

**UNITED STATES DISTRICT COURT  
DISTRICT OF MAINE**

STEPHANIE KOUREMBANAS, )  
CARIDAD JEAN BAPTISTE, CATHY )  
MANDE, and CATHARINE VALLEY, )  
on behalf of themselves and all others )  
similarly situated, )

Plaintiffs, )

Case No. Civ. \_\_\_\_\_

v. )

INTERCOAST COLLEGES, d/b/a )  
INTERCOAST CAREER INSTITUTE, )

Defendants. )

**CLASS ACTION COMPLAINT  
(INJUNCTIVE RELIEF SOUGHT)**

Plaintiffs Stephanie Kourembanas, Caridad Jean Baptiste, Cathy Mande, and Catharine Valley, on behalf of themselves and all others similarly situated, complain against Defendants InterCoast Colleges, d/b/a InterCoast Career Institute, as follows:

**Summary of the Action**

1. Plaintiffs, on their own behalves and as representative of a class consisting of former practical nursing (“LPN”) students who were enrolled at InterCoast Career Institute in Kittery or South Portland, Maine between 2011 and 2016, bring this action seeking recovery for unfair and deceptive trade practices, fraud, negligent misrepresentation, and breach of contract.

## Parties

2. Plaintiff Stephanie Kourembanas is a resident of Lynn, Massachusetts. She began her LPN studies at InterCoast in November 2014 and completed the program in February 2016.

3. Plaintiff Caridad Jean Baptiste is a native of Haiti and is now a resident of South Boston, Massachusetts. She began her LPN studies at InterCoast in June 2013 and remained a student there until InterCoast dismissed her from the program in September 2014.

4. Plaintiff Cathy Mande is a native of Congo and is now a resident of Charlestown, Massachusetts. She began her LPN studies at InterCoast in November 2014 and remained a student there until InterCoast dismissed her from the program in April 2015.

5. Plaintiff Catharine Valley is a resident of Ossipee, New Hampshire. She began her LPN studies at InterCoast in February 2014 and remained a student there until she completed the program in June 2015.

6. InterCoast Colleges (“InterCoast”) is a California corporation that operates for-profit post-secondary educational programs in a variety of fields, including medical assistant, paralegal, massage therapist, and substance abuse counselor studies. In Maine, InterCoast did business under the name of InterCoast Career Institute.

### **Jurisdiction and Venue**

7. This Court has jurisdiction of Plaintiffs' claims under 28 U.S.C. § 1332(d), as there is complete diversity of citizenship and the aggregate amount in controversy, considering the claims of all potential class members, is in excess of \$5,000,000, exclusive of interest and costs.

8. Venue is proper in this District as InterCoast operated its LPN program in Maine, all of the Plaintiffs traveled to Maine to participate in InterCoast's LPN program, and many of the operative facts arose in Maine.

### **Class Action Allegations**

9. Plaintiffs seek to maintain this action as a class action under Rule 23(b)(1), 23(b)(2), and/or 23(b)(3) of the Federal Rules of Civil Procedure.

10. The number of prospective class members — nursing students enrolled at InterCoast's LPN program in Maine between 2011 and 2016 — numbers between 250 and 300 individuals. The class is so numerous that joinder of all members is impracticable, as required by Rule 23(a)(1).

11. There are questions of law and fact common to the class, as required by Rule 23(a)(2). These include (a) whether InterCoast's practices in attracting, recruiting, and soliciting Plaintiffs and other class members for enrollment in its LPN Program were unfair and deceptive under applicable state laws, (b) whether InterCoast made intentional or negligent misrepresentations, including misrepresentations concerning its

accreditation status, upon which Plaintiffs and other class members relief in enrolling in the LPN Program, (c) whether InterCoast provided Plaintiffs and other class members with educational services that complied with minimal standards and/or the representations made by InterCoast, and (d) whether InterCoast unlawfully used the incentive of federal financial aid to lure Plaintiffs and other class members into its LPN Program, only to saddle them with student loan debt they cannot repay due to InterCoast's failure to provide them with accredited, quality educational services required to obtain necessary licenses and jobs.

12. As set forth below, the claims of the Plaintiffs are typical of the claims of the other members of the class, as required by Rule 23(a)(3).

13. The Plaintiffs will fairly and adequately protect the interests of the other class members, as required by Rule 23(a)(4). All Plaintiffs are prepared to participate actively in the litigation against InterCoast and represent the interests of others similarly situated.

### **FACTS COMMON TO ALL COUNTS**

#### **A. FOR-PROFIT COLLEGES**

14. InterCoast is one of approximately 2000 for-profit colleges in the country where enrolled students are eligible to receive federal financial aid through the United States Department of Education under Title IV of the Higher Education Act of 1965. These schools, also known as "proprietary

institutions of higher education,” are required by federal law to “prepare students for gainful employment in a recognized occupation.” 34 C.F.R. § 600.5; *see id.* § 668.8(d)(1)(iii).

15. For-profit colleges offer a wide array of programs. Many offer diplomas and associate’s degrees in vocational fields, such as medical billing, cosmetology, massage therapy, and web page design. These programs frequently require enrollment for one to two years.

16. In recent years the number of students attending for-profit colleges increased faster than the number of students attending traditional public and non-profit colleges and universities. Students at for-profit colleges are disproportionately older and drawn from lower income backgrounds than students at traditional public and non-profit colleges and universities.

17. Federal financial aid programs under Title IV have been a critical component of the rapid growth of for-profit colleges. Title IV programs include the Direct Loan Program, Stafford Loans, and the Pell Grant Program. Federal financial aid to for-profit colleges under these programs exceeds \$20 billion per year, with approximately 80% of this aid in the form of loans and 20% in the form of Pell Grants.

18. Under the federal Title IV loan programs, students receive loans for their education directly from the United States. Each for-profit college receives the loan proceeds and typically credits them to the student’s account

to pay for tuition and other charges. Students must repay these loans, including all applicable interest. The loans of InterCoast students have come directly from the United States since at least the 2012-2013 academic year.

19. For many years there have been concerns about extensive fraud and abuse committed by for-profit schools that take advantage of federal financial aid programs without giving students a useful education in return.

As the Congressional Research Service explained:

During the late 1980s and into the 1990s, the General Accounting Office (GAO), Congress, and Office of the Inspector General (IG) at the U.S. Department of Education conducted investigations of student aid programs and found evidence of extensive fraud and abuse; some of the worst examples of these practices were found at proprietary schools. . . . When default rates peaked nationwide in 1990, default rates at proprietary schools reached 41% compared with an overall default rate of 22%. Many proprietary schools were failing to provide students with a quality education or training in occupations with job openings, focusing instead on obtaining federal student aid dollars. As a result, students left proprietary institutions with no new job skills or few prospects of employment in their field of study and burdened with substantial loan debt. . . . [P]roprietary institutions that were overly dependent on Title IV revenue were considered institutions that were not providing a high quality education, and institutions that might be misusing federal dollars.

Congressional Research Service, *Institutional Eligibility & the Higher Education Act: Legislative History of the 90/10 Rule and Its Current Status* (updated Jan. 19, 2005), at 3-4, available at <http://www.policyarchive.org/handle/10207/bitstreams/1904.pdf>.

20. In 1992 these concerns led Congress to require for-profit colleges to derive a minimum percentage of their revenue from non-Title IV sources. The current version of this rule is commonly referred to as the “90/10 rule,” because for-profit colleges must derive at least 10% of their revenue from non-Title IV sources.

21. The 90/10 rule did not eliminate the problem of fraud and abuse at for-profit colleges, however. The problem has continued to grow as the number of students and the amount of federal financial aid going to for-profit schools has grown. The GAO studied a sample of 15 for-profit colleges (identified in part by focusing on schools that barely satisfied the 90/10 rule) and summarized key findings as follows:

Undercover tests at 15 for-profit colleges found that 4 colleges encouraged fraudulent practices and that all 15 made deceptive or otherwise questionable statements to GAO’s undercover applicants. Four undercover applicants were encouraged by college personnel to falsify their financial aid forms to qualify for federal aid—for example, one admissions representative told an applicant to fraudulently remove \$250,000 in savings. Other college representatives exaggerated undercover applicants’ potential salary after graduation and failed to provide clear information about the college’s program duration, costs, or graduation rate despite federal regulations requiring them to do so. . . . Programs at the for-profit colleges GAO tested cost substantially more for associate’s degrees and certificates than comparable degrees and certificates at public colleges nearby. A student interested in a massage therapy

certificate costing \$14,000 at a for-profit college was told that the program was a good value. However, the same certificate from a local community college cost \$520. *For-Profit Colleges – Undercover Testing Finds Colleges Encouraged Fraud and Engaged in Deceptive and Questionable Marketing Practices: Testimony Before the S. Comm. on Health, Educ., Labor, & Pensions* (Aug. 4, 2010) (statement of Gregory D. Kutz, Managing Director Forensic Audits & Special Investigations), *available at* <http://www.gao.gov/new.items/d10948t.pdf>.

22. Fraud and abuse by for-profit colleges, their frequent failure to provide an education remotely commensurate with their promises, and their high tuition bills remain subjects of great concern in Congress and throughout the country. Although some of these colleges may provide useful and fairly-priced educational services, many more are leaving students with nothing to show from their “education,” other than federal student loan debt. In promulgating new rules designed to address these problems, the U.S. Department of Education reported for the 2008 academic year that “46 percent of student loans (weighted by dollars) borrowed by students at two-year for-profit institutions are expected to go into default over the life of the loans, compared to 16 percent of loans borrowed by students across all types of institutions.” *Program Integrity: Gainful Employment—Debt Measures*, 76 Fed. Reg. 34,386, 34,387 (June 13, 2011).

23. The consequences of this federal student loan debt are severe and far reaching. As the Department of Education has explained:



Former students who are not gainfully employed and cannot afford to repay their loans face very serious challenges. Discharging Federal student loans in bankruptcy is very rare. The common consequences of default include large fees—collection costs that can add 25 percent to the outstanding loan balance—and interest charges; struggles to rent or buy a home, buy a car, or get a job; collection agency actions, including lawsuits and garnishment of wages; and the loss of tax refunds and even Social Security benefits. Moreover, borrowers in default are no longer entitled to any deferments or forbearances and may be ineligible for any additional student aid until they have reestablished a good repayment history. *Id.*

## **B. INTERCOAST COLLEGES.**

24. InterCoast operates for-profit college programs in several jurisdictions across the United States, with most of its programs located in the State of California.

25. InterCoast operated a practical nursing education program in Kittery, Maine (and, later, in South Portland, Maine) from approximately 2009 until it closed the program in early 2016 (“InterCoast LPN Program”).

26. The InterCoast LPN Program was a sham. It existed to make money without regard for the quality of education its students received in exchange. InterCoast provided little, if any, educational value to its students and failed to enhance their occupational qualifications or career prospects. Among other failings, InterCoast did not provide qualified faculty members to teach required courses, did not provide adequate clinical experiences for its

students, and did not adequately prepare its students for taking the National Council Licensing Examination for Practical Nurses (“NCLEX-PN”), which they had to pass to become LPNs and obtain work in their chosen field.

27. InterCoast nonetheless charged each enrolled student approximately \$36,000 to participate in its LPN Program, and financed this scheme by enrolling almost exclusively students who received federal financial aid in the form of federal student loans.

28. InterCoast played an extensive role in the financial aid process for Plaintiffs and potential class members, which included gathering and submitting the students’ necessary paperwork to the United States Department of Education. InterCoast worked to maximize the aid each student received from the federal government so as to maximize the number of students able to pay its high tuition. InterCoast treated the United States Department of Education as its cash source, with the students serving unwittingly as the means by which InterCoast enriched itself at the expense of both the students and the public fisc.

29. The InterCoast LPN Program was, and InterCoast overall continues to be, exceptionally dependent on federal financial aid programs.

30. In 2010, InterCoast opened the Kittery campus for its LPN Program in an effort to attract and enroll students from the Merrimack Valley and Greater Boston areas of Massachusetts. This pool of prospective

practical nursing students included many individuals who were unqualified, unable, or ineligible to attend existing LPN education programs in Massachusetts due to the more stringent entrance examination requirements utilized by these programs.

31. The InterCoast LPN Program targeted these students in northeastern Massachusetts with radio, video, and print advertisements that highlighted its Kittery campus and LPN Program offerings. Three video commercials concerning the LPN Program that feature a Maine telephone number or reference InterCoast's Kittery and South Portland campuses remain on the internet. <https://www.youtube.com/watch?v=F48ntEG-v7g>; <https://www.youtube.com/watch?v=g2oWe5e4MX0>; and <https://www.youtube.com/watch?v=kho2vOa8wO4>

32. In September 2010, InterCoast received approval from the Maine State Board of Nursing ("BON") for its LPN Program. According to 32 M.R.S. § 2101, the Maine BON "is the state regulatory agency charged with protection of the public health and welfare in the area of nursing service."

33. Under 32 M.R.S. §§ 2104 and 2153-A, the Maine BON has broad authority to evaluate and regulate nursing education programs in Maine to ensure compliance with state law, and to approve such programs that comply with the law. Further, section 2153-A provides the Maine BON with authority to establish the criteria and standards for nursing education

programs in Maine, and to deny or withdraw approval of programs if such criteria and standards are not satisfied. These criteria and standards are set forth in Chapter 7 of the Maine BON Rules, and include minimum standards for administration, faculty, students, curriculum, facilities, services, records, and program evaluation.

34. In July 2012, in response to student complaints, the Maine BON launched an investigation of the InterCoast LPN Program. The Maine BON investigation began with allegations concerning the poor quality of the clinical sites affiliated with the InterCoast LPN Program.

35. The Maine BON then became aware of additional problems at InterCoast, which included extremely low pass rates, in comparison to other nursing schools, and “naïve faculty” who were “unable to articulate a philosophy of LPN education.”

36. The Maine BON also received complaints from InterCoast students concerning the subpar education they received, the lack of qualified instructors, changes in grades (from passing to failing) without notice, and attempts to block students from viewing their exam results and grades.

37. In September 2012, the Maine BON voted to offer InterCoast a consent agreement pursuant to 32 M.R.S. § 2153-A(6), which would have the effect of placing the InterCoast LPN Program on probationary status.

38. The Maine BON and InterCoast then entered into a consent agreement in March 2013 (“Consent Agreement”), a true copy of which is attached as Exhibit 1. The Consent Agreement was designed to address InterCoast’s violations of Chapter 7 of the Maine BON Rules, including “concerns regarding the oversight of faculty and students, relationships between [InterCoast] and the clinical sites, and an apparent lack of structure or enforcement of structure” at the InterCoast LPN Program.

39. The Consent Agreement required InterCoast to make changes to its LPN Program so as to obtain “candidacy” status from the National League for Nursing Accrediting Commission (“NLNAC”) within twelve months, and to secure full accreditation from NLNAC within eighteen months.

40. In entering into the Consent Agreement, InterCoast acknowledged that failure to meet the Maine BON’s timelines for accreditation “shall result in the automatic revocation, without hearing or judicial review or appeal, of its certificate of approval for all of [its] LPN programs in the State of Maine . . . .”

41. Per the Consent Agreement, InterCoast also covenanted to provide the Maine BON, among other things, with the pass rates for each of its LPN Program’s classes, written quarterly reports concerning its progress toward obtaining NLNAC accreditation, and the credentials and date of hire for all members of the LPN Program faculty.

42. InterCoast's president, Geeta Brown, executed the Consent Agreement on March 4, 2013.

43. Despite the Consent Agreement, InterCoast still had failed to make the appropriate changes and obtain the necessary accreditation from NLNAC by August 2014. The Maine BON issued an Amended Consent Agreement, a true copy of which is attached as Exhibit 2, requiring InterCoast to comply with the accreditation requirement by January 2015.

44. A Second Amended Consent Agreement executed between the Maine BON and InterCoast, a true copy of which is attached as Exhibit 3, confirmed that InterCoast had failed to meet the accreditation and administrative requirements of the original Consent Agreement, and acknowledged InterCoast's decision to cease operations in Maine.

45. InterCoast began to wind down operations and completely ceased to operate in Maine by March 2016.

46. Although the InterCoast LPN Program was based in Maine, it drew many of its students from northeastern Massachusetts. The bulk of InterCoast's students were poor, relatively uneducated minority women from Massachusetts who viewed InterCoast as a means to become employed as an LPN quickly and easily.

47. The InterCoast LPN Program was attractive to Plaintiffs and other students because it (a) purported to provide an accredited program for

educating prospective LPNs, (b) had no wait list for admission, unlike most competing community colleges and state programs, (c) offered rolling admissions, with new students starting each quarter, (d) had more lenient entry criteria than competing schools, and (e) managed all of the logistics for taking out the necessary student loans, such that all students had to do was sign the loan documents provided to them by InterCoast.

48. InterCoast administrators told students that they would “make it right” if there ever were an issue with the program’s accreditation. This statement was an intentional or negligent misrepresentation.

49. After enrolling at the InterCoast LPN Program, many students were dismissed by InterCoast because of purposeful grade changes made by InterCoast’s Nursing Director, Andrea Gauntlett, or for other spurious reasons. Many students were unable to obtain proof of why they had been dismissed, and were unable to determine whether or not they passed courses.

50. Ms. Gauntlett and other InterCoast staff created a fearful environment and continually threatened to dismiss students from the program. This caused most students to refrain from speaking out due to the risk that anything they said could diminish their chances of graduating.

51. Each Plaintiff and most class members took out enormous student loans to cover InterCoast’s \$36,000 tuition. Yet few received a certificate for completing the program in the end, and even fewer passed the

NCLEX-PN. Those that did pass the NCLEX-PN typically relied on their own efforts to learn the material necessary to pass the test, as InterCoast offered no serious training or preparation to assist its practical nursing students in taking and passing the NCLEX-PN.

52. Between 2013 and 2015, the national first time NCLEX-PN pass rate was 82.65% (2013: 86.72%; 2015: 83.24%; 2015: 85.05%). For InterCoast's Maine students, it was 51.31% (2013: 75.5%; 2014: 42%; 2015: 36.44%). See <http://www.state.me.us/boardofnursing/NCLEX/2013-2015%20NCLEX%203%20Year%20Average%20Pass%20Rates.pdf>.

53. Throughout the period when InterCoast was having problems obtaining accreditation, it sugar-coated the issue in communicating with prospective and existing students, stating that receipt of NLNAC accreditation was a “mere formality.”

54. InterCoast's academic program was weak and did not meet basic standards for an LPN education program. The InterCoast LPN Program also failed to comply with LPN clinical requirements, i.e., internships and rotations in maternity, pediatrics, geriatrics, and mental health. Instead, InterCoast gave lip service to actual clinical experience, while mostly having its students watch videos.

55. Most competing community college LPN programs—such as Essex Community College or Middlesex Community College—required nine



months of study and cost approximately \$15,000 in tuition. By contrast, InterCoast's program required fifteen months of attendance and cost approximately \$36,000.

56. InterCoast used a "bait and switch" technique with Tuition Options, the third-party loan administrator for InterCoast and its students, so as to obtain student signatures on student loan documents to fund their enrollment in the LPN Program.

57. Between 2011 and 2015, InterCoast received \$78,182,973.00 in Federal Title IV of the HEA Funding (2011-2012: \$21,842,448; 2012-2013: \$21,863,507; 2013-2014: \$19,813,073; 2014-2015: \$14,663,945). See U.S. Department of Education, Annual Reports available at: <https://studentaid.ed.gov/sa/about/data-center/school/proprietary>.

58. Due to the substandard program provided by the InterCoast LPN Program, the certificates awarded to those fortunate enough to complete the program were essentially worthless. InterCoast LPN graduates attempting to enroll in a registered nursing ("RN") degree program have been routinely rejected due to InterCoast's lack of accreditation. Students in this position have had to "start over" to be educated in a combined LPN/RN program.

59. Plaintiffs and most members of the proposed class left InterCoast saddled with a large student loan debt as a direct result of InterCoast's scheme to generate revenue through federal financial aid programs. These

students lack the ability to become LPNs capable of earning the income necessary to pay off their indebtedness. This has resulted in student loan defaults, which can prevent qualification for other student loans to attend legitimate educational institutions in the future. Such student loan debt also can destroy students' credit ratings and impair their ability to pass workplace background checks for years into the future. Although InterCoast did well in earning money off its students, it did not serve their educational interests because its only concern was with profit, not education.

60. Plaintiffs all enrolled at the InterCoast LPN Program on the basis of its material misrepresentations about the quality and occupational benefits of the education it would provide them. Each took out thousands of dollars in federal student loans to pay for tuition at InterCoast, but none received a remotely adequate education in return. The Plaintiffs' experiences at the InterCoast LPN Program are typical of the many students who have attended InterCoast.

61. InterCoast, acting through the employees in its admissions and financial aid offices, among others, made these representations to prospective students about the quality of the InterCoast LPN Program to induce them to enroll and take out substantial student loans. These representations to prospective students were knowingly false. InterCoast did not fulfill its promises and obligations to the students who enrolled.

**C. EXPERIENCES OF THE PLAINTIFFS AT INTERCOAST.**

**Stephanie Kourembanas**

62. Stephanie Kourembanas enrolled in the InterCoast LPN Program on November 3, 2014.

63. Ms. Kourembanas initially identified InterCoast through a Google search. She was attracted by InterCoast's rolling admissions policy and the absence of any requirement to take or pass the Test of Essential Academic Skills ("TEAS") to gain admission to the LPN Program.

64. When she visited InterCoast to discuss enrolling in the LPN Program, Ms. Kourembanas was told that the program was accredited and that, upon completion of the program, she could sit for her boards and be able to work in Massachusetts or pursue higher education.

65. When Ms. Kourembanas asked questions about accreditation, InterCoast's representative told her that the school was already accredited, but was seeking a second, "higher level" of accreditation. The representative specifically told her that, if InterCoast did not receive this second level of accreditation, InterCoast would "make things right" and that she would not have to worry. The representative also told her that InterCoast's classes were taught at "an RN level," that the LPN Program was "amazing," and that InterCoast provided a great deal of help to its LPN students.

66. InterCoast arranged for Ms. Kourembanas to obtain student loans, for which her current indebtedness is approximately \$39,706. She received no grants or scholarships.

67. While enrolled at InterCoast, Ms. Kourembanas had to drive from Massachusetts to attend classes in Kittery or, later, South Portland (a 100-mile trip from her home) four days per week.

68. Toward the end of her educational programming at InterCoast, Ms. Kourembanas learned, with only two days' notice, that InterCoast would be closing the Kittery campus. InterCoast misrepresented that the reason for this closure was about the landlord's inability to remedy an HVAC issue.

69. After the Kittery campus closed, Ms. Kourembanas had to drive approximately 40 extra miles each way to attend the South Portland campus and finish her classes.

70. One month before completion of the program, InterCoast informed Ms. Kourembanas that it had made an error and that she owed additional money. It forced her to sign additional loan documents with Tuition Options, informing her that failure to sign those documents would prohibit her from sitting for the NCLEX test that is necessary to become licensed. Ms. Kourembanas complied with InterCoast's instructions, because she had no real choice at that point.

71. Although she passed the NCLEX-PN on her first attempt on March 25, 2016, Ms. Kourembanas accomplished this through her own individual efforts to prepare and study for this testing; InterCoast did not prepare her to pass the exam.

72. Ms. Kourembanas is current on her loan payments, but has been unable to pursue higher education, as she had hoped. The colleges to which she has applied are unwilling to accept her InterCoast credits due to the program's lack of accreditation. She has been told that she would have to start over to pursue the education she requires to become an RN. Her post-secondary education is on hold due to the hurdles erected by InterCoast.

**Caridad Jean Baptiste**

73. Caridad Jean Baptiste attended the InterCoast LPN Program from June 17, 2013 through September 2014, which was the month she should have graduated.

74. A friend introduced Ms. Jean Baptiste to InterCoast, and she was attracted by InterCoast's lack of a wait list and easy admission requirements.

75. She entered into a student loan arrangement engineered by InterCoast to pay for her tuition. She submitted a cash deposit with her application, took a \$20,000 federal student loan, took \$15,000 loan financed by Tuition Options, and had to pay another \$3,000 to repeat the third term.

76. Ms. Jean Baptiste successfully completed her first two terms at InterCoast with passing grades. She was forced to repeat the third term.

77. Prior to the examination at the conclusion of her fourth and final term in September 2014, InterCoast dismissed her for allegedly “failing standard,” based on charges that she had plagiarized a project.

78. Andrea Gauntlett, InterCoast’s Nursing Program Director, was instrumental in terminating Ms. Jean Baptiste’s education at InterCoast. Ms. Gauntlett specifically complained about the fact that English was Ms. Jean Baptiste’s second language.

79. The clinical classes for which Ms. Jean Baptiste paid InterCoast were deeply inadequate. She received hardly any actual experience in a clinical setting and was left completely unprepared to become an LPN.

80. To pay off the \$35,000 she borrowed to attend InterCoast, Ms. Jean Baptiste has been repaying the loan at the rate of \$315 per month, despite never receiving her certificate and having nothing to show for her time in the InterCoast LPN Program.

**Cathy Mande**

81. Cathy Mande attended the InterCoast LPN Program for only one semester, November 2014 through April 2015.

82. Ms. Mande learned of InterCoast’s LPN Program through a friend. She was attracted to the program because there was no difficult entry

exam and InterCoast promised that she could become an LPN quickly through its fifteen-month program.

83. Ms. Mande paid approximately \$1,000 upfront, and took out student loans arranged by InterCoast to fund the remainder of her tuition. InterCoast arranged all of the loan paperwork, so all she had to do was sign.

84. During her attendance at InterCoast, Ms. Mande received nursing instruction from a faculty member that did not know the subject well. The instructor separated the class into two groups: one comprised of minority students, and the other of exclusively white students.

85. The InterCoast instructor ridiculed Ms. Mande and other minority students in her class for whom English was a second language, mocking their pronunciations of words. The instructor's negative treatment of Ms. Mande affected her personal life, as she was not able to eat well or focus on other aspects of her life due to the stress from school.

86. In April 2015, Ms. Mande sat for her final exam for the semester. She still has received no indication from InterCoast whether she passed the exam. InterCoast has not responded to any of her communications, other than to say she would receive a call back. She ceased attending after that semester given the negative experience she had endured.

87. Ms. Mande continues to pay for InterCoast. She was informed in June 2016 that she owed \$7,651, more than double the figure she had been

quoted initially. She continues to receive collection calls, including one threatening to take the money owed from her income tax refund.

88. Ms. Mande continues to make installment payments because she is afraid of getting in trouble with authority. She has two young boys to support, and does not want to jeopardize her sons' futures by refusing to pay. She has received notices informing her that if she does not pay on time, she will become responsible for late fees.

**Catharine Valley**

89. Catharine Valley attended the InterCoast LPN Program from March 24, 2014 until her graduation on June 22, 2015.

90. Ms. Valley learned of InterCoast through a radio advertisement.

91. She was attracted to InterCoast because it had no waiting list, unlike other programs to which she had applied, and because the admissions requirements were light. InterCoast's entry exam required her to spend only about three minutes filling out answers to twelve simple questions.

92. Ms. Valley inquired about InterCoast's accreditation status and was told that the "State" has accredited the program. InterCoast misrepresented that it was seeking a higher level of accreditation as "icing on the cake," and told her not to worry about it.

93. InterCoast arranged all of her financial aid, which included approximately \$26,000 in federal student loans. InterCoast's initial quote of a



\$150 per month payment plan has proved to be inaccurate. InterCoast has demanded an additional \$5,000 to obtain release of her transcript.

94. Ms. Valley completed all required coursework at InterCoast, earning a grade point average of 3.74.

95. Despite this, Ms. Valley has learned that none of her credits from the InterCoast LPN Program are transferable to an educational program for RNs because InterCoast lacked accreditation from any accrediting organization approved by the U.S. Department of Education.

96. Ms. Valley has paid a total of \$36,878 to InterCoast and continues to have student loan indebtedness she is being forced to repay, despite receiving no benefit from the InterCoast LPN Program.

### **All Plaintiffs**

97. Plaintiffs incurred substantial debt to pay for their education in the InterCoast LPN program. In the end, they were dismissed from the program, or were left unprepared to pass the NCLEX and become LPNs. Most Plaintiffs and potential class members have been unable to obtain work as LPNs, despite their InterCoast education.

98. Plaintiffs have suffered and continue to suffer financial injuries as a direct, foreseeable, and proximate result of Defendant's past and ongoing actions set forth above. Plaintiffs paid large sums of money to attend the InterCoast LPN Program, mostly by taking out large student loans.

99. In the absence of Defendant's actions, Plaintiffs would not have paid this money and taken out these loans and/or would have gained the necessary skills, knowledge, and experience to obtain gainful employment in their field of study allowing them to earn the income needed to manage their student loans.

100. As a direct, foreseeable, and proximate result of Defendant's actions, Plaintiffs have suffered additional financial injuries because they have lost past wages. Plaintiffs have devoted significant time to attend and study for classes at InterCoast. In the absence of Defendant's actions, Plaintiffs would otherwise have devoted that time to working at paying jobs.

101. As a direct, foreseeable, and proximate result of Defendant's actions, Plaintiffs have suffered additional financial injuries because they will lose future wages. In the absence of Defendant's actions, Plaintiffs would have received an education that enhanced their future earning capacity by allowing them to work in jobs in their field of study.

102. As a direct, foreseeable, and proximate result of Defendant's actions, Plaintiffs have suffered, and in the future will continue to suffer, humiliation, embarrassment, and mental and emotional distress.

103. In causing injury to Plaintiffs, Defendant acted intentionally, maliciously, and with willful, callous, wanton, and reckless disregard for Plaintiffs' rights.

104. Without relief, Plaintiffs are also likely to be injured by damaged credit. Plaintiffs are now required to make monthly payments that they cannot afford. If they default on their student loans it will substantially impair their ability to get credit in the future. Such defaults will also substantially impair their ability to find new employment because credit reports are often used by employers as part of background checks.

105. On October 11, 2016, more than 30 days prior to the filing of this Complaint, undersigned counsel sent a notice letter as required by law to InterCoast's counsel, setting forth a written demand for relief, identifying the claimants involved, and reasonably describing the unfair and deceptive acts or practices relied upon, and the injuries suffered.

## **CAUSES OF ACTION**

### **COUNT I**

#### **(Violation of 5 Me. Rev. Stat. § 213, By All Plaintiffs)**

106. Plaintiffs reallege and incorporate by reference all of the allegations set forth in paragraphs 1 through 105 above.

107. The Maine Unfair Trade Practices Act ("UTPA") provides that "unfair or deceptive acts or practices in conduct of any . . . commerce are declared unlawful." Me. Rev. Stat. tit. 5, § 207.

108. The Maine UTPA provides for a private right of action by any purchaser of services where the seller has violated the proscription set forth

in section 207. Me. Rev. Stat. tit. 5, § 213.

109. By virtue of the foregoing, InterCoast violated the Maine UTPA by engaging in unfair and/or deceptive practices, including by misrepresenting the nature of the services offered in its LPN Program and the program's accreditation status, so as to cause Plaintiffs pecuniary loss and other damages.

**COUNT II**  
**(Violation of Massachusetts G.L. Ch. 93A,**  
**By Plaintiffs Kourembanas, Jean Baptiste, and Mande)**

110. Plaintiffs reallege and incorporate by reference all of the allegations set forth in paragraphs 1 through 109 above.

111. The Massachusetts Consumer Protection Act, also known as Chapter 93A, provides that “[u]nfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce are hereby declared unlawful.” Mass. Gen. Laws Ann. Ch. 93A, § 2.

112. By virtue of the foregoing, InterCoast violated Chapter 93A by engaging in unfair and deceptive acts or practices, including misrepresenting the nature of the services offered in its LPN Program and the program's accreditation status, so as to cause Plaintiffs Kourembanas, Jean Baptiste, and Mande pecuniary loss and other damages.

**COUNT III**  
**(Violation of N.H. Rev. Stat. § 358-A, By Plaintiff Valley)**

113. Plaintiffs reallege and incorporate by reference all of the allegations set forth in paragraphs 1 through 112 above.

114. Chapter 358-A:2 of the New Hampshire Revised Statutes Annotated provides: “It shall be unlawful for any person to use any unfair method of competition or any unfair or deceptive act or practice in the conduct of any trade or commerce within this state. Such unfair method of competition or unfair or deceptive act or practice shall include, but is not limited to . . . [r]epresenting that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have . . . ; [and] [a]dvertising goods or services with intent not to supply reasonably expectable public demand, unless the advertisement discloses a limitation of quantity . . . .”

115. By virtue of the foregoing, InterCoast violated Chapter 358-A of the New Hampshire Revised Statutes Annotated by engaging in deceptive acts and practices, including misrepresenting the availability and nature of the services offered in its LPN Program and the program’s accreditation status, so as to cause pecuniary loss and other damages to Plaintiff Valley.

**COUNT IV**  
**(Breach of Contract, By All Plaintiffs)**

116. Plaintiffs reallege and incorporate by reference all of the allegations set forth in paragraphs 1 through 115 above.

117. Each Plaintiff entered into a contractual relationship with InterCoast by virtue of enrolling in the InterCoast LPN Program.

118. As part of this contract, in exchange for payment of \$36,000 of tuition, InterCoast promised to provide Plaintiffs with an accredited program of nursing education sufficient to permit them to prepare for taking the NCLEX, become LPNs, and obtain work in the field of practical nursing.

119. Each Plaintiff paid the consideration—tuition payments demanded by InterCoast—as required by the contract.

120. InterCoast breached the contract, however, by failing to provide Plaintiffs with an accredited educational program of sufficient quality to prepare them for taking the NCLEX, become LPNs, and obtain work in the field of practical nursing.

121. As a direct and proximate result of this breach, Plaintiffs have suffered and will continue to suffer economic damages. All Plaintiffs have incurred significant expense to pay the required tuition charges, and are now faced with substantial student loan debt, without the benefit promised to them under the contract.

**COUNT V**  
**(Fraudulent Inducement to Contract, By All Plaintiffs)**

122. Plaintiffs reallege and incorporate by reference all of the allegations set forth in paragraphs 1 through 121 above.

123. InterCoast, to induce Plaintiffs to enter into contracts to enroll in the InterCoast LPN Program, made positive statements of fact regarding the quality and content of the education it would provide, and the accreditation status of the program, that were false, material to the contract, and relied upon by Plaintiffs in deciding to enroll.

124. InterCoast knew that its statements regarding the quality and content of the education it promised to provide to Plaintiffs, and the program's accreditation status, were false at the time they were made and did not intend to satisfy the statements at the time they were made.

125. Plaintiffs' justifiably relied on these misrepresentations to their detriment by enrolling in and paying to attend the InterCoast LPN Program.

**COUNT VI**  
**(Intentional Misrepresentation, By All Plaintiffs)**

126. Plaintiffs reallege and incorporate by reference all of the allegations set forth in paragraphs 1 through 125 above.

127. InterCoast falsely represented to Plaintiffs that its LPN Program was or would become accredited by NLCAC, and would provide nursing

education of a sufficient quality to permit them to prepare for taking the NCLEX, become LPNs, and obtain work in the field of practical nursing.

128. InterCoast made these misrepresentations with knowledge of their falsity or in reckless disregard of whether they were true or false for the purpose of inducing Plaintiffs to enroll in the InterCoast LPN Program.

129. Plaintiffs' justifiably relied on these misrepresentations to their detriment when they enrolled in and paid for the InterCoast LPN Program.

**COUNT VII**  
**(Negligent Misrepresentation, By All Plaintiffs)**

130. Plaintiffs reallege and incorporate by reference all of the allegations set forth in paragraphs 1 through 129 above.

131. InterCoast had a pecuniary interest in the enrollment of Plaintiffs in its LPN Program.

132. InterCoast supplied false information to Plaintiffs when it stated that its LPN Program was or would become accredited by NLCAC, and would provide nursing education of a sufficient quality to permit them to prepare for taking the NCLEX, become LPNs, and become gainfully employed.

133. InterCoast failed to exercise reasonable care or competence to verify that its LPN Program was or would become accredited by NLCAC, and would provide quality nursing education sufficient to permit them to prepare for taking the NCLEX, become LPNs, and obtain gainful employment.



134. Plaintiffs justifiably relied upon this false information when they enrolled in and paid the costs for the InterCoast LPN Program.

### **PRAYER FOR RELIEF**

WHEREFORE, Plaintiffs respectfully pray that the Court grant it the following relief:

(1) Enter a declaratory judgment that the foregoing acts, policies, and practices of the InterCoast LPN Program violated the applicable state consumer protection acts; constituted breach of contract; constituted fraudulent inducement to contract; constituted intentional misrepresentation; and constituted negligent misrepresentation;

(2) Enter an injunction directing InterCoast and its directors, officers, agents and employees to take all affirmative steps necessary to remedy the effects of the conduct described in this Complaint, including but not limited to requiring InterCoast to pay off the balances remaining due on the student loans of Plaintiffs and all those similarly situated;

(3) Award compensatory damages to Plaintiffs, and all those similarly situated, in an amount to be determined by the jury that would fully compensate Plaintiffs for their injuries caused by InterCoast's conduct, including but not limited to the compensation for the funds Plaintiffs have paid out-of-pocket for tuition at InterCoast;

(4) Award punitive damages to Plaintiffs, and all those similarly situated, in an amount to be determined by the jury that would punish InterCoast for the willful, wanton, and reckless conduct alleged in this Complaint so as to effectively deter similar conduct in the future;

(5) Award Plaintiffs their reasonable attorneys' fees and costs;

(6) Award prejudgment interest to Plaintiffs; and

(7) Order such other relief as this Court deems just and equitable.

## DEMAND FOR JURY TRIAL

Plaintiffs request trial by jury as to all issues in this case that are so triable by right.

Dated: August 29, 2017

Respectfully submitted,

/s/ James Clifford

James Clifford

[james@cliffordclifford.com](mailto:james@cliffordclifford.com)

/s/ Andrew P. Cotter

Andrew P. Cotter

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/s/ Richard L. O'Meara

Richard L. O'Meara

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MURRAY, PLUMB & MURRAY  
75 Pearl Street, P.O. Box 9785  
Portland, ME 04104-5085  
(207) 773-5651

Counsel for Plaintiffs

# Complaint Exhibit 1

IN RE: InterCoast Career Institute South Portland & Kittery, ME	) ) ) )	CONSENT AGREEMENT REGARDING CERTIFICATE OF APPROVAL OF LPN PROGRAM
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## INTRODUCTION

This document is a Consent Agreement that concerns the certificate of approval for the Practical Nursing Programs (LPN) of InterCoast Career Institute (ICCI) located in Kittery and South Portland, Maine. The parties to this Agreement are ICCI, the Maine State Board of Nursing ("Board") and the Office of the Attorney General, State of Maine. The parties enter into this Agreement pursuant to 32 M.R.S. § 2105-A (1-A) (B) and § 8003(5) (B).

## FACTS

1. Title 32 M.R.S. § 2101 provides that the Board "is the state regulatory agency charged with protection of the public health and welfare in the area of nursing service."
2. Title 32 M.R.S. §§2104 and 2153-A provide the Board with broad authority to evaluate and regulate nursing educational programs offered within the State of Maine. Section 2104(1) requires that any institution that intends to conduct "a nursing education program to prepare professional or practical nurses must apply to the board and submit evidence that:"
  - A. It is prepared to carry out the prescribed professional nursing curriculum or the prescribed curriculum for practical nursing, as the case may be; and
  - B. It is prepared to meet other standards as established by this chapter and by the board.

Section 2104(2) requires that the executive director of the Board or "other authorized appointee of the board" conduct a survey of any proposed nursing education program and submit a written report to the Board for approval or non-approval of the program. In addition, section 2104(2) imposes a duty upon the Board to from "time to time as determined necessary ... survey all nursing educational programs in the State." Finally, section 2104(2) requires the Board to take action upon receipt of a negative survey report:

If the board determines that an approved nursing education program is not maintaining the standards required by statute and by the board, notice in writing specifying the defect or defects must be immediately given to the institution conducting the program. If a program fails to correct these conditions to the satisfaction of the board within a reasonable time, the board shall take appropriate action pursuant to section 2153.

Section 2153-A provides the Board with the authority to set curricula and standards for nursing educational programs; conduct surveys of nursing educational programs; approve nursing educational programs; and deny or withdraw approval of nursing educational programs. The following subsections of section 2153-A provide:

3. Curricula. [The Board] [m]ay prescribe curricula and standards for educational programs preparing individuals for licensure under this chapter.

4. **Surveys.** [The Board] [m]ay provide for surveys of the programs described in subsection 3 as it determines necessary.
  5. **Approval.** [The Board] [m]ay approve such nursing educational programs within the State as meet the requirements of this chapter and of the board;
  6. **Denial.** [The Board] [m]ay place nursing educational programs on probation, or warn, or deny, condition, withdraw or discontinue approval from nursing educational programs for failure to meet approved curricula or other standards as established by this chapter or pursuant to law.
3. Title 32 M.R.S. § 2153-A (1) gives the Board broad authority to adopt rules, as it considers expedient, "for the transaction of the business of the board and the government and management of its affairs."
  4. Board Rule Chapter 7 outlines the process for the approval/withdrawal of approval of nursing educational programs. In general, this process involves the initial development of a program and submission of evidence to the Board regarding the proposed program; an initial application to the Board for approval to initiate a nursing educational program; and continuing approval of a nursing educational program based upon written reports following site visits (surveys). In addition, Chapter 7 establishes the criteria each nursing educational program must meet for approval by the Board. The criteria include minimum standards for administration, faculty, students, curriculum, resources (facilities and services), records (reports and bulletins), and evaluation of the program.
  5. ICCI is an entity that is incorporated in the State of California, and which owns and operates an educational facility for aspiring practical nurses (LPNs). The Board initially approved ICCI to conduct a nursing educational program to prepare practical nurses for examination and licensure on June 3-4, 2009. At that time, the Board declined to provide full approval to ICCI's LPN educational program as a result of concerns identified during visits by designated Board members of clinical sites used by ICCI. On September 1, 2010, the Board reviewed subsequent site visit reports and voted to grant ICCI full approval of ICCI's practical nursing program.
  6. On February 17, 2012, the Board received a letter from Cynthia S. Brodle, MS/RN, Esquire indicating that she was no longer the Program Director for ICCI's practical nursing program. According to that letter, Doreen Hunt, BSN/MSN/RN would be acting as the Interim Director for ICCI.
  7. On July 20, 2012, the Board received two anonymous complaints regarding ICCI, each alleging issues with its practical nursing program. On July 30, 2012, the Board sent copies of the complaints to Doreen Hunt, RN, Interim Director for ICCI, and requested a written response.
  8. On July 9 - 27, 2012, Board members Susan Baltrus, MSN/RN and Margaret Hourigan, RN/EdD and Board staffer Virginia deLorimier, MSN/RN conducted telephonic interviews of staff at the clinical sites affiliated with ICCI's practical nursing program. In general, they found that all clinical sites affiliated with ICCI reported minimal paperwork (no syllabi or possibly one that is outdated), few contracts, rarely a skills checklist, and sometimes students and faculty just showing up for a new rotation without prior notice.
  9. On August 10, 2012, the Board received a written response from ICCI Interim Director Doreen Hunt to the two anonymous complaints. In its response, ICCI denied any issues with its practical nursing program and asserted that its application process was rigorous and its testing process monitored. ICCI asserted that it was committed to the integrity of the academic experience for its students.
  10. On August 12, 2012, the Board received a letter from Cynthia Brodle, Corporate Director of Nursing Education for ICCI, notifying the Board that Cynthia Lamontagne, BSN/MSN/RN had been appointed

Nursing Program Director at ICCI based in Kittery, Maine. In addition, that letter indicated that Doreen Hunt would resume her responsibilities as the Assistant Nursing Program Director at the South Portland location. According to Ms. Brodie, this change in the "plan of leadership will increase the level of student and faculty satisfaction, ensure optimal operational program standards and meet the standards set by the Maine Nurse Practice Act."

11. On August 21, 2012, the Executive Director for the Board sent a letter to Cynthia Lamontagne, Director of the Nursing Program for ICCI, together with information gathered during the interviews of staff at the clinical sites affiliated with ICCI's practical nursing program in July 2012, and requested a written response to the concerns raised by that information.
12. On August 22, 2012, the Executive Director for the Board sent a letter to Cynthia Lamontagne, Director of the Nursing Program for ICCI, together with memoranda of conversations between Board staffer Virginia deLorimier and an Instructor (Instructor A) for ICCI's LPN program, and requested a written response to the concerns raised by that information, which included:
  - Information regarding 4<sup>th</sup> term LPN students' clinical rotation at South Ridge Living and Rehabilitation.
  - Students were in the lounge watching television and doing crossword puzzles during a time they were supposed to be on the unit.
  - Instructor A's opinion that the students were immature and unprofessional and would not accept responsibility for their actions.
  - Instructor A gave all of the students a zero for the day and e-mailed the grades to ICCI administration.
  - All of the students left early one day and met with the Director of Nursing (DON) at ICCI, about the zero grades issued by Instructor A. Instructor A was not invited or present at this meeting.
  - Instructor A asked the DON what happened during the meeting and the DON indicated that it was her role to "hear both sides."
  - After this meeting, there was an ICCI staff meeting at which Instructor A was not present because she was not made aware of it beforehand.
  - Instructor A stated that nothing was going to happen to the students to whom she issued zero grades when they pay \$35,000 a year to attend ICCI's LPN program.
  - Several of the students have been making negative comments regarding the Instructor A on the Internet.
  - Following Instructor A's discussion of this matter with the Executive Director of the Board, she called and spoke with Cynthia Brodie, Corporate Director of Nursing Education for ICCI. Instructor A then e-mailed the student evaluations and grades to Ms. Brodie.
  - ICCI has made several position changes since Instructor A has worked for them. The changes were never communicated to the instructors and Instructor A had to ask more than once to whom she was supposed to report when the changes occurred.
  - ICCI provided proctored exams to prepare students to take the NCLEX, the national licensing exam. The exams are supposed to mimic the conditions students would face when taking the NCLEX and is supposed to be proctored by two instructors. On August 1, 2012, Instructor A proctored this exam by herself. Another faculty member was supposed to be remotely proctoring this exam as well, but she was also simultaneously teaching a class. One student hit a "back" button on the computer and wiped out the screen. Instructor A called the other faculty member to fix the issue, but the other faculty member was tied up teaching another student and could not immediately do so. The student left the exam in a huff (even though she was not supposed to). After the other faculty member had fixed the computer issue, she asked where the student was and Instructor A told her that the student had left. Instructor A stated that while proctoring the exam, she had no control over the students: they talked,

passed notes, and came and left as they pleased. The other faculty member located the student who had left and brought her back to continue with the proctored exam.

13. On September 4, 2012, the Board received a letter dated August 29, 2012 from Cynthia Brodie, Corporate Director of Nursing Education for ICCI, regarding the inspections and interviews of staff at the clinical sites affiliated with ICCI's practical nursing program in July 2012. In that letter, Ms. Brodie indicated that the "concerns expressed by our clinical affiliates are justifiable and can be explained but not excused; they will be addressed by administration." Ms. Brodie also indicated that she would attend the Board meeting on September 18, 2012 to provide what information she had available.
14. On September 4, 2012, the Board also received a letter dated August 31, 2012 from Cynthia Brodie, Corporate Director of Nursing Education for ICCI, regarding the information provided to the Board staff by Instructor A, RN, an instructor for ICCI's LPN program. In that letter, Ms. Brodie stated that "[Instructor A] is an exceptional clinical faculty member for whom I have a great deal of respect; she is an experienced nurse and well-respected by faculty and students." Ms. Brodie also indicated that she would be meeting with "nursing administration" during the next week to gather more information and expected to have input into "InterCoast's response and action plan."
15. On September 18, 2012, the Board met with Ms. Brodie and Ms. Kelly Michaud regarding the issues identified above. Following this meeting, the Board voted to offer ICCI a consent agreement in order to place ICCI's LPN education program on "probationary" status in accordance with 32 M.R.S. § 2153-A(6).
16. Following the Board's meeting on September 18, 2012, the Board's assigned legal counsel and ICCI's legal counsel engaged in discussions and negotiations regarding ICCI's LPN program and the effects of "probationary" status would have upon ICCI's ability to obtain "candidacy" status and accreditation through the National League for Nursing Accrediting Commission (NLNAC).
17. This Consent Agreement has been negotiated by and between the Board's assigned legal counsel and the legal counsel for ICCI in order to resolve this matter without further proceedings. Absent the Board's ratification of this Consent Agreement, the matter shall be investigated further in anticipation of a formal adjudicatory hearing.

#### COVENANTS

18. ICCI has furnished documentation to the Board concerning corrective actions that ICCI has reported it has taken to respond to the concerns noted by the Board. ICCI acknowledges that the Board has the discretion to place its LPN educational program on probationary status as a result of the information described in paragraphs 1-16 above, which involve concerns regarding the oversight of faculty and students, the relationships between ICCI and the clinical sites, and an apparent lack of structure or enforcement of structure. ICCI admits that such information violates the following sections and subsections of Board Rule Chapter 7:
  - a. Section 4: Administration; Subsection (f) Nurse administrators shall be responsible for:
    - ii. creation and maintenance of an environment conducive to teaching, learning, scholarly pursuits, and the sharing of faculty expertise through involvement in professional and community activities;
    - v. facilitation of faculty development and performance review; and
    - vi. recommendation of faculty appointment, promotion, tenure and retention.



- b. Section 5: Faculty; Subsection (f) Faculty shall be responsible for the following:
    - i. development, implementation and evaluation of the purpose, philosophy and objectives of the nursing program(s);
    - ii. design, implementation and evaluation of the curriculum;
    - iii. development and evaluation of student admission, progression, retention and graduation policies within the framework of graduation policies within the framework of the policies of the governing institution; and
    - iv. participation in academic advising and guidance of students;
    - v. evaluation of student achievement in terms of curricular objectives;
    - vi. participation in the selection, promotion and tenure of faculty; and
    - vii. provision for student and peer evaluation of teaching effectiveness.
  - c. Section 5: Faculty; Subsection (g) Personnel Policies. There shall be written personnel policies which promote the stability and retention of faculty. Job functions and responsibilities shall be defined in writing.
  - d. Section 8: Resources, Facilities and Services; Subsection (d). Appropriate written agreements with cooperating agencies shall be developed, maintained and mutually reviewed.
  - e. Section 10: Evaluation of the Program. Evaluation is a planned, ongoing activity directed toward the improvement of the program.
    - a. The faculty shall be responsible for determining and developing the methods and procedures to be used in measuring the extent to which the objectives of the program have been achieved and the philosophy is reflected.
    - b. The results of the self-appraisal shall be the basis for future action by the faculty in designing program improvement.
    - c. There shall be evidence that consideration has been given to incorporating the opinions of nursing administration, faculty, students, graduates and employers in the total evaluation process.
19. Candidacy Status and Accreditation by the NLNAC. In light of the acknowledgment in paragraph 18 above, and in lieu of probationary status, ICCI agrees and understands that upon the execution of this Consent Agreement, its LPN educational program shall:
- a. Obtain "candidacy" status by the National League for Nursing Accrediting Commission (NLNAC) within twelve (12) months following the execution of this Consent Agreement;
  - b. Obtain accreditation of its LPN program by the National League for Nursing Accrediting Commission (NLNAC) within eighteen (18) months of achieving candidacy status; and
  - c. After achieving accreditation, maintain accreditation of its LPN program by the National League for Nursing Accrediting Commission (NLNAC).



ICCI shall be solely responsible for the coordination of and all costs associated with meeting the foregoing requirements as well as any costs associated with achieving and maintaining candidacy and accreditation of ICCI's LPN program by the National League for Nursing Accrediting Commission (NLNAC).

20. Failure to Obtain Candidacy Status and Accreditation by the NLNAC. ICCI understands and agrees that its failure to obtain candidacy status and accreditation by the NLNAC within the specific time frames established in paragraph 19 above, shall result in the automatic revocation, without hearing or judicial review or appeal, of its certificate of approval for all of ICCI's LPN programs in the State of Maine unless:
- a. Prior to the expiration of the specific time frames established in paragraph 19 above, ICCI notifies the Board in writing of circumstances – not the result of ICCI's action or inaction – that may lead to ICCI's failure to obtain candidacy status and accreditation by the NLNAC within the specific time frames established in paragraph 19 above; and
  - b. The Board in its sole discretion determines that ICCI's failure to obtain candidacy status and accreditation by the NLNAC within the specific time frames established in paragraph 19 above was not the result of any action or inaction by ICCI. Any determination by the Board regarding this issue does not require an adjudicatory hearing and is not subject to judicial review or appeal.

If the Board, in its sole discretion, agrees to extend the time frames established in paragraph 19 above, it may offer a written amendment to this Consent Agreement to accomplish that purpose.

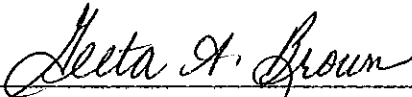
21. ICCI Reports to the Board. ICCI agrees and understands that it will comply with the following specific reporting requirements:
- c. ICCI shall provide the Board with the pass rates of each LPN class;
  - d. ICCI shall provide the Board with written quarterly reports detailing the progress it is making towards acquiring candidacy status and accreditation by the National League for Nursing Accrediting Commission (NLNAC);
  - e. ICCI shall provide the Board with the credentials and the date of hire for all faculty; and
  - f. ICCI shall provide the Board with an organizational chart depicting the current relationships of authority and responsibility and channels of communication.
22. ICCI Cooperation with the Board. In accordance with 32 M.R.S. §§ 2104 and 2153-A, ICCI agrees to:
- a. Submit its LPN programs to random site inspections by the Board or its agent(s);
  - b. Cooperate with the Board or its agent(s) during any random site inspections of its LPN programs;
  - c. Permit its faculty and students to be interviewed by the Board or its agent(s) during any random site inspection and/or investigation of its LPN programs.
23. Pursuant to 32 M.R.S. § 2153-A (6) and 10 M.R.S. § 8003(5), any violation by ICCI of any of the terms or conditions of this Consent Agreement other than the terms and conditions identified in paragraph 20 above, shall constitute grounds for the Board, following an adjudicatory hearing pursuant to Title 5 M.R.S. Chapter 375, to revoke the Certificate of Approval issued to ICCI for its LPN program.



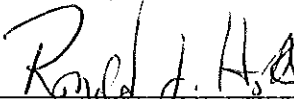
- 24. This Consent Agreement constitutes final, non-appealable action regarding ICCI's Certificate of Approval from the Board to provide an LPN educational program in this State. This Consent Agreement cannot be amended orally. This Consent Agreement may only be amended or rescinded in writing by agreement of all the parties.
- 25. This Consent Agreement is a public record within the meaning of 1 M.R.S. § 402 and will be available for inspection and copying by the public pursuant to 1 M.R.S. § 408.
- 26. ICCI understands that it does not have to execute this Consent Agreement and that it has the right to consult with an attorney before entering into this Consent Agreement.
- 27. For the purposes of this Consent Agreement, the term "execution" shall mean the date on which the final signature is affixed to this Consent Agreement.

I, GEETA BROWN, HAVE READ AND UNDERSTAND THE FOREGOING CONSENT AGREEMENT. I UNDERSTAND THE EFFECT IT WILL HAVE ON ICCI'S CERTIFICATE OF APPROVAL. I UNDERSTAND THAT BY SIGNING IT, ICCI WAIVES CERTAIN RIGHTS. I SIGN IT VOLUNTARILY, KNOWINGLY, AND INTELLIGENTLY AND AGREE THAT ICCI WILL BE BOUND BY THIS AGREEMENT. I UNDERSTAND THAT THIS CONSENT AGREEMENT CONTAINS THE ENTIRE AGREEMENT AND THERE IS NO OTHER AGREEMENT OF ANY KIND.

DATED: 3/4/2013


  
\_\_\_\_\_  
FOR ICCI  
GEETA BROWN  
PRESIDENT, ICCI

DATED: 3/7/13

  
\_\_\_\_\_  
RONALD L. HOLT, ESQ.  
ATTORNEY FOR ICCI

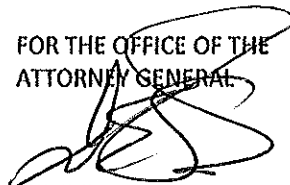
FOR THE MAINE STATE  
BOARD OF NURSING

DATED: 3/26/13

  
\_\_\_\_\_  
MARGARET HOURIGAN, RN, EdD, Chair

FOR THE OFFICE OF THE  
ATTORNEY GENERAL

DATED: 3/27/13

  
\_\_\_\_\_  
DENNIS E. SMITH  
Assistant Attorney General

Effective Date: 3/27/13

# Complaint Exhibit 2



Paul R. LePage  
GOVERNOR

STATE OF MAINE  
BOARD OF NURSING  
158 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0158

MYFA A. BROADWAY, J.D. M.S. N.D.  
EXECUTIVE DIRECTOR

IN RE: InterCoast Career Institute  
South Portland & Kittery, ME

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AMENDMENT TO THE  
CONSENT AGREEMENT  
REGARDING CERTIFICATE  
OF APPROVAL OF LPN PROGRAM

### INTRODUCTION

This document is an Amendment to the Consent Agreement that concerns the certificate of approval for the Practical Nursing Programs (LPN) of InterCoast Career Institute (ICCI) located in Kittery and South Portland, Maine. The parties to this Amendment are ICCI, the Maine State Board of Nursing (Board) and the Office of the Attorney General, State of Maine. The parties enter into this Amendment pursuant to 32 M.R.S. §2105-A (1-A)(B) and §8003(5)(B).

### FACTS

1. Title 32 M.R.S. §2101 provides that the Board "is the state regulatory agency charged with protection of the public health and welfare in the area of nursing service."
2. Title 32 M.R.S. §§2104 and 2153-A provide the Board with broad authority to evaluate and regulate nursing educational programs offered within the State of Maine.
3. On March 27, 2013, the parties entered into a Consent Agreement regarding ICCI's certificate of approval of its Licensed Practical Nursing ("LPN") program. The Consent Agreement required, among other things, that:
  - a. ICCI obtain "candidacy" status of its LPN program by the National League for Nursing Accrediting Commission (NLNAC) within twelve (12) months following the execution of the Consent Agreement;
  - b. ICCI obtain accreditation of its LPN program by the National League for Nursing Accrediting Commission (NLNAC) within eighteen (18) months of achieving candidacy status; and
  - c. ICCI maintain accreditation of its LPN program by the National League for Nursing Accrediting Commission (NLNAC).
  - d. ICCI's certificate of approval would be automatically revoked for failure to obtain candidacy status and accreditation by the NLNAC within the previously identified time frames unless:
    - (i) Prior to the expiration of the specific time frames established in paragraph 19 above, ICCI notifies the Board in writing of circumstances – not the result of ICCI's action or inaction – that may lead to ICCI's failure to obtain candidacy status and accreditation by the NLNAC within the specific time frames established in paragraph 19 above; and
    - (ii) The Board in its sole discretion determines that ICCI's failure to obtain candidacy status and accreditation by the NLNAC within the specific time frames established in paragraph 19 above was not the result of any action or inaction by ICCI. Any determination by the Board regarding this issue does not require an adjudicatory hearing and is not subject to judicial review or appeal.



STATE OF MAINE BOARD OF NURSING

OFFICES LOCATED AT 161 CAPITOL ST., AUGUSTA, ME  
<http://www.maine.gov/board-of-nursing>

PHONE: (207) 687-1133

FAX: (207) 687-1146

*If the Board, in its sole discretion, agrees to extend the time frames established in paragraph 19 above, it may offer a written amendment to this Consent Agreement to accomplish that purpose.*

4. On or about March 24, 2014, ICCI was notified by the Accreditation Commission for Education in Nursing (ACEN), the successor organization to the NLNAC, that its application for candidacy status had been "deferred" based upon two comprehensive independent reviews that indicated non-compliance with ACEN Accreditation standards.
5. On or about April 15, 2014, ICCI, through its legal counsel, notified the Board that it would not achieve candidacy status by March 27, 2014 as required by the March 27, 2013 Consent Agreement. In addition, ICCI requested an opportunity to demonstrate that its failure to achieve candidacy status was not due to its own action or inaction.
6. On July 15, 2014, the Board held a special meeting to allow ICCI and its staff to make presentations with regard to ICCI's failure to achieve candidacy status. At the conclusion of the special meeting, the Board made the following specific findings of fact:
  - a. That ICCI violated the March 27, 2013 Consent Agreement by failing to achieve candidacy status with the NLNAC/ACEN within twelve (12) months following the execution of the Consent Agreement; and
  - b. That ICCI had failed to demonstrate that its failure to achieve candidacy status with the NLNAC/ACEN was not the result of its own action or inaction.

*After making the foregoing specific findings of fact, the Board voted to stay the automatic revocation of ICCI's certificate of approval for thirty (30) days and offer ICCI this Amendment to the March 27, 2013 Consent Agreement.*

7. Unless ICCI accepts this Amendment to the March 27, 2013 Consent Agreement by signing, dating and returning it to the Maine State Board of Nursing, 158 State House Station, Augusta, Maine 04333-0158 on or before August 15, 2014, ICCI's certificate of approval for its LPN program shall be revoked.

#### AMENDMENT

8. In lieu of the Board's immediate revocation of ICCI's certificate of approval for its LPN program, ICCI agrees to the following amendment to paragraphs 19 and 20 of the March 27, 2013 Consent Agreement:

Paragraph 19: Candidacy Status and Accreditation by the NLNAC, in light of the acknowledgment in paragraph 18 above, and in lieu of probationary status, ICCI agrees and understands that upon the execution of this Amendment to Consent Agreement, its LPN educational program shall:

- a. Obtain "candidacy" status by the Accreditation Commission for Education in Nursing (ACEN) or its successor organization on or before January 31, 2015;
- b. Obtain accreditation of its LPN program by Accreditation Commission for Education in Nursing (ACEN) or its successor organization within eighteen (18) months of achieving candidacy status;
- c. Provide all current and prospective students of ICCI's LPN program with a "disclosure statement" (whose form and method of publication shall be pre-approved by the Board) that ICCI's failure to achieve candidacy status with ACEN on or before January 31, 2015 and/or accreditation with the ACEN within eighteen (18) months of achieving candidacy status will result in the revocation of its certificate of approval and closure of the school; and

- d. After achieving accreditation, maintain accreditation of its LPN program by the Accreditation Commission for Education in Nursing (ACEN) or its successor.

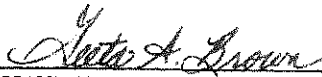
ICCI shall be solely responsible for the coordination of and all costs associated with meeting the foregoing requirements as well as any costs associated with achieving and maintaining candidacy and accreditation of ICCI's LPN program by the Accreditation Commission for Education in Nursing (ACEN) or its successor organization.

Paragraph 20: Failure to Obtain Candidacy Status and Accreditation by the ACEN or its successor organization. ICCI understands and agrees that its failure to obtain candidacy status and accreditation by the ACEN or its successor organization within the specific time frames established in paragraph 19 above, shall result in the automatic administrative revocation (such authority hereby delegated to Board staff without requirement of further deliberation by the Board), without hearing or judicial review or appeal, of its certificate of approval for all of ICCI's LPN programs in the State of Maine. Such a revocation shall be made pursuant to the powers granted to the Board under 32 M.R.S. §2153-A (6).

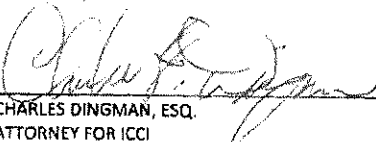
9. ICCI understands and agrees that, other than the amendments described above in paragraph 8 of this Amendment, all other terms and conditions of the March 27, 2013 Consent Agreement Regarding Certificate of Approval of LPN Program remain in full force and effect.
10. ICCI further understands that this Amendment, along with the March 27, 2013 Consent Agreement Regarding Certificate of Approval of LPN Program, constitutes final, non-appealable action regarding ICCI's Certificate of Approval from the Board to provide an LPN educational program in this State.
11. This Amendment is a public record within the meaning of 1 M.R.S. §402 and will be available for inspection and copying by the public pursuant to 1 M.R.S. §408-A.
12. ICCI understands that it does not have to execute this Amendment and that it has the right to consult with an attorney before entering into this Amendment.
13. ICCI has been represented by Attorney Charles Dingman, Esq., who has participated in the negotiation of this Amendment.

I, GEETA BROWN, HAVE READ AND UNDERSTAND THE FOREGOING CONSENT AGREEMENT. I UNDERSTAND THE EFFECT IT WILL HAVE ON ICCI'S CERTIFICATE OF APPROVAL. I UNDERSTAND THAT BY SIGNING IT, ICCI WAIVES CERTAIN RIGHTS. I SIGN IT VOLUNTARILY, KNOWINGLY, AND INTELLIGENTLY AND AGREE THAT ICCI WILL BE BOUND BY THIS AGREEMENT. I UNDERSTAND THAT THIS CONSENT AGREEMENT CONTAINS THE ENTIRE AGREEMENT AND THERE IS NO OTHER AGREEMENT OF ANY KIND.

DATED: 8/13/14

  
FOR ICCI - GEETA BROWN  
PRESIDENT, ICCI


DATED: 8/13/2014

  
CHARLES DINGMAN, ESQ.  
ATTORNEY FOR ICCI

InterCoast Career Institute – Amendment to Consent Agreement Regarding Certificate of Approval of LPN Program  
Page 4 of 4

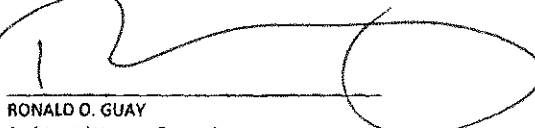
FOR THE MAINE STATE BOARD OF NURSING

DATED: 8/15/14

  
MARGARET HOURIGAN, RN, EdD  
CHAIR PRO TEM

FOR THE OFFICE OF THE ATTORNEY GENERAL

DATED: 8/15/14

  
RONALD O. GUAY  
Assistant Attorney General

Effective Date: 8/15/14

# Complaint Exhibit 3

**IN RE: InterCoast Career Institute**  
South Portland & Kittery, ME

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**SECOND AMENDMENT TO THE  
CONSENT AGREEMENT  
REGARDING CERTIFICATE  
OF APPROVAL OF LPN  
PROGRAM**

## INTRODUCTION

This document is the Second Amendment to the Consent Agreement that concerns the certificate of approval for the Practical Nursing Programs (LPN) of InterCoast Career Institute (ICCI) located in Kittery and South Portland, Maine. The parties to this Amendment are ICCI, the Maine State Board of Nursing ("Board") and the Office of the Attorney General, State of Maine. The parties enter into this Amendment pursuant to 32 M.R.S. § 2105-A (1-A) (B) and § 8003(5)(B).

## FACTS

1. Title 32 M.R.S. § 2101 provides that the Board "is the state regulatory agency charged with protection of the public health and welfare in the area of nursing service."
2. Title 32 M.R.S. §§2104 and 2153-A provide the Board with broad authority to evaluate and regulate nursing educational programs offered within the State of Maine.
3. On March 27, 2013, the parties entered in to a Consent Agreement (Consent Agreement) regarding ICCI's certificate of approval of its Licensed Practical Nursing ("LPN") program. The Consent Agreement required, among other things, that:
  - a. ICCI obtain "candidacy" status of its LPN program by the NLNAC within twelve (12) months following the execution of the Consent Agreement;
  - b. ICCI obtain accreditation of its LPN program by the NLNAC within eighteen (18) months of achieving candidacy status with NLNAC; and
  - c. ICCI maintain accreditation of its LPN program by the NLNAC;
  - d. ICCI's certificate of approval be automatically revoked for failing to obtain candidacy status and accreditation within the previously identified time frame unless:
    - (i) Prior to the expiration of the specific time frames established in paragraph 19 above, ICCI notified the Board in writing of circumstances – not the result of ICCI's action or inaction – that lead to ICCI's failure to obtain candidacy status and accreditation by the NLNAC within the specific time frames; and
    - (ii) The Board in its sole discretion determined that ICCI's failure to obtain candidacy status and accreditation by the NLNAC within the specific time frames established was not the result of any action or inaction by ICCI. Any determination by the Board regarding this issue did not require an adjudicatory hearing and is not subject to judicial review or appeal. If the Board, in its sole discretion, agreed to extend the time frames established, it could offer a written amendment to the Consent Agreement to accomplish that purpose.

4. On or about March 24, 2014, ICCI was notified by the Accreditation Commission for Education in Nursing (ACEN), the successor organization to the NLNAC that its application for candidacy status had been “deferred” based upon two comprehensive independent reviews that indicated non-compliance with ACEN Accreditation standards.
5. On or about April 15, 2014, ICCI, through its legal counsel, notified the Board that it would not achieve candidacy status by March 27, 2014 as required by the Consent Agreement. In addition, ICCI requested an opportunity to demonstrate that its failure to achieve candidacy status was not due to its own action or inaction.
6. On July 15, 2014, the Board held a special meeting to allow ICCI and its staff to make presentations with regard to ICCI’s failure to achieve candidacy status. At the conclusion of the special meeting, the Board made the following specific findings of fact:
  - a. That ICCI violated the Consent Agreement by failing to achieve candidacy status with the NLNAC/ACEN within twelve (12) months following the execution of the Consent Agreement; and
  - b. That ICCI had failed to demonstrate that its failure to achieve candidacy status with the NLNAC/ACEN was not the result of its own action or inaction.

After making the foregoing specific findings of fact, the Board voted to stay the automatic revocation of ICCI’s certificate of approval for thirty (30) days, and offer ICCI the First Amendment to the Consent Agreement.

7. On August 13, 2014 ICCI executed the First Amendment to the Consent Agreement extending the time allowed to achieve its accreditation.
8. In May of 2015 ICCI closed its Kittery location.
9. On or about January 29, 2015 ICCI achieved candidacy status with ACEN. Pursuant to the Consent Agreement, ICCI would have been required to achieve initial accreditation by July 29, 2016.
10. On September 11, 2015, ICCI’s Legal counsel informed the Office of the Attorney General of ICCI’s Senior Management’s business decision to consider voluntarily discontinuing the practical nursing program, and, on September 15, 2015, the institution communicated its decision to initiate a teach out of its current nursing students.

#### AMENDMENT

11. ICCI agrees to the following amendment to paragraphs 19 and 20 of the Consent Agreement:


Paragraph 19: ICCI agrees to voluntarily surrender its certificate of approval, such surrender to be effective on March 31, 2016. ICCI has ceased admission of nursing students and agrees to continue to not admit new students during the period prior to the effective date of its surrender.

Paragraph 20: ICCI agrees to submit to the Executive Director of the Board a plan for winding down the operations of the school allowing for the education of its current nursing students. The plan shall be submitted by ICCI to the Executive Director by October 23, 2015 for Executive Director approval, such approval not to be unreasonably denied. Failure to obtain approval by November 2, 2015 shall result in the scheduling of a hearing to adjudicate the immediate revocation of ICCI’s certificate of approval.

- 12. ICCI understands and agrees that, other than the amendments described above in paragraph 11 of this Amendment, all other terms and condition of the Consent Agreement Regarding Certificate of Approval of LPN Program remain in full force and effect.
- 13. ICCI further understands that this Amendment, along with the Consent Agreement Regarding Certificate of Approval of LPN Program, constitutes final, non-appealable action regarding ICCI's Certificate of Approval from the Board to provide an LPN educational program in this State.
- 14. This Amendment is a public record within the meaning of 1 M.R.S. § 402 and will be available for inspection and copying by the public pursuant to 1 M.R.S. § 408.
- 15. ICCI understands that it does not have to execute this Amendment and that it has the right to consult with an attorney before entering into this Amendment.
- 16. ICCI has been represented by attorney Ronald Holt, Esq., who has participated in the negotiation of this Amendment.

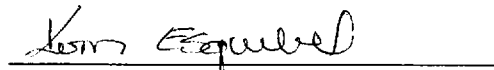
**I, GEETA BROWN, HAVE READ AND UNDERSTAND THE FOREGOING CONSENT AGREEMENT. I UNDERSTAND THE EFFECT IT WILL HAVE ON ICCI'S CERTIFICATE OF APPROVAL. I UNDERSTAND THAT BY SIGNING IT, ICCI WAIVES CERTAIN RIGHTS. I SIGN IT VOLUNTARILY, KNOWINGLY, AND INTELLIGENTLY AND AGREE THAT ICCI WILL BE BOUND BY THIS AGREEMENT. I UNDERSTAND THAT THIS AMMENDED CONSENT AGREEMENT CONTAINS THE ENTIRE AGREEMENT AND THERE IS NO OTHER AGREEMENT OF ANY KIND.**

DATED: 9/17/2015

  
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FOR ICCI  
GEETA BROWN  
PRESIDENT, ICCI

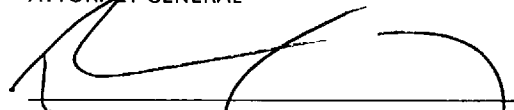
FOR THE MAINE STATE  
BOARD OF NURSING

DATED: 9/17/2015

  
\_\_\_\_\_  
KIM ESQUIBEL, PhD, MSN, RN  
Executive Director

FOR THE OFFICE OF THE  
ATTORNEY GENERAL

DATED: 9/17/15

  
\_\_\_\_\_  
RONALD O. GUAY  
Assistant Attorney General

Effective Date: 9/17/15