sciences and
22 learned that UOP was not on the list of accredited colleges to qualify applicants for
23 taking the licensure test and that Plaintiff would not be eligible to take the
24 licensure test based on units she earned at UOP. Almost immediately thereafter,
25
26
27
28

1 Plaintiff contacted UOP at its corporate headquarters in Arizona and informed
2 them of what she had learned regarding the licensure test. In response they
3 informed Plaintiff that UOP is not an accredited college for qualifying a student to
4 take the licensure test in California. Subsequently, on or around April of 2014,
5 prior to or during her enrollment at Pasadena City College, ("PCC"), Plaintiff was
6 informed by a counselor at PCC that the units Plaintiff earned at UOP were not
7 transferrable to PCC. Plaintiff has demanded that the UOP refund her tuition.
8 Despite Plaintiff's demand, the UOP has refused to refund Plaintiff any monies
9 incurred for tuition paid to UOP.
10

11 **Defendants:**

12 11. Defendant UNIVERSITY OF PHOENIX, is, and at all relevant times
13 was, a corporation with a place of business, in California 92626. Defendant, UOP,
14 has five campuses and twenty-four learning centers located throughout California,
15 with an overall enrollment of approximately 10,000 students annually. Defendant
16 UOP is, and at all relevant times was, a corporation in the state of Arizona and
17 doing business in California as a for-profit college and additionally subject to the
18 provisions of the *California Private Post Secondary Education Act of 2009, Cal.*
19 *Education Code* §§94700 et seq.
20

21 12. Plaintiff is informed and believes, and based thereupon, alleges, that
22 all times relevant hereto that Defendant APOLLO EDUCATION GROUP, INC.,
23
24
25
26
27
28

1 was and is the parent corporation of Defendant UNIVERSITY OF PHOENIX, and
2 is doing business in California, and it owned, managed, controlled and operated
3 Defendant, UNIVERSITY OF PHOENIX through common management, and/or
4 common ownership and entities.
5

6
7 13. Plaintiff is informed, believes, and alleges that, at all times herein
8 mentioned, Defendants, and each of them, were the agents or employees of each of
9 the other Defendants, and in doing the things hereinafter alleged, were acting
10 within the course and scope of such agency and/or employment and with the
11 permission and consent of his/her co-Defendants.
12

13
14 14. Plaintiff and the represented Class is ignorant of the true names and
15 capacities, whether individual, corporate, or associate, of those defendants
16 fictitiously sued as DOES 1 through 100 inclusive and so the Plaintiff sues them by
17 these fictitious names. The Plaintiff is informed and believes that each of the DOE
18 defendants reside in the State of California and are in some manner responsible for
19 the conduct alleged herein. Upon discovering the true names and capacities of
20 these fictitiously named Defendants, the Plaintiff will amend this complaint to
21 show the true names and capacities of these fictitiously named defendants.
22

23 **JURISDICTION AND VENUE**

24
25
26 15. This Court has jurisdiction of the causes of action set forth in this
27 Complaint under the Class Action Fairness Act of 2005, pursuant to 28 U.S.C.
28

1 §1332(d) as the matter in controversy exceeds the sum or value of \$5,000,000.00,
 2 exclusive of interests and costs, and one or more of the Plaintiffs or putative class
 3 members are citizens of different states than any Defendant.
 4

5 16. That venue is proper pursuant to 29 U.S.C. 1391(b)(2) in that a
 6 substantial part of the of the acts giving rise to the causes of action involving the
 7 named Plaintiff have substantially taken place within the County of San
 8 Bernardino, and the named Plaintiff as Class Representative is a resident of the
 9 County of San Bernardino.
 10
 11

12 CLASS ACTION ALLEGATIONS

13
 14 (Against Defendants THE UNIVERSITY OF PHOENIX, INC.; APOLLO
 15 EDUCATION GROUP, INC., DOES 1 through 100)
 16

17 17. Plaintiff, ASHLEY PERADES, ("class representative for Plaintiffs of
 18 the "Class"), brings this action on behalf of herself and all others similarly situated
 19 as a class action pursuant to *Federal Rules of Civil Procedure* Rule 23. The Class
 20 members that Plaintiff seeks to represent consist of individuals who, were at all
 21 relevant times residents of California, enrolled at the UNIVERSITY OF
 22 PHOENIX in UOP's educational programs for Psychology, Education, Nursing,
 23 Health Administration and Criminal Justice, and Technology, through both online
 24 and/or attending at a campus/learning center, including those for the Associates of
 25 Arts degree, Bachelors Degree and Masters Degree.
 26
 27
 28

1 18. This action has been brought and may properly be maintained as a
2 class action pursuant to the provisions of *Federal Rules of Civil Procedure (FRCP)*
3 *Rule 23(a) and (b)(3)*, because there is numerosity, commonality, typicality and
4 adequacy, and, class action is appropriate because there are common questions of
5 law or fact that predominate and the class resolution is superior to other available
6 methods. a well defined community of interest in this litigation and the proposed
7 Class is easily ascertainable. The questions of law or fact common to the Class
8 members predominate over any question of law or fact affecting only individual
9 members of the Class. These predominate questions of law of fact are clear,
10 precise, well defined and applicable to the Class representative and to every
11 member of the proposed Class.
12

13
14 19. Additionally, Class representation in this action is superior to other
15 available methods for several reasons, including but not limited to, (1) class
16 members would not have the resources to bring claims individually, (2)
17 prosecution of separate claims by individual members of the Class would create
18 the risk of inconsistent adjudications which would result in incompatible standards
19 of conduct of Defendant, and, (3) would be an inefficient use of scarce judicial
20 resources to require each student affected by the deceptive practices alleged herein
21 to bring his or her own individual claim. *FRCP Rule 23 (b)(3)*.
22

23
24
25
26
27
28 Numerosity:

1 20. The potential members of the Class as defined are so numerous that
2 joinder of of the members of the Class is impracticable. The precise number of
3 Class Members has not been determined at this time, but is believed to be in excess
4 of approximately 10,000 individuals.
5

6
7 21. Upon information and belief, Plaintiff alleges Defendant's internal
8 records, along with other investigatory procedures through discovery, will provide
9 information as to these other Class members.
10

11 Typicality and Commonality:

12 22. Plaintiff's claims are typical of the claims of the Class because the
13 Class members were induced to enroll at UOP in justifiable reliance on the
14 affirmative misrepresentations, deceptive statements and acts of purposeful
15 concealment carried by UOP's representatives.
16
17

18 23. Common question of law and fact to the Class predominate over any
19 questions affecting only individual members of the Class, including, but not
20 limited to:
21

22 a) Whether Defendant UOP engaged in deceptive practices and
23 high pressure recruiting tactics which induced students of the Class to enroll
24 in UOP's educational programs for Psychology, Education, Nursing, Health
25 Administration and Criminal Justice, and Technology, by intentionally
26 deceiving prospective students of the Class by making the false
27
28

1 representation that the credits earned at UOP, could be transferable to all
2 other universities or other educational institutions of higher learning and
3 whether the students of the Class made their decision to enroll at the UOP
4 based on and in reliance of said false representations by Admissions
5 Recruiters at the UOP;
6
7

8 b) Whether UOP intentionally mislead students of the Class by
9 purposefully omitting material information needed by students in making the
10 decision to enroll in UOP, by falsely informing students of the Classs that
11 credits earned at UOP would be transferable to all other universities,
12 including the California state university system, and by purposely failing to
13 disclose to prospective students of UOP's educational programs, that credits
14 earned at UOP would not be transferable to all other universities, including
15 the California state university system, and whether the students of the Class
16 made their decision to enroll at the UOP based on and in reliance of said
17 false representations by Admissions Recruiters at the UOP;
18
19
20
21

22 c) Whether students enrolled in UOP's Psychology program could
23 use credits earned at UOP, towards taking the standardized test for obtaining
24 a license in California to become a counselor/therapist or psychologist and
25 whether the students of the Class made their decision to enroll at the UOP
26
27
28

1 based on and in reliance of said false representations by Admissions
2 Recruiters at the UOP;
3

4 d) Whether UOP's Admission Recruiters engaged in fraudulent
5 high pressure sales tactics to induce students to enroll in its educational
6 programs, by intentionally misrepresenting information regarding the
7 transferability of UOP'S credits to other universities, including the
8 California state university system and other educational institutions of higher
9 learning, and/or intentionally omitting information regarding the
10 transferability of UOP'S credits to such other colleges, universities and other
11 higher learning institutions;
12
13
14

15 e) Whether UOP violated *California Private Post Secondary*
16 *Education Act of 2009*, ("Post Secondary Education Act of 2009"), Cal.
17 Education Code § 94897 by promising or to guaranteeing the employment or
18 otherwise overstating the availability of jobs upon completion, and, whether
19 UOP compensated its employees on the basis of a commission, commission
20 draw, bonus, quota, or other similar method related to the recruitment,
21 enrollment, admissions student attendance, or sales of educational materials
22 to students;
23
24
25
26
27
28

1 f) Whether UOP's conduct violated section 17200 et seq., of the
2 *Business and Professions Code* by engaging in deceptive and unlawful
3 business practices as described above;
4

5 g) Whether UOP's conduct violated section 17500 et seq., of the
6 *Business and Professions Code* by engaging in deceptive marketing and
7 deceptive and/or false advertising practices aimed at prospective students, as
8 described above;
9
10

11 h) Whether UOP violated the Consumer Legal Remedies Act,
12 *California Civil Code* section 1750 et seq., by engaging in deceptive
13 marketing and deceptive and/or false advertising practices aimed at
14 prospective students, as described above;
15

16 i) Whether the Class is entitled to equitable relief pursuant to
17 section 17200 et seq., of the *Business and Professions Code*.
18
19

20
21 Adequacy:

22 24. The named Plaintiff will vigorously pursue the claims on behalf of
23 herself and other students similarly situated. Counsel who brings this action is
24 competent for the Class and experienced in Class action practice and procedure.
25

26 25. A class action is superior for achieving the fair and efficient
27 adjudication of these claims. Prosecution of separate actions or claims by
28

1 individual members of the Class would create the risk of inconsistent or varying
2 adjudications and establish incompatible standards of conduct for the Defendant.
3

4 **GENERAL ALLEGATIONS**

5 (Against Defendants THE UNIVERSITY OF PHOENIX, INC.; APOLLO
6 EDUCATION GROUP, INC., and DOES 1 through 100)
7

8 26. Plaintiff alleges upon information and belief that UOP, like most for-
9 profit educational corporations, receives most of its revenue from federal financial
10 aid sources such as from various types of Title IV programs including Stafford
11 Loans, and other Federal Supplemental Educational Loans.
12

13 27. To continue receiving federal monies, Defendant has engaged in
14 illegal, unfair, and deceptive conduct to further its goal of enrolling as many
15 students as possible in its programs, and all in violation of the *California Private*
16 *Post Secondary Education Act of 2009*, *Cal. Education Code* §§94700 et seq., in
17 order to receive the most amount of federal funding via enrolled students.
18
19

20 28. Defendant's illegal, unfair, and deceptive conduct carried out to
21 further its goal of enrolling as many students as possible in its programs and
22 consequently to be able to maximize the amount of federal funding it receives, is
23 also in violation of the *California Private Post Secondary Education Act of 2009*,
24 *Cal. Education Code* §§94700 et seq.
25
26
27
28

1 29. In order to further its goal of increased profits, Defendant, UOP,
2
3 created a culture of fraud and deception through its sophisticated high pressure
4 salespersons (or "Recruiters"), upon naïve and unsuspecting students and took
5 advantage of its unequal bargaining power over these enrolling students.
6

7 30. Plaintiff and the Class allege that these so-called Admissions
8 Representatives or Recruiters, ("Recruiters"), were actually sophisticated high
9 pressured salespersons. These Recruiters were compensated on a quota driven
10 policy orchestrated by UOP and APOLLO EDUCATION GROUP, INC., and,
11 therefore zealously driven to enroll as many students as possible, regardless of the
12 particular circumstances of these students and regardless of the consequences and
13 financial impact that would befall these students. Once a prospective student
14 contacted Defendant, Recruiters would immediately initiate overly aggressive hard
15 sell tactics, including pressuring students to make an immediate decision to enroll
16 and to complete the enrollment process and immediately begin the process for
17 taking out federal loans to pay for UOP's tuition. This quota driven conduct by
18 Defendant was further demonstrated by awards and bonuses and other financial
19 incentives given to UOP's top producing Recruiters. Defendant's Recruiters
20 employed an array of sophisticated and high pressure sales tactics to convince
21 unsuspecting students to enroll. One of the primary methods used by Defendant
22 and its Recruiters to achieve this goal was by ostensibly forming a fiduciary or
23
24
25
26
27
28

1 caring relationship with the students and creating a false bond of trust with the
2 students. The students perceived Defendant's Recruiters as someone who was
3 looking out for their best interest, as someone in a position of authority and
4 knowledge, and, therefore trusted representations made by these Recruiters.
5

6
7 31. The deceptive profit driven conduct by UOP's Recruiters was
8 promoted, fostered and condoned by Defendants, APOLLO EDUCATION
9 GROUP, INC., and UOP, as both Defendants along with its Recruiters reaped the
10 financial benefits from the volume of students enrolled. Through methods of
11 subterfuge and subtle deceptive techniques, Recruiters were skilled at avoiding
12 prospective students' direct questions regarding: 1) the transferability of units
13 earned at UOP to other universities; 2) an accurate assessment of the job market
14 and employment opportunities for students who complete Defendant's educational
15 programs; 3) the statistical probability of students obtaining employment based on
16 their education received at UOP; 4) a fair and accurate assessment of the financial
17 capability the students will have of being able to repay the debt students incur via
18 federal funding and other school loans and the statistics regarding former UOP
19 students who have defaulted on their loans; 5) the financial impact on students
20 straddled with tens of thousands of dollars of debt in school loans. Said Recruiters
21 of UOP would give evasive and/or vague responses to questions regarding these
22
23
24
25
26
27
28

1 issues and/or skillfully change the subject when confronted with such questions, as
2 part of their high pressure sales techniques.
3

4 32. Instead of providing direct and accurate answers to these questions,
5 after gaining the trust of these prospective students, Defendant and its Recruiters
6 would paint a picture for prospective students of a dream-come-true scenario after
7 graduation. UOP targeted and profiled these naïve and unsuspecting prospective
8 enrolling students to make the hard sell. UOP's Recruiters specifically represented
9 and led to prospective students to believe that they could transfer credits to any and
10 all universities, that students were guaranteed immediately upon graduation to find
11 a high paying job and begin their successful career in that field, and that they
12 would have no problem in repaying their student loans. Using calculated and
13 sophisticated high pressure sales techniques, Defendant targeted and preyed upon
14 unsuspecting students, and, consequently lured these students into paying
15 exorbitant tuition for a substandard education, along with getting stuck with a
16 lifetime of debt.
17
18
19
20
21

22 33. The false representations made by Defendant to the Class, included
23 stating:
24

- 25 a) That the credits earned at UOP, could be transferable to all
26 other universities and higher learning institutions, that all other
27
28

1 universities and institutions of higher learning would honor
2 credits that students obtained from UOP; and
3

4 b) That students in UOP's Psychology program could use the
5 credits earned from UOP towards taking the standardized
6 licensure test for obtaining a license in California to become a
7 counselor/therapist or psychologist;
8

9 c) That graduates of UOP were guaranteed employment in high
10 paying careers, immediately after graduation;
11

12 34. Defendant engaged in an aggressive and calculated marketing scheme
13 upon prospective students, comprised of very specific misleading statements,
14 omissions of material fact, misleading innuendoes and implications, leading
15 students to believe they would receive the most superior education in the field of
16 study offered at UOP, that they would be continuously employed in the field
17 related to their studies at UOP, and by attending UOP, students would be
18 financially secure for the rest of their lives.
19
20
21

22 35. Instead, the Class members received a degree or earned units from
23 UOP that was essentially worthless in the job market and not recognized by other
24 colleges and universities. The tuition charged by Defendant UOP was exorbitant,
25 and left students with a either earned credits that were not transferable, could not
26 be used towards taking the Licensure exam for psychologists/therapist, and, degree
27
28

1 that did not enable them to be competitive in today's job market. Consequently
2 Class members were further straddled by overwhelming debt in the form of loans
3 from the Federal Government and other sources, taken out to finance the
4 excessively high tuition for a substandard education and useless credits and/or
5 diplomas they received from UOP.
6
7

8 36. In order to lure prospective students into its programs, Defendant
9 along with its Recruiters and/or Financial Aid Officers purposefully and
10 intentionally failed to explain to students the financial ramifications regarding the
11 loans they had to take out in order to attend UOP. More specifically, Defendant
12 purposefully failed to explain what the interests rates on the loans would be, the
13 likelihood as to the amount of payments students would incur after graduation,
14 how interest would be compounded and calculated. In furtherance of its deception
15 and in order to create the "pipe dream" vision, Defendant intentionally failed to
16 disclose this information to prospective students, in order to lure these prospective
17 students in. UOP instead assured prospective students that they would make an
18 abundance of money and that it would enable these students to easily pay back the
19 loans. Defendant purposefully failed to inform prospective students of the
20 statistics for the number of students who remained unemployed long after
21 graduating from UOP and regarding the number of former students who have
22 defaulted on their federal loans.
23
24
25
26
27
28

1 37. Instead of looking out for the best interest of prospective students,
2 Defendant has used students as a conduit for receiving federal monies. Regardless
3 of the consequences to students, Defendant has placed corporate profits over the
4 welfare of enrolling students and have pressured students into taking out large
5 loans knowing of high probability that many of these students will not be able to
6 find employment and will consequently default on their federal student loans.
7

8 38. The wrongful acts against Plaintiff were carried out, authorized or
9 ratified by said Defendant's directors, officers and/or managing agents, acting with
10 malice, oppression or fraud, or deliberate, willful and conscious disregard of the
11 probability of causing injury to Plaintiff, as reflected by the actions as described
12 earlier in this Complaint. Defendants' conduct is extreme, outrageous and
13 unconscionable and intentional carried out knowing the financial crises and harm
14 caused to students as a result of enrolling. Plaintiff seeks punitive damages against
15 Defendants in order to deter them from such and similar conduct in the future.
16
17
18
19
20
21

22 **FIRST CAUSE OF ACTION**

23 **(Unfair Competition Law)**

24 **(Bus. & Prof. Code § 17200, "UCL")**

25 **(Against Defendants THE UNIVERSITY OF PHOENIX, INC.; APOLLO**
26
27 **EDUCATION GROUP, INC., and DOES 1 through 100)**
28

1 39. Plaintiff and on behalf of the Class herein incorporates and realleges
2
3 by reference all preceding paragraphs, and each and every part thereof, in this
4 Complaint with the same force and effect as though set forth at length herein.

5 40. Plaintiff is a “person” within the meaning of *California Bus. & Prof.*
6
7 *Code* § 17204, and therefore has standing to bring this cause of action for
8 injunctive relief, restitution, and other appropriate equitable relief.

9 41. The Unfair Competition Law, (“UCL”), as define per *Bus. & Prof.*
10 *Code* § 17200, *et seq.*, prohibits “unfair competition,” as including “any unlawful,
11
12 unfair or fraudulent business act or practice and unfair, deceptive, untrue or
13 misleading advertising” The UCL further provides for injunctive relief and
14 restitution for violations under the UCL. “The unfair competition statute is not
15 confined to anticompetitive business practices, but is also directed toward the
16 public’s right to protection from fraud, deceit, and unlawful conduct.” *Hewlett v.*
17 *Squaw Valley Ski Corp.*, (1997) 54 Cal App 4th 499, 520.

18 42. UOP has violated statutes and public policies including *Bus. & Prof.*
19 *Code* §17200 et seq. Through the conduct alleged in this Complaint, UOP has
20
21 acted contrary to these public policies and statutes, by making or causing to be
22
23 make or disseminated misleading statements and material omissions of fact to
24
25 prospective students, by making the false representation that the credits earned at
26
27 UOP, could be transferable to any other universities, and, could be used towards
28

1 taking the standardized test for obtaining a license in California to become a
2 counselor/therapist or psychologist, and by purposely failing to disclose to
3 prospective students of the Psychology program, that all credits earned at UOP
4 would not be transferable to any other universities, including the California state
5 university system, and could not be used towards obtaining a license in California
6 to become a licensed counselor/therapist or psychologist;
7

8
9
10 43. The material misrepresentations and acts of concealment, as described
11 above in this Complaint, by UOP are unlawful, unfair and/or deceptive and
12 fraudulent business practices has misled and deceived the public and including
13 prospective students in the past and will continue to mislead and deceive the public
14 in the future.
15

16
17 44. Defendants' conduct, as alleged hereinabove, constitutes unfair
18 competition laws in violation of *Bus. & Prof. Code* §17200 et seq.
19

20 45. As a direct and proximate result of UOP's deceptive and unlawful
21 acts, and false representations as described above in this Second Amended
22 Complaint, and as described in paragraph 9, and paragraphs 27 thru 36, Plaintiff
23 and the Class member have been damaged by, *inter alia*: (1) borrowing monies to
24 cover the cost of UOP's tuition; (2) incurring high interest rates for such borrowed
25 monies; (3) paying tuition to Defendants; (4) losing time and income they
26 otherwise would have been able to earn; (5) incurring emotional, psychological
27
28

1 injuries as a result thereof; and (6) incurring severe and long term damage to their
2 credit, thereby limiting and/or preventing their ability to obtain credit for the
3 essentials of living, including but not limited to, obtaining credit for purchasing
4 home loans, automobile loans, student loans and credit cards.
5

6
7 46. Plaintiff and the Class members have additionally been damaged in
8 other ways subject to proof at time of trial.

9
10 47. As a direct and proximate result of UOP's deceptive and unlawful
11 acts, Plaintiff and the Class member have including the students who have enrolled
12 in UOP have been injured. Defendant, by engaging in the conduct herein alleged,
13 either knew or in the exercise of reasonable care should have known that the
14 conduct was unlawful. This false and/or misleading and deceptive conduct and
15 practice by UOP that has been ongoing, was carried out with the intent of inducing
16 the general public, including Plaintiff and the member of the Class to enroll at
17 UOP. As such, it is a violation of *Calif. Bus. & Prof. Code* § 17200.
18
19

20
21 48. Under *Calif. Bus. & Prof. Code* §17200 et seq., Plaintiff and the Class
22 are entitled to enjoin UOP's wrongful and deceptive practices and to obtain
23 restitution for the monies paid to UOP by reason of UOP's unlawful, unfair and/or
24 deceptive acts and practices, as described above in this Complaint, and as
25 described in paragraph 9, and paragraphs 27 thru 36, of this Complaint.
26
27
28

1 49. UOP's unlawful, fraudulent and deceptive practices, continue to
2 threaten to members of the Class and the general public, in so much as UOP will
3 continue to commit said violations of *Bus. & Prof. Code* §17200 et seq., unless
4 enjoined from continuing such unlawful, fraudulent and deceptive conduct.
5

6
7 50. Unless restrained by this Court, UOP will continue to engage in the
8 unlawful conduct as alleged above. Pursuant to the *California Bus. & Prof. Code*
9 §17200 et seq., this Court should make such orders or judgments, including the
10 appointment of a receiver, as may be necessary to prevent the use or employment,
11 by Defendants, their agents or employees, of any unlawful or deceptive practice
12 prohibited by the *Business & Professions Code*, and/or, including but not limited
13 to, disgorgement of profits which may be necessary to restore Plaintiff and the
14 Class members to the monies UOP have unlawfully obtained through deception
15 and unlawful acts.
16
17
18

19 **SECOND CAUSE OF ACTION**

20 (FRAUD or DECEIT, *Calif. Civil Code* §§1572, 1709)

21 (Against Defendants THE UNIVERSITY OF PHOENIX, INC.; APOLLO
22 EDUCATION GROUP, INC., and DOES 1 through 100)
23

24 51. Plaintiff and on behalf of the Class herein incorporates and realleges
25 by reference all preceding paragraphs, and each and every part thereof, in this
26 Complaint with the same force and effect as though set forth at length herein.
27
28

1 52. As part of UOP's recruitment process, UOP has engaged in a pattern
2 and practice of knowing and willfully making false representations of material fact
3 and/or omissions of material fact with the intent to deceive prospective students
4 and to induce reliance on the false representations and/or material omissions to
5 induce reliance by the Plaintiff and the Class members.
6

7
8 53. Fraud consists of acts committed by a part to the contract with intent
9 to deceive another part thereto, or to induce him or her to enter into the contract.
10
11 *Calif. Civil Code* §1572.

12 54. Tortious fraud or deceit occurs when a party willfully deceives
13 another with the intent to induce that party to alter his or her position to his or her
14 injury or risk. A party causing fraudulent deceit liable for any damage which the
15 deceived party suffers. *Calif. Civil Code* §1709.
16
17

18 55. UOP engaging in fraudulent conduct by making misleading and
19 deceptive and false statements, and/or by intentionally and knowingly omitting
20 material information to Plaintiff and the Class members, thereby inducing
21 prospective students of the Class to enroll at UOP and to incur debt into the tens of
22 thousands of dollars in order pay the exorbitant tuition for a substandard education.
23
24

25 56. Accordingly, Plaintiff and each member of the Class have been
26 damaged by incurring federal loan debt into the tens of thousands of dollars and
27 spent time pursuing their education at UOP in reliance and based on the false and
28

1 misleading statements communicated to these students, and, the high pressure sales
2 tactics implemented by UOP's recruiters towards the Class members, during the
3 recruitment process by UOP's recruiters. Had Plaintiff and the Class members
4 know of the falsity of Defendants' statements, they would not have enrolled at
5 UOP.
6

7
8 57. As a direct and proximate result of UOP's deceptive and unlawful
9 acts, and false representations as described above in this Second Amended
10 Complaint, and as described in Paragraph 9, and Paragraphs 27 thru 36, Plaintiff
11 and the Class member have been damaged by, *inter alia*: (1) borrowing monies to
12 cover the cost of UOP's tuition; (2) incurring high interest rates for such borrowed
13 monies; (3) paying tuition to Defendants; (4) losing time and income they
14 otherwise would have been able to earn; (5) incurring emotional, psychological
15 injuries as a result thereof; and (6) incurring severe and long term damage to their
16 credit, thereby limiting and/or preventing their ability to obtain credit for the
17 essentials of living, including but not limited to, obtaining credit for purchasing
18 home loans, automobile loans, student loans and credit cards.
19

20
21 58. UOP's wrongful acts and practices as alleged above, were done
22 knowingly and intentionally. These acts carried by Defendants were oppressive,
23 intentionally malicious and fraudulent carried out for the express purpose of
24 increasing profits through generating millions of dollars in federal loan monies all
25
26
27
28

1 at the expense of defrauding and damaging Plaintiff and the Class members. As a
2 result Plaintiff and the Class members are entitled to punitive damages.
3

4 **THIRD CAUSE OF ACTION**

5 **(INJUNCTIVE and DECLARATORY RELIEF, PURSUANT to UCL,**
6 **Calif. Bus. & Prof. Code § 17200 et seq.)**
7

8 **(Against Defendants THE UNIVERSITY OF PHOENIX, INC.; APOLLO**
9 **EDUCATION GROUP, INC., and DOES 1 through 100)**
10

11 59. Plaintiff and on behalf of the Class herein incorporates and realleges
12 by reference all preceding paragraphs, and each and every part thereof, in this
13 Complaint with the same force and effect as though set forth at length herein.
14

15 60. As a result of UOP's deceptive and fraudulent business practices as
16 alleged above in Plaintiff's First, and Second Causes of Action of this Complaint,
17 Plaintiff and the Class members pray this Court to enter judgment against
18 Defendant as follows:
19

20 a) For injunction under *Calif. Bus. & Prof. Code* §17200 et seq., and
21 pursuant to this Court's equitable powers, to permanently enjoin UOP's conduct in
22 violation of §17200 et seq.;
23

24 b) For a declaration that UOP's conduct as alleged herein violates *Calif.*
25 *Bus. & Prof. Code* §17200, and violates *California Private Post Secondary*
26 *Education Act of 2009*.
27
28

1 **WHEREFORE**, the Plaintiff and the Class members prays for the following
2 relief, to be determined by a jury, as follows:
3

- 4 1. For Restitution in an amount according to proof to proof at trial, but in
5 the excess of \$75,000.00;
- 6 2. For compensatory damages in an amount according to proof to proven
7 at trial, but in the excess of \$75,000.00, in order to compensate
8 Plaintiff and the Class members for said damages including tuition
9 paid, loan debt incurred and reimbursement for all loan payments.
10 3. For disgorgement of profits obtained by UOP and all Defendants,
11 resulting from UOP's unfair, deceptive, unlawful and fraudulent
12 business practices upon Plaintiff and the Class members;
13 4. For injunctive relief enjoining, UOP from continuing said unfair,
14 deceptive, unlawful and fraudulent business practice upon Plaintiff
15 and Class members;
16 5. For all attorney fees, costs and disbursements incurred in this suit;
17 6. For attorneys fees and costs incurred pursuing this claim against
18 Defendant pursuant to *Calif. Civil Code* §1021.5;
19 7. For all applicable and appropriate punitive and exemplary damages.
20 8. All other relief this Court deems fair and appropriate.
21
22
23
24
25
26
27
28

///

1 Plaintiff and on behalf of the Class, hereby demands a jury trial.

2 Dated: April 23, 2015

3 LAW OFFICE OF MICHAEL T. CARR

4
5 

6 Michael T. Carr

7 Attorney for Plaintiff, ASHLEY PERADES,
8 and the Class