

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF HENNEPIN

FOURTH JUDICIAL DISTRICT

Case Type: Civil Other/Misc.

Court File No. 27-CV-14-12558

Judge James A. Moore

State of Minnesota,

Plaintiff,

**FINDINGS OF FACT,
CONCLUSIONS OF LAW,
AND ORDER**

vs.

Minnesota School of Business, Inc. d/b/a
Minnesota School of Business, and
Globe University, Inc. d/b/a Globe University,

Defendant.

The above-entitled matter came on for a Court Trial before the undersigned Judge of District Court at the Hennepin County Government Center from April 4, 2016 – April 26, 2016. Solicitor General Alan I. Gilbert, and Assistant Attorneys General Keala Ede, Kirsi Poupore, Jason Pleggenkuhle, Kathryn Landrum, Thomas Madison, and Adam Welle, appeared on behalf of Plaintiff, State of Minnesota, by its Attorney General, Lori Swanson. Attorneys Joseph W. Anthony, Brooke D. Anthony, Amelia Selvig, and Daniel Hall appeared for and on behalf of Defendants, Minnesota School of Business, Inc. d/b/a Minnesota School of Business and Globe University, Inc. d/b/a Globe University (“Defendants”). Testimony was taken and exhibits received into evidence. The Court allowed the parties’ a briefing schedule and took this matter under advisement upon receipt of the parties’ post-trial submissions.

INTRODUCTION

A case of this magnitude, complexity and importance deserves, at least, a brief introduction for the reader. The Findings of Fact and Conclusions of Law stated herein are the end product of many months of litigation, voluminous briefing and extensive evidence. To understand the claims and

this Court's resolution of them it is helpful to describe, briefly, the nature of the action and the claims and defenses involved.

This case involves claims of purported consumer fraud and deceptive trade practices brought by the Minnesota Attorney General on behalf of the State of Minnesota and the affected residents of the State. The suit alleges that various practices of the Defendants; two, for-profit universities with common ownership, were fraudulent or deceptive and therefore actionable under Minnesota Statutes. The arguments of the parties in this case present a stark contrast in opinion as to the value of for-profit, post-secondary education. The underlying disagreement on that point has shaped this litigation since its inception. The Court is certainly cognizant of the widespread criticism of the for-profit educational industry. It is important to note, however, that the Court is required to decide this case based on the facts presented at trial and the law that is applicable to those facts. The parties' arguments going to the broader questions of the value of the industry itself are better suited for the political arena. The Court will focus its attention of the facts adduced at trial and leave the policy debate to policymakers.

Thus, based upon the file, record, and proceedings herein, the Court makes the following:

FINDINGS OF FACT

I. THE PARTIES

A. The State of Minnesota

1. Plaintiff is the State of Minnesota, acting through the Attorney General, under the Attorney General's *parens patriae* authority.
2. The Attorney General is authorized to bring this action pursuant to the Attorney General-enforcement statutes (Minn. Stat. §§ 8.01 and 8.31). The Attorney General has authority to enforce these laws on behalf of the State pursuant to her common law *parens patriae* powers. *State v. Cross Country*

Bank, Inc., 703 N.W.2d 562, 569-70 (Minn. App. 2005); *State v. Ri-Mel, Inc.*, 417 N.W.2d 102, 112 (Minn. App. 1987); see *Head v. Special Sch. Dist. No. 1*, 182 N.W.2d 887, 892 (Minn. 1970).

3. This Attorney General enforcement action is equitable in nature and therefore has proceeded as a bench trial. *State v. Alpine Air Prods., Inc.*, 490 N.W.2d 888, 895 (Minn. App. 1992), *aff'd* 500 N.W.2d 788 (Minn. 1993).

B. Defendants Minnesota School of Business and Globe University

4. Defendant Globe University, Inc. d/b/a Globe University ("Globe") is a Minnesota corporation with its principal place of business located at 8089 Globe Drive in Woodbury, Minnesota. Globe was founded in 1885. (Trial Tr. at 66 (Apr. 14, 2016 PM).)
5. Defendant Minnesota School of Business, Inc. d/b/a Minnesota School of Business ("MSB") is a Minnesota corporation with its principal place of business located at 8089 Globe Drive in Woodbury, Minnesota. MSB was founded in 1877. (Trial Tr. at 66 (Apr. 14, 2016 PM).)
6. Collectively, MSB and Globe are for-profit, post-secondary education institutions that operate within Minnesota. Defendants characterize themselves as career training schools, also known as career colleges that train students for employment in particular careers. (Trial Tr. at 27, 36 (Apr. 13, 2016 AM).) Defendants offer certificates, diplomas, associate's degrees, bachelor's degrees, master's degrees, and doctoral degrees in more than thirty programs. (Trial Tr. at 27 (Apr. 13, 2016 AM).)
7. Defendants are separate corporate entities. (Trial Tr. at 66-67 (Apr. 14, 2016 PM).) Defendants keep separate financial records and file separate tax returns.

(*Id.* at 67.) Defendants are each separately registered with the Minnesota Office of Higher Education (“OHE”).

8. Globe and MSB operate separate campuses. (Tr. Apr. 14, 2016 PM, at 67.)
9. Globe and MSB campuses are separately accredited by a national entity called the Accrediting Council for Independent Colleges and Schools (“ACICS”), which is one of fifteen regional and national accrediting bodies recognized by the United States Department of Education (“DOE”). (Tr. Apr. 14, 2016 PM, at 96.) It is undisputed that Defendants are not regionally-accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools or any similar regional accrediting body. (4/13/16 PM Tr. 11:15-20 (Herrmann).)
10. Since 2009, Globe has operated two campuses in Minneapolis and Woodbury, Minnesota, a campus in Sioux Falls, South Dakota, campuses at seven Wisconsin locations, and an online program. (Tr. Apr. 14, 2016 PM, at 67-68.)
11. Since 2009, MSB has operated campuses in Blaine, Brooklyn Center, Elk River, Lakeville, Moorhead, Plymouth, Richfield, Rochester, Shakopee, and St. Cloud, Minnesota. MSB also has enrolled Minnesota students in the MSB-Online Division operated from Richfield, Minnesota. (Tr. Apr. 14, 2016 PM, at 68-69.)
12. From 2009 to 2015, Defendants have collectively enrolled approximately 28,000 students at their Minnesota campuses (including their online division located in Richfield, Minnesota). (TX0099; TX0100.) More than 14,000 students graduated during that time period. (Tr. Apr. 14, 2016 PM, at 68.)

Presently, close to 3,000 students are enrolled at either MSB or Globe. (Tr. Apr. 14, 2016 PM, at 68.)

13. Although Globe and MSB are separate corporate entities, they have shared management and share certain resources. (Tr. Apr. 13, 2016 AM, at 25-26.) Defendants are commonly owned by the Myhre family. *Id.* at 25:25-26:8. Jeff Myhre serves as Defendants' Chief Executive Officer ("CEO"), Terry Myhre serves as President, and Kaye Myhre serves as Vice President. *Id.* at 25:21-24; TX0342-0002, -0217. Defendants also share the same corporate management team, which has included but is not limited to: Vice President of Operations, Jeff Myhre (before being named CEO in late 2013 or early 2014); Chief Operating Officer ("COO"), Jeanne Herrmann; Chief Admissions Officer, Roger Kuhl (through the fall of 2014); Chief Financial Officer ("CFO"), Ken McCarthy; Director of Institutional Quality and Effectiveness, Dr. Mitchell Peterson; and Executive Director of Enrollment Services, Seth Tesdall. (4/13/16 AM Tr. 25:13-26:13; 4/20/16 PM Tr. 88:22-23; TX0107-0231-33.). This management team or executive committee oversaw uniform operations of Globe and MSB campuses. (4/13/16 PM Tr. 45:1-46:9 (Pollitt).)
14. Globe and MSB collectively currently employ more than 600 people, including admissions representatives. (Tr. Apr. 14, 2016 PM, at 68). That number has decreased since 2014 when the Schools employed more than 1,200 people. *Id.* In 2013, Defendants had 116 employees "whose job responsibilities called upon them to communicate, recruit or meet with prospective students." (TX0922-0023-0028.)

II. THE STATE'S CLAIMS AGAINST DEFENDANTS

15. The State commenced this action against Defendants on July 22, 2014.
16. The operative pleading in this case is the State of Minnesota's Corrected Amended Complaint, which asserted four counts against both Defendants. The Court granted summary judgment in favor of Defendants with respect to the State's claims under Minnesota's usury laws.
17. The remaining two counts of the State's Corrected Amended Complaint are: Count I which alleges violations of the Minnesota Consumer Fraud Act (Minn. Stat. § 325F.69) ("CFA") and Count II which alleges violations of the Uniform Deceptive Trade Practices Act (Minn. Stat. § 325D.44) ("DTPA"). (*See* Corrected Am. Compl.)
18. The State alleges that Defendants violated the CFA and the DTPA by making false, deceptive and/or misleading statements, including omissions of material fact, in the following areas: (1) recommending their criminal justice program to students who wanted to be police and probation officers in Minnesota; (2) Defendants' accreditation and the transferability of Defendants' credits to other schools; (3) representing that Defendants' admissions representatives were educational counselors or advisors who would only recommend enrollment in a particular program if it was in the best interests of the prospective student and his or her career goals during the admissions process; and (4) Defendants' graduate job-placement rates and services.
19. The State asks the Court for declaratory and injunctive relief, civil penalties, restitution for harmed students, for Defendants' alleged violations of Minnesota's consumer protection laws as well as an award of costs and attorney's fees. (*See* Tr. April 4, 2016, at 31-33.)

20. The State argues that the evidence shows that Defendants “falsely represent[ed] and deceptively recommend[ed] their criminal justice program ... to students who wanted to be a Minnesota police officer. Even though the program did not satisfy any aspect of the required education or skills training necessary to become a Minnesota police officer under Minnesota law.” (Tr. Apr. 4, 2016, at 31-32.)
21. The State argues that the evidence shows that Defendants “simply represented and recommended to students who wanted to be a probation officer the two-year criminal justice program . . . [b]ut that degree ... did not allow the student to become a probation officer.” (Tr. Apr. 4, 2016, at 32.)
22. On transfer of credit, the State argues that the evidence shows that Defendants “falsely represented the transferability and acceptance of their credits by other schools to complete a degree or to attend another school’s graduation [sic] program.” (Tr. Apr. 4, 2016, at 32.)
23. The State further argues that the evidence shows that Defendants made “false representations that the [] schools were selective of who they would admit and that their sales people were educational counselors and advisers . . .” (Tr. Apr. 4, 2016, at 33.) And that the Schools “pressured students to enroll regardless of whether the college, the school or a program was in the student’s best interests.” (*Id.* at 33.)
24. Finally, the State argues that the evidence shows that Defendants “falsely represent[ed] [their] graduate job placement rates ... by excluding unemployed graduates who they deemed to be unavailable for employment and included

graduates who were employed in their position even before they enrolled in the school.” (Trial Tr. at 33 (April 4, 2016).)

III. DEFENDANTS’ EMPLOYEE POLICIES AND PROCEDURES

25. Defendants have written policies that set forth their expectations for employees, including admissions representatives and career services employees. (Tr. Apr. 14, 2016 PM, at 74.) Defendants also implement written procedures for their policies. Defendants’ policies outline what employees should be doing and procedures outline how to implement the policy. (Tr. Apr. 14, 2016 AM, at 16; Tr. Apr. 14, 2016 PM, at 77-78.)
26. The Court received many of Defendants’ policies and procedures into evidence during trial. Written policies in evidence include policies concerning making accurate disclosures to students (TX1017), avoiding misrepresentations (TX1018), completing enrollment agreements with students (TX1019), using the CampusVue software program to record information (TX1020), and policies related to costs, financial aid, scholarships and grants, (TX1021–TX1030, TX1034–TX1039), student records (TX1033), career services (TX1040–TX1046, TX1051–1052, TX1054), job placement (TX0126, TX1047–1049, TX1056, TX1058, TX1061), and accreditation (TX1050).
27. Defendants’ misrepresentation policy provides that “[a]ll admissions representatives are expected to provide timely and accurate information to potential students, current students, and any individual who inquires into GEN¹ or GEN’s programs.” (TX1018-0001.)

¹ “GEN” stands for Globe Education Network and is sometimes used in Defendants’ policies and literature to refer to Defendants jointly. As will be seen, “GU/MSB” is also used for this purpose.

28. Defendants' disclosure policy requires that all Globe and MSB admissions representatives must make accurate disclosures to students. The policy directs admissions representatives to follow approved scripts and to show students information that has been verified by Globe or MSB. Specifically, the disclosure policy provides that:

Admissions representatives should make sure that potential students and others who inquire about GEN or GEN's programs are provided with gainful employment, student right-to-know and consumer information that includes school policies and statistical information including by not limited to: Tuition, graduation and placement rates, occupational outlooks, student debt, accreditation information, administration and faculty listings, campus security, copyright infringement, degrees and programs of study, drug & alcohol abuse prevention, family educational rights and privacy act (FERPA), financial aid refund policy, learning disabilities and accommodations, loan counseling, satisfactory academic progress, sexual harassment/sexual violence, transfer of credit policy, tuition and fees, vaccination information and violence and crime prevention.

(TX1017-0001.)

29. Testimony elicited at trial shows that all new employees are provided copies of the written policies that are specific to that employee's department. (Tr. Apr. 14, 2016 PM, at 74.) Any time the Schools revise a policy or create a new policy, employees are required to review the revision or attend a training on the new or revised policy. (*Id.*)
30. The Schools maintain all of their policies and procedures on School-wide SharePoint system. (Tr. Apr. 14, 2016 PM, at 74.) The home page has a tab that directs employees to particular policies and procedures, and employees are also able to search for policies and procedures. (*Id.* at 74-75.)

31. Employees are provided hard copies of employee handbooks and are required to sign an acknowledgement agreeing that they are responsible for complying with the Schools' policies. (TX1101.)
32. The employee handbook addresses a variety of different policies that Globe and MSB have implemented. The 2014 employee handbook, for example, includes policies concerning business conduct and ethics, employment status and records, employee benefit programs, timekeeping and payroll, and working conditions, among many other topics. (*See* TX1101.)
33. The employee handbook policy concerning business conduct and ethics provides in part:

The successful business operation and reputation of GU/MSB is built upon the principles of fair dealing and ethical conduct of our employees. Our reputation for integrity and excellence requires careful observance of the spirit and letter of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of conduct and personal integrity. . .

GU/MSB will comply with all applicable laws and regulations and expects its directors, officers, and employees to conduct business in accordance with the letter, spirit, and intent of all relevant laws and to refrain from any illegal, dishonest, or unethical conduct. . .

Compliance with this policy of business ethics and conduct is the responsibility of every GU/MSB employee. Disregarding or failing to comply with this standard of business ethics and conduct could lead to disciplinary action, up to and including possible termination of employment.

(TX1101-0011.)

34. Defendants issue an updated course catalog every year. (TX0107-0111, TX0342, TX1098.) Each catalog contains disclaimers regarding transferability of credits and accreditation. (*Id.*) Defendants provide training to their employees to understand the information contained in the course catalog. (Tr.

Apr. 15, 2016 AM, at 10.) Defendants expect employees and students to use the course catalog as a resource guide. (*Id.* at 9.) During new representative training, Defendants instruct employees to read the catalog. (*Id.* at 10; Tr. Apr. 19, 2016 AM, at 39.) Moreover, the campuses have responsibility for continuing to train employees on using the course catalog as a resource. (Tr. Apr. 15, 2016 AM, at 10.) Defendants expect their employees to understand the course catalog and to guide students on how to find information in the course catalog. (Tr. Apr. 19, 2016 AM, at 39, 43-44.)

35. Defendants' policies inform employees that "[i]mmediate Termination will result from placing a student in harm's way by providing dishonest and misleading information or withholding important information from our students." (TX0303-0038; *see also* TX1017-0001, TX1018-0001.)
36. The Court finds that Defendants' policies and procedures are intended to promote a culture of compliance.

IV. DEFENDANTS' CRIMINAL JUSTICE PROGRAM

37. It is undisputed that Defendants offered associate's and bachelor's degree programs in criminal justice in Minnesota between January 2009 and December 2014. (Tr. Apr. 13, 2016 AM, at 64-65.) Globe continues to offer criminal justice degree programs outside Minnesota. (Tr. Apr. 21, 2016 AM, at 31.) The Court does not make any findings with respect to the current criminal justice program as it is not operating in Minnesota and is not a part of the State's claims. All findings related to this program are for the program in effect in Minnesota from 2009 to 2014.

38. The Court has taken judicial notice and received evidence of Minnesota's eligibility requirements for becoming a licensed peace officer. TX0046; 4/4/16 Tr. 131:4-14 (Lorenz); 4/22/16 AM Tr. 17:10-18:2, 39:13-44:16 (Rudeen).)
- First, a person may obtain a specific criminal justice degree from a single educational degree program approved by the Minnesota Peace Officer Standards and Training ("POST") Board. (4/4/16 Tr. 99:19-101:25, 131:4-14 (Lorenz); *accord* Minn. Stat. § 626.84, subd. 1(c); Minn. Rules 6700.0100, 6700.0300.) If a student obtains this kind of degree through a POST Board-approved school, the student obtains both the academic and skills training in one program. (*Id.*) Second, a person can become eligible for licensure as a Minnesota police officer if he or she receives a bachelor's degree from a regionally-accredited college in any field of study and then completes a certified program of professional peace officer education ("PPOE") from a college.² (*Id.*) The PPOE component lasts a few months and is often referred to as "skills training." (*Id.*) Skills training teaches a prospective police officer the "hands on" elements of policing, such as how to use a weapon, handle a traffic stop, respond to an incident, and apprehend a suspect. (4/4/16 Tr. 104:4-10 (Lorenz); Minn. R. 6700.0300, subp. 1.) Schools in Minnesota like Hibbing Community College ("HCC"), Alexandria Technical College ("Alex Tech"), and Metropolitan State University ("Metro State") offer skills training programs. (TX0046.)

² The State argues that an applicant may be eligible for licensure with an associate's degree from a regionally accredited college. The Statute and Rules cited by the State do not support this proposition.

39. Students in the criminal justice programs at Globe and MSB studied the three core components of the criminal justice system, which includes the police, the courts and corrections. (Tr. Apr. 22, 2016 AM, at 22; TX0105-0160.) The criminal justice programs offered at Globe and MSB provided “a broad overview of the entire criminal justice system, so wherever the student is going to work they have a knowledge of the system, different components and how they are all interconnected and intertwined together.” (Tr. Apr. 22, 2016 AM, at 22.)
40. The criminal justice degree programs, as advertised, prepared students for a variety of different careers including jobs in corrections, security, loss prevention, TSA airport security, community corrections, victim advocacy, and probation. (Tr. Apr. 22, 2016 AM, at 26-27.) Defendants admissions PowerPoint lists positions that graduates may qualify for – that list does not include police officer. (Ex. TX0105 at 153, 155.)
41. Testimony elicited at trial reflect that some jobs in the criminal justice field do not require a degree, but because jobs in criminal justice are competitive, students who have a degree may be more likely to find employment than those who do not have a degree. (Tr. Apr. 22, 2016 AM, at 26-27.)
42. In Minnesota, probation officers (also referred to as parole officers) are employed by one of Minnesota’s 87 counties or the Department of Corrections. (4/7/16 Tr. 109:1-111:9, 118:7-9, 120:19-121:6 (Klavins); 4/7/16 Tr. 123:15-124:20, 127:24-129:19 (Erdmann).)
43. Each county in Minnesota must chose to utilize one of three probation officer delivery systems: (1) the Department of Corrections (“DOC”) delivery system,

which is utilized by 28 counties; (2) the County Probation Officer (“CPO”) delivery system, which is utilized by 27 counties and adheres to the educational standards for probation officers set by the Department of Corrections; and (3) the Community Corrections Act (“CCA”) delivery system, which the remaining 32 counties utilize, including six of the seven metro area counties (i.e., Hennepin, Ramsey, Anoka, Dakota, Washington, and Scott counties). (*Id.*)

44. Each of the above-three Minnesota delivery systems—DOC, CPO, and CCA—require probation officers to hold at least a bachelor’s degree as a prerequisite to employment. (4/7/16 Tr. 111:10-114:13, 116:12-117:5 (Klavins); 4/7/16 Tr. 125:20-23 (Erdmann); TX0043.) In addition, the majority of CCA counties require in-field experience. (4/7/16 Tr. 125:24-126:7 (Erdmann).)
45. Defendants were aware of the educational requirements necessary or preferred by employers to become a probation or parole officer in Minnesota. (4/20/16 AM Tr. 111:12-22 (France); 4/22/16 AM Tr. 61:5-25 (Rudeen); TX0066-0005 (“[Bachelor Degree Criminal Justice] potential jobs: Probation/Parole Officer – most [employers] want a TON of experience and some require a Master’s Degree.”).)
46. It is undisputed that Defendants’ criminal justice program was not a POST-approved program. (4/13/16 AM Tr. 66:10-14 (Herrmann).) Defendants are also not regionally-accredited and therefore a graduate of Defendants’ criminal justice bachelor’s program could not go on to receive the skills training necessary to become a Minnesota police officer. (*Id.* at 66:10-14 (Herrmann);

4/22/16 AM Tr. 47:6-10, 73:16-21 (Rudeen); 4/20/16 AM Tr. 88:15-21 (France).)

47. Defendants' Chief Admissions Officer through the fall of 2014 testified that he knew that Defendants' program had never been approved by the POST board. (4/14/16 AM Tr. 83:10-14 (Kuhl).) As early as 2006 and 2007, Defendants attempted to persuade the POST Board to change its policies and in order to allow Defendants' criminal justice program to receive the Board's approval. (4/13/16 AM Tr. 66:15-67:23 (Herrmann); 4/4/16 Tr. 122:15-123:24 (Lorenz).) Employees expressed concern about recommending the criminal justice program to students seeking to pursue being a Minnesota police officer. (4/18/16 AM Tr. 12:18-14:13, 16:11-17, 22:19-26:7 (B. Anderson); 4/5/16 Tr. 20:20-21:11, 28:9-15 (LeGrande).)³ Defendants also had been told by schools like HCC that their criminal justice graduates were not qualified to enter the skills training programs offered by those schools and the record reflects confusion among admissions representatives regarding whether criminal justice students would just need the additional skills training versus whether they would qualify for that training at all. (4/4/16 Tr. 121:3-10 (Lorenz); 4/22/16 AM Tr. 68:2-5 (Rudeen).)

V. ACCREDITATION AND TRANSFERABILITY OF CREDITS

A. The Transferability of Defendants' Credits and Accreditation

48. Many higher education institutions, including almost all state, public, and nonprofit private universities, are accredited by a "regional" accreditor, such as the Higher Learning Commission, which accredits the University of

³ The weight the Court gives to the State's employee witnesses is discussed, *infra*.

Minnesota. (4/13/16 PM Tr. 11:8-14 (Herrmann).) Other higher education institutions are accredited by a “national” accreditor, such as the Accrediting Council for Independent Colleges and Schools (“ACICS”).⁴

49. The distinction between national and regional accreditation can affect the transfer of credits from nationally-accredited schools to regionally-accredited schools. (TX0347-0004 (Kerlin Report).) Type of accreditation is “one of the first considerations, and often the primary consideration, by a receiving institution in reviewing credit transfers.” (*Id.*) Regionally-accredited schools maintain policies and processes that may restrict credit transfer from nationally-accredited schools, the result of which is that credit transfer in these cases is limited. (TX0347-0002 (Kerlin Report); 4/13/16 AM Tr. 117:11-15 (Herrmann).) 88% of Minnesota schools recognize this distinction in their transfer-of-credit policies. (TX0347-0005 (Kerlin Report).)
50. The State elicited testimony that the University of Minnesota’s undergraduate programs do not accept undergraduate credits from nationally-accredited schools such as Defendants. (4/7/16 Tr. 141:4-19, 142:25-143:3 (Meyer).)
51. Defendants admit that the credits earned at nationally-accredited schools such as theirs are unlikely to transfer to regionally-accredited schools and that they

⁴ ACICS’s Board of Commissioners is governed by representatives of for-profit colleges like Defendants. (4/13/16 PM Tr. 14:23-17:13 (Herrmann).) Defendants’ COO, Jeanne Herrmann, served as an ACICS commissioner from 2009 until 2015 and as the Chair of the Board of Commissioners in 2014. (*Id.* at 12:7-15 (Herrmann).) During her four to five weeks of annual ACICS obligations, COO Herrmann was paid by Defendants. (*Id.* at 13:5-13 (Herrmann).) During the relevant time period, over 60 of Defendants’ employees—including some corporate and management-level employees—concurrently worked for Defendants and ACICS. (TX0922-0012-0016; 4/13/16 PM Tr. 112:3-24 (Boisjolie-Rosen); 4/19/16 AM Tr. 136:2-4, 136:19-21 (Severson); 4/21/16 PM Tr. 37:25-39:3 (Janssen); 4/22/16 AM Tr. 130:17-21 (Igo).) One former campus dean acknowledged that her role with ACICS provided her with professional development and additional skills. (4/21/16 PM Tr. 37:25-38:6 (Janssen).) The State appears to argue that the participation of Defendants’ employees with the ACICS supports their claims under the CFA and DTPA. However, the professional development of Defendants’ employees is irrelevant to the issues in this case. There is no evidence in the record that any of Defendants’ employees were ever allowed to conduct inspections of Defendants campuses. As such, the Court declines to give this evidence any weight.

have known this fact for some time. (4/13/16 AM Tr. 79:8-11, 117:10-15; 4/13/16 PM Tr. 31:2-13 (Herrmann).) Throughout the period relevant to this case, Defendants' course catalog has contained a disclaimer that reads: "While it is unlikely that credits will transfer to a state college or university, some institutions will accept GU/MSB credits." (*See, e.g.*, TX0108-0014.)

52. The number of regionally-accredited schools that have accepted Defendants' credits is "limited" and that students would "definitely face barriers" in transferring Defendants' credits to most regionally-accredited schools. (4/13/16 PM Tr. 21:14-18; 4/15/16 Tr. 41:15-22.) To aid students in transferring credits, Defendants have attempted to work with the U.S. Department of Education and other officials to require regionally-accredited schools to accept their credits. (*Id.* at 18:4-19:17, 20:3-24:13 (Herrmann).)
53. Defendants have articulation agreements in place with other schools that allow for automatic transfer of credits. (4/15/16 Tr. 31:11-37:5 (Herrmann).) Several of these articulation agreements do not guarantee that particular coursework from Defendants will transfer, do not address credit transfer, or are limited in scope to student admission or discounted/waived application fees. (*See, e.g.*, TX1342; TX1334; TX1336; TX1337.)

VI. DEFENDANTS' ADMISSIONS REPRESENTATIVE TRAINING PROCESS

54. Defendants' admissions representatives are required to undergo new representative training before starting work. (Tr. Apr. 12, 2016 PM, at 18-20; Tr. Apr. 19, 2016 PM, at 64-71; Tr. Apr. 20, 2016 PM, at 8-9; Tr. Apr. 21, 2016 AM, at 53; Tr. Apr. 21, 2016 PM, at 14-15, 63; Tr. Apr. 22, 2016 AM, at 127; Tr. Apr. 25, 2016 AM, at 15-16; TX1142.) The training process has

changed over time; however, generally the initial training lasted between two and four weeks and involved learning about Globe's and MSB's expectations for how admissions representatives were to interact with students at each phase of a multi-step process. (*Id.*)

55. The first few weeks of new representative training was conducted by Defendants' corporate trainers. (Tr. Apr. 20, 2016 PM, at 9-10; Tr. Apr. 21, 2016 AM, at 53; Tr. Apr. 21, 2016 PM, at 15; Tr. Apr. 25, 2016 AM, at 16.)
56. The Schools train admissions representatives on every aspect of enrolling a student. Admissions representatives learn how to make phone calls to prospective students, how to conduct an initial appointment, how to give the presentation that admissions representatives were required to give to each prospective student, how to give an effective campus tour, how to present information about the Schools' academic programs, and how to guide and assist prospective students in completing the enrollment agreement. (Tr. Apr. 19, 2016 PM, at 64-71; Tr. Apr. 21, 2016 AM, at 6-13, 53-54; TX1015.)
57. Defendants train admissions representatives about the Schools' national accreditation and about how to answer questions prospective students may have about accreditation, such as the difference between national and regional accreditation. (Tr. Apr. 21, 2016 PM, at 65-66.)
58. Defendants train admissions representatives on the Schools' transfer of credit policies and disclosures. Defendants instruct their representatives to explain that they are not transfer institutions. (Tr. Apr. 14, 2016 PM, at 69; Tr. Apr. 20, 2016 PM, at 11.) A transfer institution, such as a community college, offers general, not specific, credits that can later be transferred to a four-year

program. (Tr. Apr. 14, 2016 PM, at 68-69.) Admissions representatives are taught to say that the Schools are career colleges that are designed to prepare students for the workforce. (*Id.* at 69.)

59. Every admissions representative testified that they were trained to tell students that it was up to the receiving institution when students asked about transfer of credits to other institutions. (Tr. Apr. 4, 2016, at 190; Tr. Apr. 12, 2016 PM, at 77; Tr. Apr. 19, 2016 AM, at 39-40; Tr. Apr. 25, 2016 AM, at 16; Tr. Apr. 21, 2016 PM, at 18, 60; *see also* Tr. Apr. 22, 2016 AM, at 129.) This was consistent with the Schools' written disclosures in the enrollment agreement and course catalogs.
60. On job placement rates, admissions representatives were trained to only provide placement rates and salary figures that have been made available and approved by the Schools' corporate office. (TX1017; Tr. Apr. 20, 2016 PM, at 20; Tr. Apr. 21, 2016 AM, at 60; Tr. Apr. 25, 2016 AM, at 18; *see also* Tr. Apr. 22, 2016 AM, at 130.) Defendants admissions PowerPoint contains the placement rates and salary figures for each program, as approved by Defendants' corporate office.
61. As part of the training on how to give a presentation to a prospective student, the Schools required new admissions representatives to memorize a script and they were expected to follow the script and admissions presentation at all times. (Tr. Apr. 21, 2016 AM, at 54; Tr. Apr. 25, 2016 AM, at 16; TX0303-0008.) The script was meant to assure that admissions representatives were giving the same and complete information to each prospective student who visited the Schools. (Tr. Apr. 14, 2016 AM, at 50.)

62. The testimony and evidence shows that Defendants expected admissions representatives to provide accurate information to prospective students on transfer of credit, job placement, and all other topics that the admissions representatives learned during training. The Schools trained admissions representatives to give prospective students all required disclosures. (TX0303-0020.)
63. Consistent with Defendants' policies and procedures, admissions representatives were encouraged to give prospective students any information necessary to ensure that they were making an informed decision. (TX0303-0019.)
64. Defendants trained admissions representatives that "if you can't see it, don't say it," meaning that an admissions representative could not tell a student something that he or she could not point to in writing. (Tr. Apr. 21, 2016 AM, at 71; Tr. Apr. 21, 2016 PM, at 46; TX0303-0007.)
65. New admissions representatives received training on completing the enrollment process with students who chose to enroll. This training lasted two days. (Tr. Apr. 19, 2016 PM, at 64, 66-67; Tr. Apr. 21, 2016 AM, at 54-55.)
66. Admissions representatives received a copy of the procedure for filling out the enrollment agreement. (TX1016.) The enrollment agreement procedure was intended to create a culture of compliance. (Tr. Apr. 14, 2016 PM, at 75.) The Schools use this procedure to ensure that the admissions representatives are meeting the Schools' standards when they meet with prospective students. (*Id.*)

67. The enrollment agreements included different disclosures that students were required to acknowledge depending on the program that the students enrolled in. (TX1013.)
68. Admissions representatives explained that during the enrollment process, they read and discussed these disclosures with students. (Tr. Apr. 19, 2016 AM, at 47; Tr. Apr. 19, 2016 PM, at 96-101; Tr. Apr. 21, 2016, at 65.) Students were then required to click yes indicating their agreement with the disclosure in order to complete the enrollment agreement. (Tr. Apr. 19, 2016 PM, at 100.)⁵
69. Corporate training was not the only training given to admissions representatives. When an admissions representative returned to his or her assigned campus he or she would participate in extensive and continuous on-campus training. The on-campus training included additional product knowledge training, further training on the enrollment agreement and how to conduct an initial appointment, and more extensive training on the Schools' policies and procedures. Admissions representatives would also meet with other departments on campus to gain a better understanding of every aspect of the student experience.
70. For example, the Schools required that admissions representatives complete product knowledge training at their campus. (Tr. Apr. 14, 2016 PM, at 82-83.)
71. Product knowledge training focused on the career field for individual programs offered at the campus. (Tr. Apr. 14, 2016 PM, at 83.) During product knowledge training, program chairs would train admissions representatives on

⁵ The record contains instances where the required protocol for completion of the enrollment agreement was violated. The Court finds that these instances represent the exception, not the rule.

everything related to individual programs from the types of students who would be successful in the program to the job opportunities after graduation.⁶

(*Id.*)

72. The Schools trained employees on product knowledge because it was important that the admissions representatives understood each of the programs offered at their campus, the goals of the program, the occupational outlook, and what type of students would be the best fit for the program. (Tr. Apr. 19, 2016 AM, at 56.)
73. Admissions representatives would also meet with financial aid and career services, to understand the role of those departments in the enrollment process. (Tr. Apr. 19, 2016 AM, at 41-42.)
74. As part of that process, admissions representatives received training on placement rates specific to their campus. (Tr. Apr. 19, 2016 AM, at 42-43.)
75. On campus, admissions representatives continued specific training on the enrollment process, including further training on how to guide and assist prospective students with completing the Enrollment Agreement.
76. Admissions representatives also received additional training on the Course Catalog at the campus level. (Tr. Apr. 19, 2016 AM, at 43.) Admissions representatives were required to read the course catalog. (*Id.*) Some campuses required admissions representatives to take a catalog quiz to ensure that the new representatives have an accurate understanding of the catalog and key policies and disclosures. (*Id.* at 43-44.) Some campuses also conducted one-on-

⁶ The Criminal Justice program stood as a stark contrast to this general principle. The evidence established a widespread misunderstanding at virtually every level of Defendants' organization regarding the requirements for becoming a police officer or probation officer. This lack of product knowledge infiltrated the sales and marketing of the program as described elsewhere in this Order.

one trainings on how to present the catalog to prospective students and would encourage admissions representatives to “flag” the key disclosures and policies for students. (*Id.* at 44.)

77. Consistent with the training she received, Stacy Severson, a former admissions representative, Director of Admissions, and Campus Director, testified that she would quiz admissions representatives – existing and new – on key provisions in the catalog. (Tr. Apr. 19, 2016 AM, at 59.) Ms. Severson also required her new admissions representatives to practice presenting a catalog to prospective students. (*Id.*) It was customary for Ms. Severson’s admissions representatives to have the course catalog open on their desks during initial appointments. (*Id.* at 58.) Ms. Severson encouraged her admissions representatives to flag the areas of the catalog that were frequently referenced, such as transfer of credit policy and the Schools’ add/drop period. (*Id.* at 60.) This practice maximized the likelihood that students knew and were acknowledging the important sections in the catalog. (*Id.*)
78. As part of their training, admissions representatives were also required to shadow fellow admissions representatives at the specific campus, do role plays, and perform mock interviews with their Director of Admissions before meeting with prospective students. (Tr. Apr. 19, 2016 AM, at 44-45, 58; Tr. Apr. 21, 2016 AM, at 56-57.)
79. Admissions representatives continued to receive advanced training throughout their employment. Admissions departments held weekly meetings among the admissions teams to discuss any updates or training topics such as changes to the enrollment process and any changes to the Enrollment Agreement.

Admissions representatives often had weekly meetings with program chairs for individual programs to discuss developments in those programs. (Tr. Apr. 21, 2016 PM, at 21-22.) Each month, Defendants offered a lunch-and-learn to provide additional training for a variety of topics, such as accreditation. (Tr. Apr. 14, 2016 PM, at 83.)

80. Admissions representatives also had the opportunity to attend advanced representative training. (Tr. Apr. 14, 2016 PM, at 82.) Advanced representative training gave admissions representatives the opportunity to learn new approaches, or to refresh training on topics they covered in new representative training. (*Id.*) The purpose of advanced representative training was to continue the Schools' culture of compliance and clear consistent communication and to further ensure that the Admissions Representatives were given the information necessary to provide consistent and accurate information to prospective students. (*Id.*)

81. Admissions representatives continued to receive training on the importance of the script during their employment. (TX0303-0007.) Employees were reminded in training that the scripts were important because they minimized the chance of misunderstandings or misrepresentations. (Tr. Apr. 14, 2016 PM, at 86.) This was particularly important with respect to student questions about program outcomes. (*Id.*) The script ensured that the only answer provided to students was the number that was officially reported. (*Id.* at 86, 89.) Admissions representatives who deviated from the script or violated the policies were subject to discipline.

VII. DEFENDANTS' GRADUATE JOB-PLACEMENT RATES AND CAREER SERVICES

A. Graduate Job-Placement Rates and Career Services

82. All new Career Services employees are required to attend training with Jodi Boisjolie-Rosen. (TX0040.) The Career Services training focused on assisting students and graduates in job searches, such as how to find job leads, how to use job boards, and how to conduct graduate meetings. (Tr. Apr. 14, 2016 AM, at 39.)
83. Defendants train Career Services employees on the Schools' policies and procedures related to both assisting students and reporting job placement rates. (TX0040.) Defendants' policies and procedures relating to reporting job placement rates ensures that Career Services departments report job placement consistently across all of the campuses. (Tr. Apr. 14, 2016 AM, at 29-30.)
84. Defendants trained Career Services employees on how to gather information to properly report job placement rates consistent with the ACICS methodology. (Tr. Apr. 14, 2016 PM, at 20; TX0040; TX1091.) During initial training, the Career Services staff learn about the different categories of placement under ACICS guidelines. (*Id.*) The Career Services staff also learn about what documentation is required to report a placement. (*Id.*)
85. Defendants conducted ongoing training for Career Services employees focused on changes to ACICS guidelines. (Tr. Apr. 14, 2016 AM, at 41; *see also* TX1091.)
86. Defendants held mandatory meetings every other week for the Directors of Career Services. (Tr. Apr. 14, 2016 AM, at 41.) During the meetings, the Schools would provide information relevant to the Career Services

departments, additional training, and any updates about ACICS guidelines.

(*Id.* at 41-42.)

87. Defendants work with its students to aid them in securing post-graduation employment. (TX106 (“[A]ll graduates get extensive assistance from our Career Services department in . . . making connections within their field[] and getting jobs.”); TX0114 (“Our graduates succeed in the employment market because we emphasize . . . networking opportunities and career placement assistance.”); TX0115-0033 (stating that Defendants “work[] hard to place a high percent of their students”).)
88. During trial, Defendants referred to their “community partner” relationship with Accurate Home Care (“Accurate”). (4/21/16 PM Tr. 31:13-22 (Janssen); 4/6/2016 Tr. 226:13-227:17 (Scheel).) Accurate’s founder and president, Amy Nelson, was called as a rebuttal witness by the State and testified that Accurate has no specific agreement with Defendants to “place” their graduates in jobs with Accurate, but does have preferential agreements with Defendants; and that Accurate does not institute any specific hiring preferences with regard to Defendants’ graduates, but has hired Defendants’ graduates in the past. (4/26/16 AM Tr. 63:16, 73:23-74:18, 75:12-76:5; TX0179; TX0189.)
89. Defendants’ career services staff do not always determine whether the job postings they email students require any college education, nor do they always tailor job leads to students’ career interests. (4/6/16 193:2-193:23 (Scheel).) For instance, around graduation, Defendants sent criminal justice student Elisha Claiborne receptionist, retail, and stocking job postings, some of which were temporary positions. (TX1386-0102, -0103, -0117.) Defendants sent

criminal justice student Sheena Janusch job postings for registered nurse and administrative assistant positions. (TX0829-2643, -2644.) Some job postings that Defendants sent to students do not require college degrees, like cashier, bill collector, food service worker, manual laborer, loss prevention, and pet store clerk jobs. (4/13/16 PM Tr. 89:18-21, 90:19-24 (Boisjolie-Rosen); 4/6/16 Tr. 197:4-198:1 (Scheel).) Other job postings Defendants send are temporary positions through staffing agencies. (4/13/PM Tr. 89:22-25 (Boisjolie-Rosen).)⁷

VIII. DEFENDANTS' SOLICITATIONS AND ADVERTISING TO PROSPECTIVE STUDENTS

90. During the relevant time period, Defendants spent approximately \$120 million on advertising and marketing their programs to the public through website advertising, other mass marketing, and sales interactions with “admission representatives.” (TX0287; 4/13/16 AM Tr. 61:16-63:18.)

A. Defendants' Solicitations and Advertising Related to their Criminal Justice Program.

91. Defendants' online marketing of their Minnesota campuses' criminal justice program was directed at prospective students interested in becoming police officers. Defendants paid internet “lead-generation” companies—including sites like PoliceLink.com, military.com and job search websites like Career Builder—to direct prospective students to their website. (4/14/16 PM Tr. 18:1-20 (Dykhuisen); TX0010-0001.) Defendants placed advertisements for their Minnesota locations on websites like policemag.com, policeone.com, and officer.com. (4/14/16 PM Tr. 57:18-23 (Dykhuisen).) Defendants paid search

⁷ It is important to note that during much of the relevant time period the country was in an economic recession and that job prospects for college graduates of all stripes were limited.

engines like Google to post advertising in response to consumer search inquiries that included “law enforcement schools” and “police schools” and “police + classes.” (4/14/16 PM Tr. 38:16-44:11 (Dykhuisen); TX0019.) They paid for leads from searches for “police”-related searches specifically in Minnesota. (4/14/16 Tr. 54:8-55:17 (Dykhuisen); TX0019.) These leads would then be assigned to admission representatives with the implication that the lead was interested in a career as a police officer. (4/4/16 Tr. 158: 23-159:6, 161:12-22 (LeGrande).)⁸

92. Defendants advertised their Minnesota campuses’ criminal justice program as providing a means to become a police officer—both through explicit statements about careers as “police” or in “law enforcement” but also through pictures of police officers doing police work. (TX0004; TX0011; TX0014; TX0021; TX0026; TX0028; TX0030; TX0031; TX0032; TX0083; TX0085; TX0086.) Specific examples include:
- a) “A degree in criminal justice is useful in a wide variety of positions including ... police officer. [...] A degree in criminal justice provides the industry knowledge and credentials potential employers seek.” (TX0034.)
 - b) “When designing our criminal justice degrees, ... we called on seasoned professionals in ... law enforcement And you can be sure, as a graduate of a Globe University/Minnesota School of Business criminal justice program will have those qualifications.” (TX0028.)

⁸ The Court notes that the State had some trouble in showing that the advertisements at issue were directed specifically toward Minnesota students. However, the Court finds that the State has provided sufficient credible evidence that advertisements for the criminal justice program were directed at prospective Minnesota students.

- c) “College preparation for a law enforcement career: [...] Your Associate in Criminal Justice degree from Globe University/Minnesota School of Business (GU/MSB) will demonstrate to prospective employers that you have studied theory and practice of law enforcement, have critical communications skills and are committed to professional accomplishment.” (TX0089.)
- d) “Employer approved training” in “law enforcement.” (TX0004.)
- e) “Advancing a career in law enforcement starts with the right degree [from Globe University].” (TX0084.)
- f) “If you’re interested in working in law enforcement, the multidisciplinary field of criminal justice can lead down many different career paths . . . including police officer. . . . A degree in criminal justice provides the . . . credentials potential employers seek.” (TX1104A.)

93. Defendants’ advertising emphasized curriculum in police work, law enforcement, “court systems. . . and criminal law” and featured testimonials about courses describing “simulated crime scene investigations . . . You push people around, you interview witnesses, bag and photograph evidence—all of that.” (TX0026, TX0031, TX0032.) Defendants’ instructors were former or current police officers. (4/5/16 Tr. 10:10-11:3.) Defendants’ blog featured stories of graduates pursuing careers in law enforcement, police-officer guest speakers, and described “police officer” as one of the “best careers for people with a criminal justice degree.” (TX0070, TX0072, TX0073, TX0076, TX0088-0002-0003, -0004; 4/20/16 AM Tr. 93:4-95:1, 99:11-14 (France).)

94. Defendants' advertisements sometimes included disclosures stating that to become police officers in "some states" or in Minnesota, graduates may require "additional training," "additional POST training," or "training in addition to our criminal justice degree program." (TX0004, TX0021, TX0022, TX0027, TX0034; TX1104A; 4/19/16 PM Tr. 12:16-23 (Severson).) Some of these advertisements told prospective students that the school would help the student find a program to complete their training. (TX0004, TX0089; 4/20/16 AM Tr. 103:6-12, 105:1-10 (France).) Many advertisements, however, did not reference this "additional training" disclosure. (TX0011, TX0026, TX0028, TX0030, TX0031, TX0032, TX070, TX0072, TX0073, TX0076, TX0084, TX0085, TX0086.) Defendants' admissions presentation featured employers that included police and sheriff's departments in Minnesota without specifying the job titles for those positions. (*See, e.g.*, TX020-0189.)
95. When federal regulations required Defendants to disclose "occupational profiles" or "SOC codes" that describe occupations for their graduates, they advertised that "First-Line Supervisors/Managers of Police and Detectives" was the occupation type applicable to their program. (TX0020-0192, TX0022-0001, TX0024-0001, TX0044.) The job titles for this SOC code include high-ranking law enforcement positions like "Chief of Police," "Detective Sergeant," "Lieutenant," "Police Captain" and "Police Sergeant." (TX0044-0001.) At trial, Jodi Boisjolie-Rosen, Defendants' corporate manager of career services, testified that these job titles were "not representative of the type of jobs that [MSB] criminal justice [graduates] are able to enter" because Defendants' criminal justice program does not allow graduates to work as

Minnesota police officers. (4/13/16 PM Tr. 99:10-19.) Yet, Defendants chose this category over categories featuring security guard positions, even though the majority of their graduates reported as “placed” in the criminal justice field were working security jobs, positions that generally do not require a college education. (4/13/16 PM Tr. 94:12-106:25; TX0090-0001-0003; TX0179; TX0189.)⁹

96. As late as May of 2013, Defendants’ employees raised concerns to Ms. Boisjolie-Rosen and Dr. Mitchell Peterson, Defendants’ Director of Institutional Quality and Effectiveness, that the criminal justice program’s job titles were “nowhere near realistic,” and questioned why Defendants’ advertised job titles did not “better reflect the roles [Defendants’] graduates get.” (4/13/16 PM Tr. 99:25-100:18, 102:21-106:25 (Boisjolie-Rosen); TX0015-0005; TX0018-0002.) While Defendants had the ability to go through a process to “remove occupations that clearly [did not] fit” their criminal justice graduate employment opportunities, they chose not to do so until 2014. (TX0018-0001; 4/13/16 PM Tr. 100:5-16 (Boisjolie-Rosen).)
97. Additionally, Defendants advertised their criminal justice program as providing a means to work as a Minnesota probation officer, without disclosing that Minnesota employers require at least a bachelor’s degree to obtain employment as a probation or parole officer. (TX0026, TX0027, TX0030, TX0031, TX0034, TX0088.) One of Defendants’ criminal justice blog postings stated only: “Imagine discussing [topics like] juvenile justice

⁹ Defendants’ arguments that they were required to select the SOC code that included police supervisory positions is not persuasive. Even if Defendants are correct about the ACICS requirements, the use of that code would require extra caution and appropriate warnings to avoid the inherent deception in the use of the code. Defendants chose to avail themselves of the potential benefit of the SOC code while failing to disclose the misinformation it conveyed.

with a parole officer. You will get a real-world view of your future career.”

(TX0088-0001.) Defendants also advertised their criminal justice program as providing a means to work in federal law enforcement and recommended the program for this purpose. (TX0025, TX0027; 4/4/16 Tr. 161:12-22; 4/5/16 Tr. 17:4-8 (LeGrande).) There is no evidence in the record that a graduate of Defendants’ criminal-justice program has become a federal law enforcement officer. (TX0179; TX0189.)

98. Consistent with this advertising, Mr. Moncur testified that most prospective students interested in Defendants’ criminal justice program wanted to be a police or probation officer. (4/20/16 AM Tr. 53:19-25, 61:24-62:4 (Moncur); 4/21/16 AM Tr. 63:10-16 (Pulley); *see also* 4/8/16 AM Tr. 15-16 (B. Anderson).)

B. Defendants’ Advertising Concerning their Accreditation and the Transferability of their Credits.

99. Defendants’ advertising included statements relating to accreditation and its effect on transfer-of-credit. (TX0318-0005; TX0303-0021; TX0325, TX0328, TX0352; 4/13/16 AM Tr. 77:3-78:7, 111:21-117:1 (Herrmann).) Defendants’ advertising did not include a definitive statements that Defendants’ credits were unlikely to transfer to regionally-accredited institutions; however the course catalog and admissions presentation did contain such statements. (*Id.*; 4/15/16 Tr. 55:14-58:22 (Herrmann); 4/19/16 AM Tr. 118:21-119:1 (Severson); TX0303-0033.)
100. One website advertisement included the banner “College Accreditation: National, Regional, or None?” It featured the question, “Does it matter if a college or university is accredited?” and answered:

Absolutely. . . . [T]ransfer institutions . . . have interests in accreditation. Accreditation is an assurance of quality. Benefits are extensive and include the following: . . . Accreditation is an important consideration for smooth transfer of courses and programs between colleges and universities, but does not guarantee credit transfer.

(TX0318-0005; 4/13/16 AM Tr. 77:3-78:24 (Herrmann).)

101. The advertisement also stated that the “distinctions between national and regional accreditation are not as clear as they once were.” (TX0318-0005; 4/13/16 AM Tr. 77:3-78:24 (Herrmann).)
102. Another page from Defendants’ website tells prospective students about accreditation and how it “affect[s] . . . transfer of credits” states that “[a]ttending an institution accredited by an organization recognized by the [U.S. Department of Education] . . . can be helpful in transferring academic credits to another institution.” (TX0325-0001.) The same advertisement, under a heading “Types of accreditation,” states that there is no difference in quality between national and regionally-accredited institutions and merely states that “[i]t is very important to choose a college that is accredited” by the U.S. Department of Education. (*Id.*; *see also* TX0352-0001.)
103. Another website advertisement of Defendants states that “there is some confusion about the [distinction] between regional and national accreditation. The Department of Education make[s] it clear that neither is better than the other. Globe University/Minnesota School of Business chose national accreditation” (TX0328-0001.)

C. Defendants’ Solicitations and Advertising Related to their Graduate Job-Placement Rates and Services.

104. Defendants' advertisements, email campaigns, and presentation scripts described their graduate job-placement rate as showing graduates placed in their desired fields because of their graduation from Defendants' programs.

Examples of such advertisements include the following:

- a) "The majority of our placement rates are 90%. That's tremendous! 9 of 10 of our graduates are placed within the field of their choice doing exactly what they chose to complete their degree in. Here at MSB, we do everything that we can to ensure that our students have a career in the field of their choice upon graduation." (TX0202.)
- b) "At Globe University/Minnesota School of Business, . . . we focus on getting [our students] careers. The success of each of our degree programs is measured . . . by how many graduates get the jobs they want. . . . [A]ll of our programs prepare students for a specific career." (TX0106.)
- c) "[E]ach department's success is judged by how many graduates get jobs in their chosen fields and what starting salaries they received." (TX0114.)
- d) "Wouldn't it be important to you to attend a school whose graduates are able to find employment upon graduation?" (TX0115-0032, see also TX0116-0011.)
- e) "Our placement rates and entry-level salary ranges are very good because employers recognize the value of our type of training." (TX0115-0016.)

105. Defendants' advertisements and presentation scripts further described their graduate job-placement services as involving "placements" by the schools in careers created through networks and connections Defendants developed with employers:

- a) "[A]ll graduates get extensive assistance from our Career Services department in getting internships, making connections within their field, and getting jobs." (TX0106.)
- b) "Our graduates succeed in the employment market because we emphasize . . . networking opportunities and career placement assistance." (TX0114.)
- c) "When choosing a college to attend, is it important to choose one that works hard to place a high percent of their students?" (TX0115-0033.)

D. Defendants' Solicitations and Advertising Regarding Their Admission Representatives.

106. Defendants' programs cater to primarily "non-traditional" students -- these are generally students who are low-income and face existing debt burdens, students unfamiliar with college admissions, single parents, and students with little family support. (4/19/16 AM Tr. 33:25-35:4 (Severson); 4/15/16 Tr. 197:1-12 (Weber); 4/4/16 Tr. 167:20-169:16 (LeGrande).)

107. The purpose of Defendants' telephone, email, mail, and other solicitations was to have prospective students visit one of Defendants' campuses and meet in-person with an admission representative to consult about students' "future career goals" and "career field[s]" and "career opportunities" for graduates of certain fields. (TX0283; TX0270; TX0309.) Defendants' solicitations and scripts told prospective students that at these meetings, admission

representatives would “answer[] questions about a career path in your chosen field,” help with “designing a career path that’s right for you,” and answer questions about “career opportunities and starting salaries.” (4/14/16 AM Tr. 64:10-19 (Kuhl); TX0269; TX0229-0001.)

108. Admission representatives were trained and scripted to tell prospective students: “[B]ased off what you told me about your interest in the [Career Interest] career field, I would strongly recommend that we schedule a time for you to come in [for] a campus visit.” (4/19/16 PM Tr. 126:24-127:3 (Pullin); TX0309-0001.) They were instructed to avoid “discuss[ing] the cost, length, or other information about the school programs over the phone.” (TX0220-0203; see also TX0220-0179 (“The sole purpose of the phone call is to get the prospect into the school....”).

IX. TRIAL TESTIMONY

109. The parties collectively called sixty-six witnesses to testify at trial. The Court heard and considered the testimony of each witness. These findings address the issues that were necessary to resolve the claims at issue in this lawsuit and are not intended to address every issue raised in the testimony of each witness.
110. The State called twenty-four Minnesota students who enrolled at Globe or MSB between 2008 and 2015 to testify at trial.¹⁰ Twenty of those students were enrolled at MSB and four students were enrolled at Globe.¹¹

¹⁰ The students who enrolled at MSB and testified on behalf of the State included: Joshua Brown, Perry Schramm, Jesse Lefebvre, John Moen, Sheena Janusch, Margaret Scheel, Stephen Westby, Elisha Claiborne, Dillon Zerwas, Donna Link, Katie Rathburn, Elisabeth Grossman, Bonnie Berg, Ana-Katherine Anderson, Tamara Jergenson, Timothy Erickson, Kristina Anderson, Rachel Steinbock, Timothy Bennett, Shannon Chapin, Tamara Blanchette, Jason Miske, Amy Nelson, and Jennifer Hallman.

¹¹ The students who enrolled at Globe and testified on behalf of the State included: Sheena Janusch (Minneapolis campus), Elisha Claiborne (Woodbury campus), Elisabeth Grossman (Woodbury campus), and Sheena Fransway, a Wisconsin resident (Online Division).

111. An Enrollment Agreement, containing disclosures, was received into evidence for each student who testified. Other exhibits that were received into evidence for students who testified included, but were not in all instances limited to: (1) Financial Aid Forms; (2) Transcripts from Defendants and other institutions; (3) Course Adjustment/Observation forms; (4) Graduate employment documentation; (5) Student Interest Questionnaires; (6) Visitor Information Sheets; and (7) Student Activity Detail records. These documents are kept in the standard course of Defendants' business activities.
112. Each student who testified signed a FERPA waiver for release of their educational information.
113. The State also elicited testimony from Fred Brett, the parent of a student who enrolled at MSB. Mr. Brett's son had meetings with MSB on March 26, 29, 30 and April 1, 2010. (*See* TX0829-0675, 0676.)
114. In addition to eliciting testimony from students, the State called four former MSB admissions representatives -- Ashlie LeGrande, Jason Jensen, Hannah Hunter, and Elizabeth Fishbein; two former program chairs -- Bradshaw Anderson and Amy Nelson; and a former Globe network dean -- Heidi Weber to testify on behalf of the State. With the exception of Ms. Nelson, those former employees testified generally consistent with the State's theory that the Schools trained employees to deceive and mislead students and prospective students and that employees did deceive and mislead students.

115. Defendants' witnesses included twelve current employees, six former employees, and four students.¹² Defendants' employee witnesses—some in leadership positions—testified on subjects like Defendants' sales practices, graduate criminal justice employment opportunities, and accreditation and the transferability of Defendants' credits.

B. The State's Student and Parent Testimony

116. *Joshua Brown, Student Enrolled in Defendants' Criminal Justice Associate's Degree Program at MSB's Blaine Campus*

- a) Joshua Brown served as a tank commander in the Minnesota Army National Guard from 2001 through 2009. (4/5/16 Tr. 170:6-11.) He is the first in his family to attend college. (*Id.* at 165:10-12.) Mr. Brown was initially interested in attending college to pursue a career as a Minnesota police officer. (*Id.* at 169:25-170:2). He was also interested in computer networking and security and ultimately decided to pursue a career in this field because it was something he had not tried before. (*Id.* at 170:1-2, 190:2-12.)
- b) After meeting with an admissions counselor, Mr. Brown enrolled in MSB's information technology program in December 2009. (*Id.* at 161:1-15, 163:1-165:9.)

¹² Some of Defendants' employee witnesses also enrolled in one of Defendants' programs during the relevant time period. (4/19/16 AM Tr. 130:14-19 (Severson); 4/19/16 PM Tr. 61:20-24) (Pullin); 4/21/16 PM Tr. 13:9-12) (Janssen); 4/25/16 AM Tr. 10:14-23, 14:8-10) (Mohlke); 4/22/16 AM Tr. 12:5-8 (Rudeen); 4/22/16 AM Tr. 100:14-23 (Stoeckel); 4/22/16 AM Tr. 116:3-10) (O'Malley). Most did not discuss Defendants' enrollment process, despite the State having an opportunity to cross-examine them, and those that did provided no testimony refuting the State's claims. Those who graduated and were working the same job they had before enrolling were counted as "placed" for purposes of Defendants' graduate job-placement rates pursuant to the ACICS guidelines. (TX0179, Rows 3489 (Janssen), 5224 (Mohlke), 6206 (Pulley), 6208 (Pullin), 6563 (Rudeen), TX0189, Row 1096 (Pollitt).

- c) In July 2010, Mr. Brown returned to his initial career goal of becoming a Minnesota police officer and met with an admissions counselor to discuss transferring into the criminal justice program. (*Id.* at 169:17-170:1, 170:15-172:9.) During this meeting, Mr. Brown advised the counselor that he wanted to be a Minnesota police officer. (*Id.* at 170:15-25, 171:25-172:9.) In response, the admissions counselor recommended that he transfer into MSB's criminal justice program and assured him that the program would allow him to become a Minnesota police officer. (*Id.* at 173:9-23.) Mr. Brown believed that the admission counselor's role was to "give [him] the best advice possible [as] to his future." (*Id.* at 172:1-4.) He trusted the admissions counselor's recommendation and transferred into MSB's criminal justice program. (*Id.* at 173:24-174:9.) Mr. Brown testified that he would not have transferred into MSB's criminal justice program had he been aware that MSB was not POST-certified because, "it wouldn't have allowed me to become what I wanted to become, which was a police officer in the State of Minnesota." (*Id.* at 175:1-12.)
- d) Mr. Brown believed MSB's criminal justice program would qualify him for a career as a Minnesota police officer because the program's coursework included instruction related to the duties and tasks of police officers. (*Id.* at 175:13-176:6.)
- e) In approximately November 2010, a friend who Mr. Brown had served with in the military informed him that MSB's criminal justice program was not POST-certified and therefore, would not qualify him to be a

Minnesota police officer. (*Id.* at 176:7-18, 177:2-16.) Upon learning this, Mr. Brown withdrew from MSB's criminal justice program and enrolled in Rasmussen's POST-certified law enforcement associate's degree program. (*Id.* at 177:17-178:5.) Mr. Brown's criminal justice program credits from MSB did not transfer to Rasmussen's law enforcement program. (*Id.* at 178:6-15.)

- f) In March 2012, Mr. Brown graduated from Rasmussen's law enforcement program. (*Id.* at 179:24-180:4.) Subsequently, he completed skills training, passed the POST examination, and obtained employment as a Minnesota police officer. (*Id.* at 180:5-21.) Mr. Brown paid for his education at MSB with GI bill military benefits and student loans. (*Id.* at 180:22-181:15; *see also* TX0100.) Defendants' misrepresentations cost Mr. Brown six (6) months of his GI bill benefits, which he cannot get back, student loan debt that he would not otherwise have incurred, and a delay of at least six (6) months in obtaining a POST-certified law enforcement degree that he could use to attain his dream job of becoming a Minnesota police officer. (*Id.* at 187:17-188:13.)

- g) Mr. Brown's testimony was credible.

117. *Perry Schramm, Student Enrolled in Defendants' Online Criminal Justice Bachelor's Degree Program.*

- a) Mr. Perry Schramm wanted to become a Minnesota police officer and someday a detective. (*Id.* at 209:15-16, 4/6/16 Tr. 16:25-17:3.) Mr. Schramm understood that to become a Minnesota police officer, a person must obtain at least a two-year college degree and complete

skills training. (4/5/16 Tr. 209:17-25.) After high school, he enrolled in St. Cloud State University's criminal justice bachelor's degree program. (*Id.* at 209:8-13.) After about one (1) year of courses, Mr. Schramm withdrew from the program due to family considerations. (*Id.* at 210:1-4.)

- b) In 2010, Mr. Schramm decided to return to college to complete a criminal justice degree and become a Minnesota police officer. (*Id.* at 210:6-24.) Mr. Schramm searched for online criminal justice programs that would allow him to work full-time while he was in school. (*Id.* at 210:17-20.) Mr. Schramm learned that Defendants offered an online criminal justice program so he started the application process online. (*Id.* at 210:25-211:4.)
- c) Subsequently, a male admissions representative contacted Mr. Schramm to discuss his interests and Defendants' programs. (*Id.* at 211:6-21, 212:4-5; 4/6/16 Tr. 2:9-23.) The representative advised Mr. Schramm about Defendants' criminal justice program and questioned him about his interests and career goals. (4/6/16 Tr. 2:18-3:17.) In response, Mr. Schramm informed the representative that his career goal was to become a Minnesota police officer. (*Id.* at 3:11-17.) During this conversation, Mr. Schramm set up an in-person meeting with an advisor at Globe's Woodbury campus to get more information, finish the application process, and "test out of classes." (4/5/16 Tr. 212:8-12; 4/6/16 Tr. 3:20-21.)

- d) Mr. Schramm next met with a female advisor at Globe's Woodbury campus. (4/5/16 Tr. 212:13-213:8.) He told the advisor that he wanted to become a Minnesota police officer and was interested in Defendants' criminal justice program. (*Id.* at 213:9-13, 214:25-215:14.) He stated, however, that he did not understand how he could complete the required hands-on skills training necessary to become a Minnesota police officer if Defendants' program was solely online. (*Id.* at 213:11-19.) In response, the advisor explained that upon completing Defendant's criminal justice program, Mr. Schramm could transfer to another school, such as Metro State in St. Paul, and would be eligible to complete skills training there. (*Id.* at 213:20-23, 214:7-9, 215:9-14.) Mr. Schramm understood the advisor's statements to mean that he could complete the academic component necessary to become a Minnesota police officer through Defendants' criminal justice program and then he would be eligible to enter skills training at another college. (*Id.* at 213:24-214:6.) Trusting and relying on the advisor's statements, Mr. Schramm decided to participate in Defendants' criminal justice bachelor's degree program. (*Id.* at 215:15-216:8, 217:14-20; 4/6/16 Tr. 10:10-12.)
- e) Mr. Schramm's advisor never informed him that Defendants' criminal justice program lacked the POST-certification that would allow him to take skills training after he graduated, or that the criminal justice credits he earned at Defendants' school were unlikely to transfer to a POST certified colleges or university—meaning he would have to retake

courses at a school with POST certification. (4/5/16 Tr. 216:10-217:13.)

- f) At MSB, Mr. Schramm “thought [he] was on the right track.” (*Id.* at 214:23.) His coursework pertained to police work and his instructors had experience as Minnesota police officers. (*Id.* 220:4-221:21.) Becoming a Minnesota police officer was even discussed among students on one of his classes’ interactive “Blackboard” discussion boards. (*Id.* at 218:15-219:24.)
- g) In December of 2013, Mr. Schramm graduated from Defendants’ criminal justice bachelor’s degree program. (*Id.* at 221:22-222:3.) Thereafter, he took a security job with Rosedale Center to acquire work experience in the criminal justice field. (*Id.* at 222:9-16; see also TX0652-0001.) This security job only required a high school diploma and paid \$10 per hour. (*Id.* 228:17-229:16.)
- h) By May of 2015, Mr. Schramm had become shift supervisor at Rosedale Center and felt he was ready to complete skills training to become a Minnesota police officer. (*Id.* at 229:17-230:3.) He applied for skills training at Metro State. (*Id.* at 230:15-24.) On May 18, 2015, Mr. Schramm received a phone call from a representative of Metro State who advised him that his from Defendant’s criminal justice program would transfer in to Metro State and that if he wanted to complete skills training he would have to start his criminal justice coursework over from the beginning. (*Id.* at 230:20-231:7, 231:22-232:7; 4/6/16 Tr. 4:4-5:3.)

- i) Metro State put Mr. Schramm in contact with POST Board representative, Peggy Strand, to see if any options existed other than starting his schooling over. (*Id.* at 231:12-24; 4/6/16 Tr. 3:18-4:3, 5:4-11.) Ms. Strand encouraged him to file a complaint with the Minnesota Attorney General's Office, which he did. (4/6/16 Tr. 5:17-6:6.)
- j) Mr. Schramm's testimony was credible.

118. *Jesse LeFebvre, Student Enrolled in Defendants' Criminal Justice Associate's Degree Program at MSB's Elk River Campus*

- a) In the fall of 2010, Jesse LeFebvre began searching for a college to pursue his goal of becoming a Minnesota police officer. (4/6/16 Tr. 31:13-32:9, 60:5-8, 61:4-6.) After learning of MSB through television advertisements, Mr. LeFebvre called and set up an appointment to meet with admission representative Ronnie Kankaala at MSB's Elk River campus. (*Id.* at 32:13-19; see also TX0829-2828.)
- b) During admissions calls and two in-person meetings with Ms. Kankaala, Mr. LeFebvre told her that he was interested in becoming a Minnesota police officer. (4/6/16 Tr. 32:20-34:25.) Mr. LeFebvre knew he needed skills training for this career, and was assured by Ms. Kankaala that he could attend skills training after graduating from MSB and thereafter become a Minnesota police officer. (*Id.* at 32:7-9, 34:20-35:15.) Relying upon this information, Mr. LeFebvre enrolled in MSB's criminal justice program, and began attending classes both online and at its Elk River campus. (*Id.* at 35:21-36:7, 37:15-24, 38:10-12; TX1375.) Mr. LeFebvre was not informed before he enrolled that

MSB was not POST-certified such that he could participate in skills training after receiving his degree. (4/6/16 Tr. 36:18-37:8.)

- c) Mr. LeFebvre took criminal justice courses that were taught by current and former Minnesota police officers, Tim and Janell Trocke. (*Id.* at 38:13-41:10.) In his investigations course, Ms. Trocke set up a mock crime scene investigation and the class acted as police officers, canvassing the area, looking for clues, and interrogating suspects. (*Id.* at 40:12-41:10.) Mr. LeFebvre appreciated these types of police work-related classroom exercises because “they made it real.” (*Id.* at 41:4-10.)
- d) One day before class, Mr. LeFebvre told his instructor, Mr. Trocke, that he was interested in becoming a police officer. (*Id.* at 41:19-42:8.) In response, Mr. Trocke provided words of encouragement, telling him that he could do anything because he had the type of personality that most people get along with. (*Id.*) Near graduation, during a mock interview for a police officer job with another instructor, Mrs. Trocke, Mr. LeFebvre again stated his desire to become a police officer. (*Id.* at 42:9-17, 48:5-7; see also TX0404-0019.) In response, Mrs. Trocke told him that he would have to complete skills training at another school such as Hibbing Community College (“HCC”). (4/6/16 Tr. 48:17-49:1.)
- e) Upon his graduation in March 2013, Mr. LeFebvre attempted to enroll in skills training at HCC, as recommended by his instructor, Mrs. Trocke. (4/6/16 Tr. 49:5-9, 51:2-8, 51:23-52:7; TX0407-0003-04.) Mr. LeFebvre learned from HCC’s law enforcement program director Steve

Lorenz that he was not eligible to attend HCC's skills training because MSB was not POST-certified. (4/6/16 Tr. 52:5-14.) Mr. Lorenz further informed Mr. LeFebvre that if he wanted to enroll in HCC's POST-certified law enforcement program, he would have to start his criminal justice coursework over. (*Id.* at 52:8-14; TX0407-0001.) In an email, Mr. LeFebvre informed Mrs. Trocke that he had spoken with Mr. Lorenz and "he said MSB is not an accredited school so I can't do skills." (TX0407-003; 4/6/16 Tr. 52:19-53:5.) There is no evidence in the record that Mrs. Trocke responded to Mr. LeFebvre's email. (4/6/16 Tr. 52:19-53:5.)

- f) Currently, Mr. LeFebvre works at Sherburne County Jail in a position that also requires no college degree. (*Id.* at 57:6-13.)
- g) Mr. LeFebvre's testimony was credible.

119. *John Moen, Student Enrolled in Defendants' Criminal Justice Bachelor's Degree Program at MSB's Rochester Campus*

- a) After being honorably discharged from the United States Navy, John Moen decided to obtain a college degree so that he could pursue his dream of becoming a State Trooper. (4/6/16 Tr. 85:8-14, 86:13-15, 86:20-87:1.) Mr. Moen researched a handful of local colleges, including Rochester Community and Technical College ("RCTC"), Winona State University, and MSB - Rochester. (*Id.* at 87:25-88:13.)
- b) Mr. Moen visited MSB's Rochester campus in the fall of 2009 and met with admission representative Angie Helm. (*Id.* at 88:19-23, 89:2-7, 89:15-21.) During the meeting, he told Ms. Helm that he wanted to be a Minnesota State Trooper, patrolling highways 52 and 14 that run

through Rochester. (*Id.* at 89:15-90:11.) Ms. Helm responded by saying: “We have a great criminal justice program.” (*Id.* at 90:12-16.)

- c) Thereafter, Mr. Moen enrolled in MSB’s criminal justice bachelor’s degree program in late 2009. (*Id.* at 92:17-20, 93:1-6, 92:2-9.) Based on the information he received, Mr. Moen believed that after graduating from MSB, he would be eligible to enroll in the skills training necessary to become a Minnesota State Trooper. (*Id.* at 93:7-94:3.)
- d) After his enrollment, Mr. Moen took classes involving instruction on police work, including introduction to criminal justice, legal terminology, fraud examination, introduction to juvenile justice, investigation processes and procedures, criminal law and procedure, fraud examination, community policing, drugs and society, cyber-crime, terrorism and homeland security, and victimology. (*Id.* at 98:22-101:20.)
- e) Mr. Moen graduated from MSB’s criminal justice bachelor’s degree program in December of 2012. (*Id.* at 103:10-16.) After his graduation, Mr. Moen learned that his MSB degree would not allow him to enter skills training as he had previously believed. (*Id.* at 105:3-13.) Mr. Moen attempted to transfer his MSB credits to RCTC to further his education by obtaining a business degree. (*Id.* at 107:1-8.) Mr. Moen’s credits from MSB, primarily criminal justice credits that were unrelated to a business degree, would not transfer to RCTC. (*Id.* at 107:1-8, 109:19-110:1.)

- f) Currently, Mr. Moen works as a materials handler for McNeilus Steel, a position that pays \$16.61 per hour and does not require a bachelor's degree. (*Id.* at 110:2-11.)
 - g) Mr. Moen's testimony was credible.
120. *Sheena Janusch, Student Enrolled in Defendants' Criminal Justice Bachelor's Degree Program at Globe's Minneapolis Campus*
- a) Sheena Janusch is the first person in her family to attend college. (4/6/16 Tr. 132:10-12.) Ms. Janusch had a goal to become a police officer. (*Id.* at 130:12-22.) After graduating from high school in 2005, Ms. Janusch pursued her dream by studying law enforcement at HCC. (*Id.* at 12:25-130:11.) She understood that to become a Minnesota police officer, a person must attain at least a two-year college degree and complete skills training. (*Id.* at 130:23-131:13.) After struggling with her coursework at HCC, she moved back home to her hometown of Pine City and began looking into other colleges. (*Id.* at 132:3-9, 133:4-14.)
 - b) Ms. Janusch learned of Globe and MSB through billboards and online research. (*Id.* at 138:7-10.) Ms. Janusch called Defendants to ask about the programs they offered. (*Id.* at 134:18-22, 136:5-6.) During this call, she told Defendants that she had previously attended HCC's criminal justice program, she was interested in Defendants' criminal justice program, and she wanted to become a Minnesota police officer. (*Id.* at 136:7-13; see also TX0829-2574.) During this call, admission representative Bergstrom scheduled an in-person appointment with Ms.

Janusch at Globe's Minneapolis campus. (4/6/16 Tr. 141:22-25; *see also* TX0829-2574.)

- c) During her meeting with Ms. Bergstrom, Ms. Janusch told Ms. Bergstrom that she wanted to be a Minnesota police officer. (*Id.* at 142:1-6.) Ms. Bergstrom responded by saying that Globe's criminal justice program would be a good fit for her, and would allow her to pursue her career goal of becoming a police officer. (*Id.* at 141:19-21, 142:17-22.) Ms. Janusch testified that Ms. Bergstrom told her that while Globe did not offer skills training, she could complete her academic training at Globe and later transfer to a school that offered skills training. (*Id.* at 143:15-144:11.) Ms. Janusch believed "one hundred percent" that she could become a police officer with a Globe degree as long as she obtained the necessary skills training after graduation. (*Id.* at 144:15-19.) At no point was Ms. Janusch told she needed a regionally-accredited degree to participate in skills training. (*Id.* at 147:14-24.)
- d) Ms. Janusch also talked with admission representative Bergstrom about becoming a probation officer. (*Id.* at 143:4-17.) Ms. Bergstrom assured her that after graduating from Globe with an associate's degree in criminal justice, she could obtain a probation officer job. (*Id.* at 146:22-147:7.) Ms. Janusch was not told, nor did the Defendants have an obligation to tell, at the time of her enrollment, anything about the educational requirements necessary to become a Minnesota probation officer. (*Id.* at 146:10-13.)

- e) Ms. Janisch testified further that Ms. Bergstrom told her that if she enrolled in Globe's criminal justice program, she would be taught by former police officers, that the program had a good graduate job-placement rate, and that she would have no problem finding a job after graduation. (*Id.* at 145:5-24.)
 - f) Ms. Janusch enrolled in its criminal justice associate's degree program. (*Id.* at 144:15-19, 146:15-147:7.) She trusted admission representative Bergstrom, believing that as "a young adult that has already struggled," she could rely on Ms. Bergstrom to help her with "turning her [life] around." (*Id.* at 144:24-145:4.)
 - g) After participating in Globe's criminal justice program for at least one year, Ms. Janusch called other schools in an attempt to transfer, but the schools would not accept her Globe credits from the criminal justice program. (*Id.* at 148:22-23, 149:17-25.) Thereafter, Ms. Janusch was "shocked" when she learned from a friend that Globe's criminal justice credits generally do not transfer to other schools with criminal justice programs. (*Id.* at 151:23-152:15.)
 - h) Ms. Janusch's testimony was credible.
121. *Margaret Scheel, Student Enrolled in Defendants' Criminal Justice Bachelor's Degree Program at MSB's Elk River Campus*
- a) Margaret Scheel decided to pursue becoming a juvenile probation officer. (4/6/16 Tr. 172:17-23.) Because her mother was a massage therapy instructor at MSB's Elk River campus, Ms. Scheel went on campus to speak directly with the Director of Admissions ("DOA"), Tim Elliott. (*Id.* at 173:4-9.) Ms. Scheel told Mr. Elliott about her goal

of becoming a juvenile probation officer. (*Id.* at 172:24-173:3.) In response, Mr. Elliott recommended MSB's two-year criminal justice associate's degree program. (*Id.* at 173:10-14.) Ms. Scheel was interested in ultimately obtaining a master's degree in criminal justice and also knew that a four-year degree is needed to be a probation officer, so she testified that she told Mr. Elliott she would like to enroll in a four-year program and later earn a master's degree. (*Id.* at 173:10-18, 174:6-16.) In response, Mr. Elliott said that "wouldn't be a problem." (*Id.* at 173:19-20.)

- b) After speaking with Mr. Elliott, Ms. Scheel met with admission representative, Ronnie Kankaala. (*Id.* at 173:21-174:5.) Ms. Scheel shared with Ms. Kankaala that she wanted to eventually obtain a master's degree. (*Id.* at 174:6-16.) At that time, MSB did not offer a master's degree in criminal justice. (*Id.*)
- c) In 2010, Ms. Scheel enrolled in MSB's criminal justice bachelor's degree program, beginning her classes that October. (*Id.* at 172:4-16, 218:2-4.) To enroll, she signed an Admission Agreement with Ms. Kankaala, who outlined its "key points" and "small prints." (*Id.* at 174:2-175:13.) The process reminded Ms. Scheel of "filling out paperwork at a bank." (*Id.* at 175:12-13.) Ms. Scheel trusted MSB's DOA as well as admission representative Kankaala because she thought they would "be honest" with her and "guide [her] in the right direction." (*Id.* at 175:19-25, 176:5-12.)

- d) Many of Ms. Scheel's criminal justice courses provided instruction on police work, and were taught by current and former Minnesota police officers, Tim and Janell Trocke. (*Id.* at 177:10-22, 178:21-179:25, 203:22-204:9.) Mr. and Mrs. Trocke regularly discussed their own experiences as police officers during her classes. (*Id.* at 178:21-179:25.)
- e) Halfway through her program, Ms. Scheel noticed that two of her classmates, including Timothy Bennett who also testified, were no longer in class. (*Id.* at 180:18-181:4.) Upon asking Mr. Trocke about the absence of these students, she learned that because they wanted to become Minnesota police officers, they withdrew from MSB's criminal justice program to attend other schools. (*Id.*) Mr. Trocke later shared this same information, regarding the inability of MSB students to become Minnesota police officers, in a class Ms. Scheel attended. (*Id.* at 182:7-15.) This corresponds roughly with the time that the testimony shows Defendants started actively trying to inform students that they were not POST-certified such that a student from MSB or Globe could complete law enforcement skills training.
- f) Ms. Scheel created and led MSB-Elk River's Criminal Justice Club, which facilitated field trips to jails, prisons, and the Bureau of Criminal Apprehension. (*Id.* at 185:6-16.) She also served on the criminal justice program advisory committee in 2012, which selected one student for participation each year. (*Id.* at 186:2-187:8.) Professionals from the field were invited to come to the advisory committee meeting to speak

on what MSB could do to make their graduates more employable. (*Id.* at 187:12-23.)

- g) Ms. Scheel testified that she asked Ms. Trocke if the criminal justice program could be changed or improved, but the program remained unaltered following her request. (*Id.* at 189:11-23.) After learning she could not become a probation officer, Ms. Scheel decided not to leave MSB because she had already invested too much time and money into her degree and she wanted to follow through on the promise she made to her son to better their lives. (*Id.* at 246:7-15.) She hoped that with a four-year criminal justice degree, she would be able to get her foot in the door somewhere with a good employer. (*Id.*)
- h) In adjusting her career goals, Ms. Scheel sought advice from Mr. Trocke, who suggested a career in investigations. (*Id.* at 190:7-15.) Ms. Scheel took this advice and obtained an internship with the Minnesota Public Defender's Office. (*Id.*) She has since applied for numerous investigator positions, but has not obtained a job as an investigator. (*Id.* at 190:23-191:3.) Mr. Trocke continues to send Ms. Scheel investigator job postings. (*Id.* at 191:4-17.)
- i) Ms. Scheel worked for MSB as a career services assistant, library assistant, writing tutor, and an administrative assistant while attending school. (*Id.* at 172:6-10.) As a career services assistant, her duties entailed sending out job leads to graduates, posting job leads for current students, and gathering employer and student surveys. (*Id.* at 192:10-18.) Ms. Scheel worked with the Elk River Career Services Director,

Tammy Erickson, and the Career Services Assistant Director, Doni Dieters. (*Id.* at 223:15-20.)

- j) As a career services assistant, Ms. Scheel testified that she was told to send out job leads from websites such as Craigslist, Indeed, Simply Hired, and local newspapers. (*Id.* at 192:19-193:1.) She was not trained to look at the required education level for jobs before sending them out. (*Id.* at 193:2-8.) She also received no training on tailoring the job leads she sent based upon student interests. (*Id.* at 193:15-23.) All of the job search websites that she used were publically available. (*Id.* at 193:24-194:3.)
- k) During her time working as an MSB career services assistant, Ms. Scheel received complaints on a weekly basis. (*Id.* at 194:8-11.) Students and graduates complained that they were receiving jobs postings for which they were overqualified or underqualified. (*Id.* at 194:12-16.) Ms. Scheel was told not to respond to these complaints, but rather to forward them to Career Services Director, Tammy Erickson. (*Id.* at 194:17-22.) Ms. Scheel had no knowledge of what happened to complaints after forwarding them to Tammy Erickson.
- l) As a career services assistant, Ms. Scheel had particular difficulty in finding appropriate positions for graduates of certain programs—such as veterinary technology and criminal justice—because the available positions in these fields did not require degrees. (*Id.* at 196:22-197:3.) For criminal justice, she could only find loss prevention jobs. (*Id.* at 197:4-6.) For veterinary technicians, she was instructed by Career

Services Director Erickson to send receptionist or pet store clerk job postings to students, neither of which required a college degree. (*Id.* at 197:9-19.) Business students were sent “a very wide range” of job postings, including administrative and cashier positions at Target or Walmart. (*Id.* at 197:20-198:1.) Although the State argues that Defendants failed to provide or provided unsatisfactory career services, it is clear that claims of educational quality are not actionable. Further, it is clear that Defendants were providing career services by sending job postings to alumni and current students.

- m) Ms. Scheel also was involved in MSB’s graduate job-placement reporting decisions. (*Id.* at 198:2-15.) For example, she was once asked whether a firefighter was appropriately categorized as a “placed” criminal justice graduate. (*Id.*) She responded in the negative, but MSB counted the firefighter as placed anyway. (*Id.* at 198:16-199:2.) However, Ms. Scheel testified that she had no knowledge of how ACICS required Defendants to report graduate job-placements.
- n) Given the location of her workspace as a career services assistant, Ms. Scheel was able to overhear what MSB admission representatives were saying to prospective students. (*Id.* at 199:3-16.) Ms. Scheel testified that she was uncomfortable with the admissions process; however, Ms. Scheel has no further knowledge or training regarding the admissions process.
- o) Ms. Scheel noticed that toward “the end of the quarters, [admission representatives’] calls to prospective students increased and ‘things

would get frantic.”” (*Id.* at 200:13-20.) She also overheard an in-person meeting with a prospective student who wanted to be a police officer, and was told by admission representative Michelle Champagne that it would be no problem to become a police officer with an associate’s degree from MSB. (*Id.* at 201:1-202:1.) After this prospective student’s tour of the campus, the admission representative brought the student back to Ms. Scheel’s cubicle to ask her about available skills training programs, to which Ms. Scheel suggested Alex Tech based upon her conversations with Mr. Trocke. (*Id.*) On several other occasions, Ms. Scheel overheard admission representatives speak to prospective students interested in becoming police officers, especially veterans, and she “never” heard an admission representative turn these students away. (*Id.* at 202:21-203:10.) The admission representatives Ms. Scheel overheard included: (1) Kate Samuelson, (2) Liz Patton and (3) Ronnie Kankaala. (*Id.* at 202:1-8.)

- p) In September 2013, Ms. Scheel graduated from MSB’s criminal justice bachelor’s degree program. (*Id.* at 205:9-11.) Immediately after graduation, Ms. Scheel obtained a job in loss prevention for Heartland Corporate Security, where she sat in a room watching security cameras. (*Id.* at 206:10-20.) This job did not require a college degree and paid \$11 per hour, which was \$3 less than what she was earning prior to enrolling at MSB. (*Id.* at 206:21-206:7.)
- q) Ms. Scheel quit her position at Heartland after three to four months and has since applied to over fifty criminal justice positions, but has been

unable to obtain employment in the criminal justice field. (*Id.* at 207:20-208:13.) Ms. Scheel testified that she had several interviews, but was not called back for second interviews. Currently, Ms. Scheel is working as a home health aide, making \$11.85 an hour. (*Id.* at 208:25-209:3.) While she would like to continue her education to obtain a criminal justice master's degree, Ms. Scheel has made the decision to not incur more educational debt. (*Id.* at 209:13-20.)

- r) Ms. Scheel expressed concern that if she attempts to enroll in a master's degree program at another institution, her MSB credits will not transfer. (*Id.* at 209:20-210:5.) However, Ms. Scheel has not attempted to transfer her credits
- s) Ms. Scheel's testimony was credible.

122. *Stephen Westby, Student Enrolled in Defendants' Criminal Justice Bachelor's Degree Program at MSB's St. Cloud Campus*

- a) In January 2008, Stephen Westby enlisted in the military and was thereafter deployed to Kyrgyzstan from 2011 through 2012. (*Id.* at 6:22, 7:15-18.) He served as a customs work patrol agent for a military police company. (*Id.* at 6:22-23, 7:10-22.) Prior to his enlistment, Mr. Westby had previously attended St. Cloud State University's and Ridgewater College's criminal justice programs, in pursuit of his goal of becoming a conservation officer for the Minnesota Department of Natural Resources ("DNR"). (*Id.* at 11:5-12:24.)
- b) Mr. Westby first learned of MSB's criminal justice program through his wife, who attended a veteran's convention at MSB's St. Cloud campus. (*Id.* at 6:21-7:14.)

- c) Based on the information MSB gave his wife, Mr. Westby visited the St. Cloud campus in the fall of 2011, during a two-week leave from his deployment. (*Id.* at 8:1-9, 8:19-20.) During this visit, Mr. Westby shared his goal of becoming a conservation officer with two female MSB admission representatives. (*Id.* at 10:9-16; *see also* TX1494-0003, -0005.) In response, MSB's admission representatives visited the Minnesota DNR website and printed out the webpage describing conservation officer requirements, showing it to Mr. Westby. (*Id.* at 10:3-8.) They advised Mr. Westby that he could obtain a degree from MSB and then attend skills training to become a Minnesota conservation officer. (*Id.* at 10:22-24, 54:11-16.) Mr. Westby did not enroll at MSB in 2011 at that time.
- d) Mr. Westby returned to MSB for a second visit in early 2012. (*Id.* at 8:21-9:3, 14:14-22.) Mr. Westby testified that he was again told that by completing MSB's criminal justice program he would be eligible to attend skills training and be on his way to becoming a conservation officer. (*Id.* at 14:19-15:2, 16:1-6.) Mr. Westby was also told that MSB had a "higher placement rat[e than other schools]." (*Id.* at 16:24-17:3.) The admission representatives recommended that Mr. Westby enroll in MSB's criminal justice program and told him that the program "would be a good fit" for him. (*Id.* at 15:13-19.) Mr. Westby enrolled in MSB's four-year criminal justice bachelor's degree program. (*Id.* at 13:24-14:10, 15:3-12, 16:7-9.)

- e) After enrollment, Mr. Westby became president of MSB-St. Cloud's criminal justice club. (*Id.* at 18:5-12.) Through the criminal justice club, he attended field trips to different law enforcement facilities in Elk River and St. Cloud. (*Id.* at 18:8-12.) His criminal justice coursework also included direct instruction on police work. (*Id.* at 18:13-22.) During his studies at MSB, Mr. Westby participated in service learning projects, which included assisting the YMCA with a fundraising bike race. (*Id.* at 19:11-25.) As a result of this service event, Mr. Westby was featured in a Globe University/Minnesota School of Business blog published on Defendants' website. (*Id.* at 20:8-21:8; TX0913.) Within the blog, Mr. Westby is quoted as saying: "I would like to be a Conservation Officer after I am done with school." (TX0913-0002.) After providing this information for purposes of the blog post, no one from Defendants reached out to Mr. Westby to explain the requirements to become a conservation officer in Minnesota. (4/7/16 Tr. 23:16-24:1.)
- f) At the beginning of each of his MSB courses, Mr. Westby would inform both his instructors and his classmates of his career goal of becoming a conservation officer. (*Id.* at 25:3-17.)
- g) On the first day of his second quarter at MSB, Mr. Westby learned for the first time that because MSB was not a POST-certified school, he would not be eligible to attend skills training after graduation. (*Id.* at 25:24-26:6.) That day, *two instructors separately* took Mr. Westby aside after class to tell him that he could not become a licensed peace

officer in Minnesota with a MSB degree. (*Id.* at 26:1-27:3.) After learning that he could not become a conservation officer with a degree from MSB, Mr. Westby spoke with the admission representatives who had enrolled him but they were not helpful. (*Id.* at 28:4-16.)

- h) Mr. Westby ultimately withdrew from the criminal justice program in September of 2012 because he did not want to use any more of his GI Bill military benefits or other financial resources on a degree that would not allow him to become a conservation officer. (*Id.* at 6:19-20, 29:4-19.)
- i) In January of 2013, Mr. Westby enrolled in Central Lakes College's ("Central Lakes") natural resources law enforcement program. (*Id.* at 29:21-24.) Initially, none of Mr. Westby's MSB credits transferred to Central Lakes. (*Id.* at 30:5-9.) After an appeals process, Mr. Westby was able to get credit for one MSB general course. (*Id.* at 30:8-15.) He was "very frustrated [and] very angry" when he learned his credits would not transfer from MSB to Central Lakes even though "half of the [classes] were the same." (*Id.* at 30:23-31:3.) Mr. Westby complained to MSB about the transferability of his credits, but he cannot recall MSB responding. (*Id.* at 31:4-11.)
- j) Mr. Westby's testimony was credible.

123. *Elisha Claiborne, Student Enrolled in Defendants' Criminal Justice Associate's Degree Program at Globe's Woodbury Campus*

- a) Elisha Claiborne wanted to become a juvenile probation officer so that she could give her son a better life and be a mentor for wayward youths. (4/7/16 Tr. 64:20-65:10.) In March 2009, she began looking at

potential colleges to enroll in, her first stop being Globe's Woodbury campus. (*Id.* at 66:5-11, 67:12-18.) Ms. Claiborne met with an admission representative named Carl at Globe's Woodbury campus, who she believed was "there to help guide me, hold my hand, make sure that it [Globe's program] would meet my goals." (*Id.* at 66:5-16.)

- b) When she met with the admission representative, she told him that she wanted to become a juvenile probation officer. (*Id.* at 67:2-6.) In response, the admission representative recommended that she enroll in Globe's two-year criminal justice associate's degree program, saying the program "would be the perfect fit for [her]." (*Id.* at 68:6-13.) At the time, Globe did not offer a criminal justice bachelor's degree program. (*Id.* at 73:17-19.) Globe's admission representative told Ms. Claiborne that she could become a probation officer with an associate's degree and that Globe had "several connections in the criminal justice field . . . so [she] would be able to have a job placement after . . . graduating" as a juvenile probation officer. (*Id.* at 68:6-10, 69:3-15.) Ms. Claiborne testified further that the admissions representative told her that Globe's credits "were transferable" should she decide to later pursue her education elsewhere. (*Id.* at 68:18-69:2.)

- c) Ms. Claiborne told the admission representative that she was interested in looking at other colleges, at which point he told her that "he would be hesitant to recommend" her to attend Globe University's criminal justice program if she did not enroll that day." (*Id.* 67:19-68:5.) As a result, she enrolled that same day because "[she] did not want to miss

out on [the] opportunity to further [her] education.” (*Id.* at 67:25-68: 5.)

The admission representative filled out Ms. Claiborne’s enrollment documentation for her on a computer, and she could not see the computer screen as this was being done. (*Id.* at 84:24-85:4, 86:2-8.)

d) Ms. Claiborne learned that she needed a bachelor’s degree to become a probation officer in Minnesota. (*Id.* at 69:16-21.) For one of her last class assignments, she interviewed a Ramsey County probation officer who informed her she needed a bachelor’s degree to become a Minnesota probation officer. (*Id.* at 69:20-71-15.) Upon learning this, she felt “betrayed” and “lied to.” (*Id.* at 72:20-22.) Subsequently, Ms. Claiborne looked into whether she could continue her education at other institutions, but was told by both Century College and Metro State that they would not accept her Globe credits and she would have to start school over. (*Id.* at 72:23-73:4, 102:7-15.) Ms. Claiborne never would have enrolled in Globe’s two-year criminal justice associate’s degree program had she known at the time she enrolled that Globe’s credits were unlikely to transfer to other schools and that she needed a bachelor’s degree to be a Minnesota probation officer. (*Id.* at 72:14-22, 73:5-12.)

e) After graduating from Globe’s criminal justice associate’s degree program, the only placement services Ms. Claiborne received from Globe were links to publicly available jobs that were often unrelated to her field of study or qualifications. (*Id.* at 75:18-76:8, 80:9-21.) Had she known this was the type of graduate job-placement assistance she

would receive from Globe, she never would have enrolled. (*Id.* at 80:22-81:7.) The jobs Ms. Claiborne has worked since graduating have nothing to do with the criminal justice field and don't require a college degree. (*Id.* at 77:16-24.) She has never been able to find a job as a probation officer in the criminal justice field. (*Id.* at 79:12-15, 80:1-8.)

- f) Ms. Claiborne estimates she currently has about \$60,000 in student loan debt from her Globe education. (*Id.* at 81:11-13; see also TX0100 (indicating Ms. Claiborne's paid a total of \$51,208.90 in tuition to Globe, \$32,987.60 of which was federal student loans).) When testifying, Ms. Claiborne became emotional and stated that Globe's misrepresentations have caused her to fall in severe debt, where she struggles "paycheck to paycheck now just to be able to provide for my son." (*Id.* at 79:12-25, 81:4-82:13.)
- g) As to the purported utility of Defendants' criminal justice program for a career in Minnesota law enforcement, Ms. Claiborne's testimony was credible.

124. *Dillon Zerwas, Student Enrolled in Defendants' Criminal Justice Associate's Degree Program at MSB's Shakopee Campus*

- a) Dillon Zerwas was the first in his family to attend college and wanted to be a police officer. (4/7/16 Tr. 153:1-7, 175:23-176:1.) In the fall of 2012, MSB admission representative Scott Moncur gave a slideshow presentation to Mr. Zerwas's high school class. (*Id.* at 150:14-151:14.) After the presentation, Mr. Zerwas approached admission representative Moncur and told him he was interested in MSB's criminal justice program because he wanted to be a Minnesota police

officer. (*Id.* at 150:14-152:6.) In response, admission representative Moncur told him that MSB's criminal justice program was "a great program for people who want to be police officers." (*Id.* at 152:8-9.) Mr. Zerwas had also seen Defendants' television advertisements that depicted police officers. (*Id.* at 171:5-9.) Thereafter, Mr. Moncur called Mr. Zerwas and his parents several times and ultimately scheduled an in-person meeting with them at MSB's Shakopee campus. (*Id.* at 152:20-25, 153:8-21.)

- b) In the fall of 2012, Mr. Zerwas met with admission representative Moncur at MSB's Shakopee campus. (*Id.* 153:8-24; TX0829-3734.) He believed he could trust admission representative Moncur "100 percent" because he was an advisor for MSB whose job was to help find the right program for him based on his career goal of becoming a Minnesota police officer. (4/7/16 Tr. 153:25-154:10, 157:1-6.) During this meeting, Mr. Zerwas again told admission representative Moncur that he wanted to be a Minnesota police officer. (*Id.* at 156:13-15.) In response, admission representative Moncur recommended that he enroll in MSB's criminal justice program because it was "great for folks who want to become police officers." (*Id.* at 156:16-24.) Trusting admission representative Moncur's recommendation, Mr. Zerwas enrolled in MSB's criminal justice associate's degree program. (*Id.* at 156:19-158:1.)
- c) Based on the information he received from admission representative Moncur, Mr. Zerwas believed that he could obtain the educational

degree necessary to be a Minnesota police officer from MSB and then he would be eligible to begin skills training. (*Id.* at 158:8-17.)

Mr. Moncur testified consistently with Mr. Zerwas's account, stating that Mr. Zerwas wanted to be a police officer and that he believed that MSB students could attend MSB's criminal justice program and then be eligible to complete the additional skills training necessary to become a Minnesota police officer at another school. (4/20/16 AM Tr. 56:23-57:14, 58:5-25, 62:12-66:4; TX371-0001.) Mr. Moncur also testified that he had no idea that only degrees from regionally-accredited schools permitted students to be eligible to complete the skills training necessary to become a Minnesota police officer, or that MSB's credits were unlikely to transfer to the schools that offered skills training. (*Id.*)

- d) After enrolling in MSB-Shakopee's criminal justice program in May 2013, Mr. Zerwas told three other MSB employees, including one of his criminal justice instructors, of his career goal of becoming a Minnesota police officer. (4/7/16 Tr. 158:18-160:24.) On each occasion, MSB's representatives did not correct admission representative Moncur's misrepresentations or inform Mr. Zerwas he was in the wrong program if he wanted to become a Minnesota police officer. (*Id.*) Two weeks into his first quarter, a substitute instructor asked Mr. Zerwas's class about their career goals and Mr. Zerwas again said he wanted to become a Minnesota police officer. (*Id.* at 161:8-22.) The substitute instructor "shook his head and said, 'no, you can't be a

cop here.” (*Id.* at 161:23-25.) After class, the substitute instructor informed Mr. Zerwas that MSB’s criminal justice program would not prepare him to be a Minnesota police officer because it was not properly accredited. (*Id.* at 162:2-7.) Upon learning this, Mr. Zerwas was shocked and withdrew from the program. (*Id.* at 161:25-162:1, 163:16-19.)

- e) When he withdrew, Mr. Zerwas sought to void the tuition charges he received from MSB for the time he was enrolled in the criminal justice program because he “felt like [he] was lied to.” (*Id.* at 163:24-164:4.) MSB initially denied his request. (*Id.* at 164:5-9.) Not until Mr. Zerwas complained to the Minnesota Office of Higher Education, the POST Board, and several other agencies did MSB agree to void these charges. (*Id.* at 164:10-166:9.) Mr. Zerwas continues to pursue his dream of becoming a Minnesota police officer and is finishing up skills training at Hennepin Technical College. (*Id.* at 176:6-13.)
- f) As to the purported utility of Defendants’ criminal justice program for a career in Minnesota law enforcement, Mr. Zerwas’s testimony was credible.

125. *Donna Link, Student Enrolled in Defendants’ Criminal Justice Bachelor’s Degree Program at MSB’s Plymouth Campus*

- a) Business owner Donna Link served in the Navy reserves from 1986 until her honorable discharge in 1997. (4/7/16 Tr. 191:4-22.) In 2010, she re-enlisted in the Navy and began to seriously look into returning to college to finish her criminal justice degree so she could obtain a job with the Department of Homeland Security as an investigator. (*Id.* at

191:23-192:11.) Ms. Link would regularly drive by a sign advertising MSB's Brooklyn Center campus as "military friendly," "50 percent off credits" so she decided to call MSB to learn more about its programs. (*Id.* at 192:14-193:3, 224:20-25.)

- b) MSB arranged for her to have an in-person meeting with a female admission representative at its Plymouth campus on the anniversary of her husband's death, July 7, 2011. (*Id.* at 194:11-195:9.) During the meeting, Ms. Link explained her goal of working as a federal investigator for Homeland Security (*Id.* at 195:15-21.) Ms. Link further explained that being able to transfer the credits she earned at MSB was very important to her because her military unit deployed frequently in response to emergencies, which could require her to have to transfer schools in the future. (*Id.* at 198:2-11, 199:5-7.) In response, the admission representative told her that MSB was "nationally accredited . . . and so you can go to any school." (*Id.* at 198:2-199:7.) The admission representative also made Ms. Link feel as though her enrollment with MSB was not automatic and depended on the school selecting her. (*Id.* at 194:17-195:3.)
- c) Ms. Link repeated her concerns about the need for her MSB credits to transfer due to a potential future deployment when she next spoke with MSB veteran's representative. (*Id.* at 200:10-16.) MSB's veteran representative repeated that MSB was "nationally accredited" so the transfer of MSB's credits to other schools would not be a problem. (*Id.*)

- d) Trusting the assurances she received about the transferability of credits from MSB's admission and veterans representatives, Ms. Link enrolled in MSB's criminal justice program. (*Id.* at 202:4-16.) After she had completed about one year of courses, she realized that MSB's criminal justice program was more expensive than other similar programs and decided to transfer to a different college. (*Id.* at 203:13-204:14.) Ms. Link withdrew from MSB and transferred to American Military University, only to learn that none of her MSB credits would transfer. (*Id.* at 205:19-206:3.) This forced Ms. Link to re-take and repay for coursework she had already completed at MSB. (*Id.* at 207:8-11.) The time she lost while participating in MSB's criminal justice program also caused her to be ineligible for the federal Homeland Security position she had gone back to college to obtain in the first place. (*Id.* at 206:10-207:4, 209:17-20.)
- e) Ms. Link complained to MSB about its credit transfer misrepresentations at the time she enrolled. (*Id.* at 208:6-209:3.) In response, MSB simply wished her luck with her future endeavors. (*Id.*)
- f) MSB's misrepresentations foreclosed Ms. Link's ability to switch careers, causing her to refocus on her present career in the Navy. (*Id.* at 209:12-14.) She later learned that the Department of Homeland Security will not even accept MSB criminal justice degrees for federal law enforcement positions. (*Id.* at 210:16-23.) While attending MSB's criminal justice program, Ms. Link paid a total of \$14,481.50 to MSB, \$5,949.50 of which constituted federal student loans. (See TX0100.)

- g) As to the purported utility of Defendants' criminal justice program for a career in Minnesota law enforcement, Ms. Link's testimony was credible.

126. *Timothy Erickson, Student Enrolled in Defendants' Criminal Justice Bachelor's Degree Program at MSB's Brooklyn Center Campus*

- a) Timothy Erickson served four combat tours of duty in Iraq and Afghanistan with the Marines and was honorably discharged in June 2010. (4/11/16 AM Tr. 31:7-16.) Since he was young, Mr. Erickson wanted to be a police officer. (*Id.* at 30:25-31:2.) His ultimate goal is to work for the U.S. Marshall's Office, but he wanted experience as a police officer before pursuing this career. (*Id.* at 45:6-8, 56:14-25.) After leaving the military, Mr. Erickson began looking for educational programs that would prepare him to become a Minnesota police officer. (*Id.* at 30:20-31:21.)
- b) On July 26, 2010, he met at MSB's Brooklyn Center campus with admission representative, Laurie Grothaus, to learn about the school's criminal justice program. (*Id.* at 30:2-16, 53:20-54:8, TX0523; TX0038) During the meeting, Mr. Erickson told admission representative Grothaus that he wanted to be a Minnesota police officer. (*Id.* at 30:20-23.) In fact, on the "visitor information" form he filled out the day of this meeting, in response to the question: "what career fields interest you?" he wrote: "police officer and federal." (TX0523; see also 4/11/16 AM Tr. 32:24-33:4.) Likewise, a "student interest questionnaire," shows that when Mr. Erickson was asked by admission representative Grothaus about how he became interested in

the criminal justice field, he responded: “wants to be a police officer, but first he needs a degree.” (TX0038-0001; 4/11/16 AM Tr. 35:11-18.) Upon learning Mr. Erickson’s career goals, admission representative Grothaus recommended that he enroll in MSB’s criminal justice associate’s degree program. (4/11/16 AM Tr. 33:10-13, 36:1-9; see also TX0038-0003 (Erickson “Student Interest Questionnaire” signed by admission representative Grothaus and recommending that Mr. Erickson enroll in MSB’s criminal justice associate’s degree program); TX1349-0005 (enrollment agreement recommendation signed by admission representative Grothaus).)

- c) At the time he enrolled, Mr. Erickson intended to begin his education at MSB and then eventually transfer to a state university with a more prestigious criminal justice program. (*Id.* at 37:12-24, 41:3-11.) Accordingly, before he enrolled, he asked admission representative Grothaus whether “credits [from MSB] would transfer over to a state university.” (*Id.* at 38:1-4.) Mr. Erickson asked this question because he wanted to be sure that he would never have to “redo the education” that he was considering at MSB. (*Id.* at 38:21-23.) Admission representative Grothaus assured him that MSB was nationally-accredited so its credits would transfer to state universities. (*Id.* at 38:5-9.) This gave Mr. Erickson an “understanding that [his] credits would transfer,” and satisfied his concern that he would not have to re-take any classes if he transferred to another school in the future. (*Id.* at 38:13-39:4.) Mr. Erickson trusted admission representative Grothaus’s

recommendation and assurances and enrolled in MSB-Brooklyn Center's criminal justice associate's degree program. (*Id.* at 39:5-15, 40:13-17.) If he knew that it was unlikely that his MSB credits would transfer to a state college or university, he never would have enrolled. (*Id.* at 39:16-23.) Mr. Erickson subsequently moved from MSB's associate's degree to the bachelor's degree criminal justice program. (*Id.* at 40:18-23.)

- d) After completing approximately half (or 90 credits) of MSB's criminal justice bachelor's degree program, Mr. Erickson transferred to Bemidji State's criminal justice bachelor's degree program. (*Id.* at 41:12-42:9.) None of the credits he earned at MSB transferred to Bemidji State due to MSB's accreditation and he was required "to start over [his] whole education." (*Id.* at 42:10-18.)
- e) Mr. Erickson ultimately graduated from Bemidji State's criminal justice bachelor's degree program in May 2015, and still plans to become a police officer. (*Id.* at 42:22-43:5.) In attending MSB, Mr. Erickson exhausted his GI Bill benefits, meaning he is unable to afford to pursue a master's degree as he initially had planned. (*Id.* at 43:19-46:12; see also TX0100 (showing Erickson paid MSB a total of \$18,698.60, \$12,517.40 of which were GI bill military benefits).) In addition to having to start his education all over again at Bemidji State, MSB's misrepresentations caused Mr. Erickson to lose an entire year's worth of his GI bill benefits that he could have used towards a master's degree or skills training. (*Id.* 45:14-20.)

- f) As to the purported utility of Defendants' criminal justice program for a career in Minnesota law enforcement, Mr. Erickson's testimony was credible.

127. *Kristina Anderson, Student Enrolled in Defendants' Criminal Justice Bachelor's Degree Program at MSB's Blaine Campus*

- a) 19-year-old Kristina Anderson was the first person in her family to go to college and had no one to help her with the college enrollment process. (4/11/16 AM Tr. 60:20-24, 63:24-25.)
- b) In August of 2009, Ms. Anderson met with admission representative Jeff Bischoff at MSB's Blaine campus. (*Id.* at 61:10-62:4; see also TX0829-0002 (showing Ms. Anderson met with admission representative Bischoff on August 7, 2009, concerning Defendants' criminal justice program.) During this meeting, she told admission representative Bischoff that she wanted to be a police officer, and in response, he recommended that she enroll in MSB's criminal justice program. (*Id.* at 62:5-14, 109:21-110:1.) Ms. Anderson trusted admission representative Bischoff because she was 19 years old and had "no one else helping [her] through the process, so [she] was relying on him and the information he was giving [her]." (*Id.* at 63:21-64:1.) Based on admission representative Bischoff's recommendation, Ms. Anderson believed she could obtain employment as a Minnesota police officer after graduating from MSB's criminal justice program. (*Id.* at 62:5-63:18.)
- c) During this meeting, admission representative Bischoff further assured Ms. Anderson that after she graduated, MSB would help her find a job

in law enforcement. (*Id.* at 62:15-63:20.) He also told her that other schools would accept “some or most” of her MSB credits should she choose to transfer schools in the future. (*Id.* at 64:2-6.) Relying on admission representative Bischoff’s statements and recommendation, Ms. Anderson enrolled in the criminal justice associate’s degree program at MSB’s Blaine campus. (*Id.* at 64:11-65:3.) Had she known that a criminal justice degree from MSB would not satisfy any of the educational requirements to become a Minnesota police officer, she “would not have chosen to go there.” (*Id.* at 64:17-25.)

- d) Once participating in the program, Ms. Anderson announced to instructors and her classmates that she wanted to be a Minnesota police officer on the first day of her criminal justice classes. (*Id.* at 67:1-14.) After doing so, no one corrected her or told her this was not possible with a MSB criminal justice degree. (*Id.* at 67:18-20.) It was only halfway through her two-year program that she discovered that MSB’s criminal justice program was not POST-certified and satisfied none of the educational or training requirements needed to become a Minnesota police officer. (*Id.* at 65:4-66:20.) When she asked one of her instructors if this was true, he indicated she could work in another state and then return to Minnesota after accruing three to five years of experience. (*Id.* at 67:24-68:11, 106:15-107:2.)
- e) After learning she was in the wrong program if she wanted to become a Minnesota police officer, Ms. Anderson looked into transferring to another college, but was informed by Century and Metro State that

none of her MSB credits would transfer due to MSB's accreditation.

(*Id.* at 69:17-70:10.) As a result, she felt "stuck" at MSB. (*Id.* at 69:21, 108:24-109:2.) Not wanting to start her education over "completely from scratch" and repeat classes she had already taken, Ms. Anderson decided to continue on with MSB, and re-enrolled in its criminal justice bachelor's degree program. (*Id.* at 69:20-70:20; TX1200.)

- f) Ms. Anderson was still led to believe she could become a police officer through "loopholes" that MSB's instructors talked about. (*Id.* at 70:22-71:1.) In 2013, Ms. Anderson told another one of her instructor's, Scott Rudeen, that she was "stuck" because she wanted to be a police officer and asked Mr. Rudeen if there was any way she could still become a police officer with a MSB criminal justice degree. (*Id.* at 74:20-23.) Mr. Rudeen told her she would be eligible to participate in skills training at HCC, due to a relationship MSB had with HCC's law enforcement coordinator, Steve Lorenz. (*Id.* at 75:3-7.) In fact, in an email Mr. Rudeen encouraged her to contact Mr. Lorenz "about attending [HCC's] 'skills training.'" (TX0410-0130.) As Mr. Lorenz testified, in reality, graduates of MSB's criminal justice program were not eligible to enter skills training at HCC because Defendants' criminal justice program was not regionally-accredited nor POST certified. (4/4/16 Tr. 106:16-25, 109:1-12, 113:4-114:3, 114:11-23.)
- g) Ms. Anderson graduated from MSB's criminal justice bachelor's degree program in 2013. (4/11/16 AM Tr. 76:16-19.) Since graduating, she has applied for "countless" jobs in the criminal justice

field but has not been hired. (*Id.* at 76:20-77:4.) She also has not received the type of graduate job-placement assistance she was promised at the time she enrolled. (*Id.* at 77:5-16.) Ms. Anderson estimates that she has paid over \$10,000, and still owes approximately \$60,000 in student loans that she incurred to attend MSB's criminal justice program. (*Id.* at 77:17-78:6; see also TX0100 (showing Ms. Anderson paid MSB a total of \$77,494.65, of which \$45,898.29 constitute federal and private student loans and \$2,809.16 constitute out-of-pocket payments).) Ms. Anderson lives paycheck-to-paycheck, and can't pursue any further education because of her MSB-related student loan debt. (4/11/16 AM Tr. 77:17-25, 79:2-19.)

- h) As to the purported utility of Defendants' criminal justice program for a career in Minnesota law enforcement, Ms. Anderson's testimony was credible.

128. *Timothy Bennett, Student Enrolled in Defendants' Criminal Justice Associate's Degree Program at MSB's Elk River Campus.*

- a) After obtaining his GED in 2006, Timothy Bennett enlisted as a military police officer in the Army. (4/15/16 Tr. 90:9-20.) Mr. Bennett testified that he served as a military police officer because "[i]t was a lifelong goal to be [a] police officer, and I knew that I wanted to be a police officer after my career in the army." (*Id.* at 90:17-20.) He was honorably discharged. (*Id.* at 90:21-91:3.)
- b) After working as a mall security guard for some time, Mr. Bennett decided to earn a college degree so he could become a Minnesota police officer. (*Id.* at 91:6-18.) He was aware of MSB's Elk River

campus because he routinely drove by it on his way to work; so he visited the campus to learn more about MSB's criminal justice program. (*Id.* at 92:19-25.) Mr. Bennett met with admission representative Kyle Burdine and told Mr. Burdine that his career goal was to become a police officer in Minnesota. (*Id.* at 92:22-93:23, 95:15-20, 96:18-99:1-5, 112:2-6; see also TX0493-0002 (Bennett's "Student Interest Questionnaire" showing he told admission representative Burdine that he was interested in becoming a cop or detective); TX0829-0539 (Bennett's "Student Activities Report" showing he met with admission representative on March 16, 2010).) During this meeting, admission representative Burdine recommended that Mr. Bennett enroll in MSB's criminal justice associate's degree program. (4/15/16 Tr. 97:18-25; TX0493-0004.) At that time, Mr. Bennett understood that to become a Minnesota police officer, he needed to have at least a two-year college degree, successfully complete skills training, and become POST-certified. (4/15/16 Tr. 92:10-12.) Around the time of his enrollment, Mr. Bennett also met with career services representative Tammy Erickson and told her of his goal of becoming a Minnesota police officer after obtaining his degree from MSB. (*Id.* at 98:1-13; see also TX0829-0541.)

- c) Trusting and relying that admission representative Burdine and career services representative Erickson were giving him complete and accurate information about MSB's criminal justice program, Mr. Bennett enrolled in MSB's criminal justice associate's degree program.

(4/15/16 Tr. 98:14-16; 99:10-16.) At the time he enrolled, Mr. Bennett believed that upon graduating from MSB's criminal justice program, he would be eligible to enter the skills training required to become a Minnesota police officer. (*Id.* at 98:14-19, 99:1-5.)

d) Mr. Bennett's instructors, Tim and Janell Trocke, had worked as police officers and shared their experiences during class. (*Id.* at 100:15-101:6.) His criminal justice classes also included field trips to the Elk River Police Department and getting a tour from the police chief. (*Id.* at 101:7-18.) At the beginning of each class, Mr. Bennett was routinely asked about his career goals, and would respond that he wanted to be a police officer. (*Id.* at 100:1-5.) After making these statements in class, Mr. Bennett's instructors generally just moved on to the next student. (*Id.* at 100:1-14.)

e) Approximately one year into the program, one of Mr. Bennett's instructors, Janel Trocke, told him that a criminal justice degree from MSB would not make him eligible for the skills training necessary to become a Minnesota police officer. (*Id.* at 102:1-15, 109:1-8.) Around the same time, he had a similar conversation with Tim Trocke, who recommended he transfer to North Hennepin or Metro State if he wanted to pursue a career as a Minnesota police officer. (*Id.* at 102:8-15.) Upon learning that he was in the wrong program if he wanted to be a police officer in Minnesota, Mr. Bennett felt "disappointed, let down" and "confused." (*Id.* at 102:19.) Knowing that other students enrolled in the criminal justice program also planned on becoming

Minnesota police officers, Mr. Bennett informed them that MSB's criminal justice program would not qualify them for skills training so that they did not "waste their time" in the program like he had. (*Id.* at 109:1-18.)

- f) Subsequently, Mr. Bennett contacted North Hennepin and Metro State to inquire if he could transfer the credits he had earned at MSB into their law enforcement programs, and was informed that his credits would not transfer because MSB "didn't have the proper accreditation." (*Id.* at 103:1-13.) Thereafter, on May 17, 2011, Mr. Bennett sent an email to Megan Paulson, the dean of students at MSB-Elk River, informing her of his intention to withdraw from MSB's criminal justice program and enroll in North Hennepin's law enforcement program. (TX0829-0558.) Mr. Bennett also notified Ms. Paulson that "[he] was advised that [his] criminal justice credits will not transfer due to the fact that MSB is not accredited through the same program as [North Hennepin]." (*Id.* at 0558-0559.) In a responsive email, dean of students Paulson acknowledged that Mr. Bennett would have to go to a different school if he wanted to become a police officer in Minnesota. (*Id.* at 0558; see also 4/15/16 Tr. 108:2-12.)
- g) Shortly after this email correspondence with Ms. Paulson, Mr. Bennett withdrew from MSB's criminal justice program. (4/15/16 Tr. 101:19-25, 102:20-22, 109:1-8.) He did not ultimately enroll in North Hennepin because none of his MSB credits would transfer and he did not want to "start over." (*Id.* at 107:8-12.)

- h) Mr. Bennett estimates that he took out approximately \$20,000 in student loans to attend MSB's criminal justice program. (*Id.* at 109:19-25; see also TX0100 (showing Mr. Bennett paid a total of \$15,027 to MSB, including \$12,929.28 in federal student loans, Parent PLUS loans, and out-of-pocket payments).) Mr. Bennett testified that the misrepresentations of Defendants have negatively affected his life. (4/15/16 Tr. 110:18-21.)
- i) As to the purported utility of Defendants' criminal justice program for a career in Minnesota law enforcement, Mr. Bennett's testimony was credible.

129. *Shannon Chapin, Student Enrolled in Defendants' Criminal Justice Bachelor's Degree Program at MSB's St. Cloud Campus.*

- a) 23-year-old Shannon Chapin was the first person in her family to attend a "technical college." (4/18/16 PM Tr. 49:2-3, 49:8-11.) Despite being unfamiliar with the college admissions process, Ms. Chapin was motivated to obtain her degree. (*Id.* at 53:19-25.) After watching her brother struggle with drugs and alcohol, she developed a strong desire to become a police officer and make a difference. (*Id.* at 53:19-54:3.)
- b) Ms. Chapin first heard of MSB through a friend. (*Id.* at 50:23-51:5.) Thereafter, she visited MSB's St. Cloud campus in the fall of 2010 to learn more about its criminal justice program. (*Id.* at 51:6-14.) During her on-campus visit, Ms. Chapin met with admission representative Kelsie Ludvigson. (*Id.* at 51:15-18; see also TX1500-0005.) Ms. Chapin viewed admission representative Ludvigson as an "authority figure" who she could trust due to her knowledge of MSB's programs.

(4/18/16 PM Tr. 51:19-23, 56:23-57:9.) She believed that the purpose of the meeting with admission representative Ludvigson was to determine if MSB “would be a good fit for” her. (*Id.* at 51:24-52:4.)

- c) During this meeting, Ms. Chapin told admission representative Ludvigson that she “wanted to become a police officer in the State of Minnesota and continue on in the hopes . . . of being a state trooper.” (*Id.* at 52:5-12.) In response, Ms. Ludvigson said that “it sounded like [Ms. Chapin] was a perfect fit” for MSB, and recommended that Ms. Chapin enroll in MSB’s criminal justice program. (*Id.* at 52:13-18; TX1500-0005.)
- d) Admission representative Ludvigson also had Ms. Chapin fill out a “questionnaire,” and asked her personal questions during their meeting. (4/18/16 PM Tr. 52:21-25; 53:22-54:3.) This prompted Ms. Chapin to explain that she wanted to be a police officer due to her brother’s struggles with drugs and alcohol and made Ms. Chapin feel that admission representative Ludvigson cared about her. (*Id.* at 54:4-8.)
- e) Admission representative Ludvigson never told Ms. Chapin that additional training, apart from MSB’s criminal justice program, was necessary to become a Minnesota police officer. (*Id.* at 56:1-4.) Ms. Ludvigson did tell Ms. Chapin that MSB was accredited, but did not explain what this meant. (*Id.* at 56:13-18.) Based on the information and recommendation provided by admission representative Ludvigson, Ms. Chapin enrolled that same day. (*Id.* at 57:16-24.) At the time she

enrolled, Ms. Chapin had no concerns regarding her ability to become a police officer after graduation from MSB. (*Id.* at 56:19-22.)

- f) In October 2010, Ms. Chapin began to attend classes in MSB's criminal justice program. (*Id.* at 49:17-24; see also TX1500-0001.) During one of her classes, an instructor asked students to raise their hand if they wanted to become a police officer. (4/18/16 PM Tr. 58: 3-14.) In response, Ms. Chapin, as well as two other students, raised their hands. (*Id.* 58:21-25.) Thereafter, the instructor did not say anything regarding Ms. Chapin's or the other students' ability to become Minnesota police officers with an MSB degree. (*Id.* at 59:1-7.)
- g) Ms. Chapin did not ultimately graduate from MSB because her father relocated, requiring her to move to Duluth to live with her mother. (*Id.* at 59:8-16.) Because of this move, Ms. Chapin transferred to Lake Superior College, but was unable to transfer any of her MSB credits. (*Id.* at 59:17-60:2.) Due to personal issues, Ms. Chapin did not finish her degree at Lake Superior College, and later transferred to SCTCC. (*Id.* at 60:22-61:2, 61:3-13.) Again, none of Ms. Chapin's MSB's credits transferred to SCTCC. (*Id.* at 61:3-13.) At the time she entered Lake Superior College and SCTCC, Ms. Chapin's career goal was still to one day become a state trooper. (*Id.* at 60:18-21, 61:14-17.) Presently, Ms. Chapin works as a technician for Renovation Systems, making \$14 an hour. (*Id.* at 62:3-7.) This position does not require a college degree. (*Id.* at 62:8-9.)

- h) Ms. Chapin estimates she took out over \$12,000 in student loans to attend MSB. (*Id.* at 62:10-25; see also TX0100, indicating that Ms. Chapin paid a total of \$15,205.02 in tuition to attend MSB, \$9,965 of which constituted federal and private student loans.) Ms. Chapin would still like to become a police officer someday, but does not feel she can complete her schooling and also support herself financially. (4/18/16 PM Tr. 63:5-9.)
- i) As to the purported utility of Defendants' criminal justice program for a career in Minnesota law enforcement, Ms. Chapin's testimony was credible.

130. *Tamara Blanchette, Student Enrolled in Defendants' Criminal Justice Associate's Degree Program at MSB's Blaine Campus*

- a) 36-year-old single mother and waitress Tamara Blanchette wanted to become a probation officer to help ex-convicts, like the father of her child, "find a way to better their [lives], turn things around." (4/18/16 PM Tr. 71:25-72:18, 73:10-24.)
- b) In 2008, Ms. Blanchette searched the internet and learned that MSB offered a criminal justice program. (*Id.* at 73:3-74:7.) Subsequently, on December 16, 2008, she visited MSB's Blaine campus and met with admission representative Brian Saintey to learn more about the program and see "if it was a good fit for [her]." (*Id.* at 74:4-19; TX0507; TX0829-0640-42.) Ms. Blanchette told admission representative Saintey about her child's father's criminal history and that this had inspired her to want to become a probation officer. (4/18/16 PM Tr. 75:4-15, 77:10-24.) Admission representative Saintey responded by

telling her she had made a “good choice” and that her career goal was something MSB “could help [her] with.” (*Id.* at 77:22-24.) He then recommended that Ms. Blanchette complete MSB’s criminal justice associate’s degree program, and assured her that upon her graduation from the two-year program she could begin her career as a probation officer. (*Id.* at 75:12-15.) At that time, MSB did not offer a four-year criminal justice bachelor’s degree program. (*Id.* at 75:20-21.) Ms. Blanchette trusted admission representative Saintey’s assurances that she could become a probation officer with MSB’s two-year associate’s degree and enrolled in the program. (*Id.* at 78:3-79:2.)

- c) Defendants’ own records confirm that Ms. Blanchette told admission representative Saintey that she was “very interested” in becoming a probation or parole officer. (See TX0829-0640-42 (Blanchette’s student activities report where admission representative Saintey notes that during his December 16, 2008 meeting with Ms. Blanchette she told him she was “very interested in being a parole officer”); TX0507 (Blanchette’s December 16, 2008 “visitor information” form where under the question “what career fields interest you?” she wrote: “P.O.,” which she testified was her abbreviation for probation officer. (4/18/16 PM Tr. 76:32-77:9.) Defendants’ records also confirm that Mr. Saintey specifically recommended that Ms. Blanchette enroll in Defendants’ criminal justice associate’s degree program. (TX1404-0007 (stating “I recommend Tamara to the AASCJ [Associate of Applied Science, Criminal Justice] program”).)

- d) During the meeting, Ms. Blanchette also told admission representative Saintey that credit transferability “was a big deal for [her]” because she intended to obtain an associate’s degree at MSB, gain some work experience, and then attend a different college to earn a higher degree. (4/18/16 PM Tr. 75:21-76:6.) Mr. Saintey told her this should not be a problem for her because MSB’s credits transfer to other colleges. (*Id.* at 76:4-6.) Ms. Blanchette trusted admission representative Saintey’s statements about the transferability of MSB’s credits because she “didn’t think he would be allowed to lie.” (*Id.* at 78:22-79:2.)
- e) Not until she was approximately one year into MSB’s criminal justice program did Ms. Blanchette learn that MSB’s credits were unlikely to transfer to many other colleges and universities. (*Id.* at 79:3-80:2.) Moreover, only a few years ago—and long after she had left MSB’s criminal justice program—did she learn from a friend at the Anoka County Government Center that Minnesota probation officers must have at least a bachelor’s degree (if not a master’s degree), and not an associate’s degree as admission representative Saintey had informed her. (*Id.* at 80:3-18.)
- f) Ms. Blanchette was expelled from MSB prior to completing the criminal justice program because her daughter had attempted suicide and was struggling with drug addiction, which distracted Ms. Blanchette from her classes and coursework. (*Id.* at 81:16-82:25.) Today, Ms. Blanchette still works as a waitress and bartender. (*Id.* at 83:6-9.) She paid MSB approximately \$31,900 to participate in the

criminal justice program. (*Id.* at 83:6-84:13; see also TX0100 (showing Ms. Blanchette paid MSB a total of \$31,908, including \$20,969 in federal student loans and out-of-pocket payments).) Ms. Blanchette cannot afford to make regular payments on her student loans, resulting in her tax refunds being garnished. (4/18/16 PM Tr. 84:14-22.) Ms. Blanchette's experience with MSB has "discouraged [her]" from obtaining further education due to the student loan debt she is already burdened with. (*Id.* at 85:1-4.)

- g) As to the purported utility of Defendants' criminal justice program for a career in Minnesota law enforcement, Ms. Blanchette's testimony was credible.

131. *Jason Miske, Student Enrolled in Defendants' Criminal Justice Associate's Degree Program at MSB's Elk River Campus.*

- a) After graduating from high school in 2005, Jason Miske enrolled first in Ridgewater College's and later, North Hennepin's criminal justice programs, in order to pursue his "lifetime goal and passion" of becoming a Minnesota police officer. (4/18/16 PM Tr. 103:25-106:7.)
- b) Subsequently, Mr. Miske began looking for a criminal justice program that was closer to his home, and learned of the criminal justice program offered at MSB's newly opened Elk River campus. (*Id.* at 106:8-21.) Mr. Miske first learned of MSB-Elk River's criminal justice program through advertisements on the internet and television. (*Id.* at 106:22-25, 107:7-12.) These advertisements described the new criminal justice program and featured images of officers wearing uniforms, badges, and walkie-talkies. (*Id.* at 107:13-20, 122:9-14.)

- c) After seeing these advertisements, Mr. Miske scheduled an in-person visit with an MSB “guidance counselor” named Ronnie Kankaala. (*Id.* at 107:22-108:11; see also TX1485-0001 (indicating Mr. Miske met with admission representative Kankaala).) Mr. Miske shared with admission representative Kankaala his lifetime career goal of becoming a police officer in Minnesota “to protect and serve [his] home town.” (4/18/16 PM Tr. 108:16-20.) In response, Ms. Kankaala “sounded very excited,” telling Mr. Miske that it was “noble of [him] to pick such a career.” (*Id.* at 109:2-3.)
- d) Admission representative Kankaala urged Mr. Miske to enroll in MSB’s criminal justice program quickly, telling him that it was “about ready to fill up” and that “if [he] didn’t sign up quickly, [he] would have to wait until the next semester to begin.” (*Id.* at 110:7-12.) Based on this information, Mr. Miske enrolled the next day in the criminal justice associate’s degree program. (*Id.* at 110:13-22.) Mr. Miske trusted Ms. Kankaala in making his decision to enroll in MSB’s criminal justice program because he “was brought up in this world that you normally look at your elders and people in school to teach you the rights and wrongs.” (*Id.* at 111:3-10.)
- e) Mr. Miske’s primary criminal justice instructors were Janell and Tim Trocke, both of whom had experience as Minnesota police officers. (*Id.* at 111:14-112:8.) During a classroom discussion more than halfway through his last term at MSB, Mr. Miske shared his goal of becoming a “licensed police officer here in the State of Minnesota” with the class.

(*Id.* at 113:2-11.) In response, Mrs. Trocke gave him a “disturbing look” and told him that “this is not the correct program for [you]” because MSB’s criminal justice program is not recognized by the POST Board. (*Id.* at 113:12-20.)

- f) When Mr. Miske learned that he could not become a Minnesota police officer with an MSB degree, he was “furious.” (*Id.* at 113:21-23.) Nevertheless, Mr. Miske continued to attend MSB because he had already attended two other colleges, incurring significant loan debt and as a result, and this time he wanted to see the criminal justice program through to the end. (*Id.* at 114:1-8.)
- g) Mr. Miske graduated in December of 2011 with his associate’s degree in criminal justice. (*Id.* at 114:13-18.) After graduation, Mr. Miske applied for criminal justice jobs in Minnesota, including dispatch and police officer positions for the Elk River Police Department, but was unable to obtain a job in the criminal justice field. (*Id.* at 114:19-115:4.)
- h) Mr. Miske estimates that he paid over \$30,000 in tuition to MSB. (*Id.* at 115:14-16; see also TX0099, indicating that Mr. Miske paid a total of \$33,308.79 in tuition to MSB, including \$28,725.79 in federal and private student loans).)
- i) Mr. Miske feels that MSB did not provide him with complete and accurate information at the time he enrolled, and as a result, he is “not even close to the job field [he’s] always wanted to be in.” (4/18/16 PM Tr. 116:6-18.) Instead, Mr. Miske is working in a position that he does

not enjoy in order to pay off his student loans and provide for his family. (*Id.* at 116:6-18.)

j) As to the purported utility of Defendants' criminal justice program for a career in Minnesota law enforcement, Mr. Miske's testimony was credible.

132. The State offered witnesses¹³ to testify that their experiences with Defendants' admissions process and placement processes were inconsistent with what would have been expected if the policies were followed. The State asks the Court to infer from this anecdotal evidence that the published policies were not used in practice or, perhaps more cynically, that the policies were never intended to be followed and served only as window dressing for a widespread fraudulent scheme. Unlike the claims involving the Criminal Justice program, the Court does not find that the anecdotal evidence on the State's other claims proves the claims. The Court does not doubt the veracity of the student witnesses. Nor does the Court question the harm that each of them described. However, any statements made to them as to transferability of credits that vary from Defendants' admissions representatives' scripts were unauthorized acts that Defendants' policies and training were designed to avoid. In an action by an individual for damages for such actions, Defendants may be held liable for the unauthorized actions of their employees in the scope of those employees' duties. But this case alleges deceptive or fraudulent practices. The evidence

¹³ Specifically, the State called: Katherine Rathburn, Elizabeth Grossman, Bonnie Berg, Ana-Katherine Anderson, Tamara Jergenson, Rachel Steinbock, Sheena Fransway, and Jennifer Hallman as student witnesses from programs other than Defendants' criminal justice program.

offered fails to prove any widespread or approved practices. Instead, the balance of the evidence refutes such a claim.¹⁴

133. Similarly, the State's claims about misrepresentations allegedly made as to Defendants' placement rates are not supported by the record. The State offered testimony that certain individuals were told that Defendants' had a 90% placement rate. This testimony was not accompanied by credible evidence of the State's calculation of the proper placement rate for the program in question. The State's calculation of what it avers is the proper placement rates, including percentage of graduates it argues were unavailable for placement and percentage of graduates who held jobs prior to graduation, for Defendants programs is contained in TX0194. The numbers in this document were compiled by a legal assistant in the Attorney General's office, Ms. Nicole Kerns. Ms. Kerns testified that she did not alter the spreadsheet despite adding a column into the spreadsheet. Ms. Kerns testified that she had no experience in Defendants' career services department, had never been employed by Defendants, and was not familiar with programmatic accreditation. Ms. Kerns testified that she has basic Excel knowledge, but no testimony was elicited that Ms. Kerns is an expert in drawing assumptions from the data set provided to the State. There were multiple examples of the State double counting graduates. Further, the State did not take in to account the ACICS placement

¹⁴ The State will, no doubt, complain that the trial time allowed by the Court was inadequate to allow it to call sufficient witnesses to show that the policies were not followed. The Court rejects any such claim. First, the Court allotted more time to the trial of this case than any other civil case in the Court's experience. Moreover, the parties were informed of the trial time limits many months before the trial, while discovery was still in its infancy. Finally, as the Court noted repeatedly throughout trial, the State was not efficient in the presentation of its evidence. The State chose to use its trial time to argue with witnesses over points that were long established in the record. It could have chosen to call additional witnesses to establish new points or to call new witnesses to reinforce its weak points. Instead, it often chose to use valuable trial time battling witnesses over semantics but adding nothing to the evidence.

guidelines. For these reasons, the Court gives the State's summary exhibit little weight. Thus, the evidence at trial was insufficient to prove that any particular individual was misled by being proved a false placement rate.

134. The State also seeks to prove its placement rate claim by questioning Defendants' methodology for computing the rates. Defendants respond that the methodology was prescribed by their accrediting agency. Again, the State's proof falls short. The State questioned individual judgments made by Defendants' staff in calculating placement rates. Those staff members explained that the individual judgments were made based on documentation available at the time and that they would not count a student as "placed" unless they obtained documentation to support the decision. Defendants' staff was consistent and credible in this testimony. On cross examination they were not provided the contemporaneous documentation. By this tactic the State sought to leave the impression that no documentation existed. However, when documents were later offered into evidence the State's inference was not sustained. In the end, the State's placement rates amounted to an argument that the ACICS methodology of calculation is deficient and that Defendants could have done better in calculating their placements. Even assuming that these points were established by the evidence, the State falls far short of proving deceptive or fraudulent practices. Certainly, there is room for disagreement as to how to best calculate placement rates. But the State's preference for stricter standards does not, in and of itself, delegitimize the ACICS standards. The relatively few instances established in the record where Defendants' decision to count a student or former student as "placed" seemed insupportable and do

not establish a widespread policy of inflating placement as part of a broader plan to defraud prospective students.

135. *Fred Brett, Father of Student Charles Brett, Enrolled in Defendants' Information Technology Associate's Degree Program at MSB's Blaine Campus*

- a) Fred Brett is the 63-year-old father of Charles Brett. (4/15/16 Tr. 66:23-67:3.) Charles dropped out of high school due to a physical disability in his arms which resulted in multiple major surgeries. (*Id.* at 67:14-20.) After obtaining his GED, Charles found it difficult to find lasting work. (*Id.* at 68:1-12.) He obtained manual labor positions through temp agencies but was always ultimately turned down for a permanent job because employers did not want to take risks in employing him with his physical impairment. (*Id.*)
- b) In 2010, Charles decided to pursue a college degree. (*Id.* at 67:4-11, 68:20-22.) Charles scheduled a meeting at MSB's Blaine campus with admission representative Theresa Lease and requested that Mr. Brett, accompany him to help him determine whether the school would be a good fit. (*Id.* at 70:5-19; see also TX0829-0675-66; TX1480 at 5, 12 (showing admission representative Theresa Lease recommended Charles enroll in MSB's information technology associate's degree program).) During this meeting, admission representative Lease stated that MSB had a "90 percent placement in [Charles's] field of study" and that Charles would have someone like herself as a "go-to person" throughout the time he was enrolled at MSB. (*Id.* at 71:8-16.)

c) Mr. Brett also had telephone conversations with MSB on March 22, and 25, 2010. (*See* TX0829-0675; Tr. Apr. 15, 2016, at 85.) Mr. Brett offered heart-felt and compelling testimony about the burden of crushing student loan debt on his son. He also provided emotional testimony regarding his enduring sadness that he was not able to protect his son from this plight. He testified that in his meeting with Defendant's representative he sought an assurance that his son's credits would be transferable to other institutions. He explained that he did not have a background in such issues. Understandably, then, he could not recount specifically what was said about credit transfer in the meeting. His narration, however, provides a picture of him seeking a definitive answer and having been frustrated when he received a series of conditional answers. Those conditional answers appear to have come directly from Defendants' script for admissions representatives. As he described it, Mr. Brett asked several times whether his son's credits from Defendant would transfer to other institutions. Each time he was given a qualified answer. What he apparently took from this exchange is that the lack of an unqualified "no" must equate to a "yes." The Court finds, however, that Defendant's representative did not make an unqualified, false answer.¹⁵

C. Defendants' Student Testimony

136. The State argues that Defendants' four student witnesses provided no testimony rebutting the State's claims. Nick Torok, the only criminal justice

¹⁵ Whether the qualified answer provided by Defendants is actionable is addressed in the Conclusions of Law.

student called by Defendants, was not interested in becoming a police officer when he enrolled at Globe. (4/19/16 PM Tr. 54:20-55:1.) He knew long before contacting Globe that he would need POST-certification to become a Minnesota police officer and that Globe was not POST-certified. (*Id.* at Tr. 48:19-49:9.) He did not recall reviewing any disclosures during the enrollment process, and had no knowledge as to whether his Globe credits would transfer to other schools. (4/19/16 PM Tr. 48:4-8, 57:18-58:18.) Katelin Gamble testified that “credit transfer wasn’t really a concern” for her. (4/21/16 AM Tr. 45:11-21.) Students Lance Johnson and Mark Perron provided only “satisfied customer” testimony which bears no relevance to the State’s claims.

137. Thus, with respect to Defendants’ student witnesses, the Court finds that they neither help nor hurt the State’s position with respect to its claims against Defendants.

D. The State’s Employee Testimony¹⁶

138. Ashlie LeGrande

- a) Ashlie LeGrande worked for MSB for four years. (Tr. Apr. 5, 2016, at 36.) Before leaving her employment, Ms. LeGrande was denied a promotion and had a significant falling out with her supervisor. (Tr. Apr. 5, 2016, at 98-103.) Elizabeth Fishbein was terminated in 2015 for performance. (Tr. Apr. 12, 2016 AM, at 56.) She contacted the Attorney General the next day to give her statement. (*Id.*)

139. Jason Jenson

¹⁶ The State’s employee testimony is discussed in more detail throughout other section of these Findings.

- a) Jason Jensen, a former admissions representative acknowledged signing a form indicating that he had read and agreed to comply with the employee handbook. (Tr. Apr. 12, 2016 PM, at 23-24; TX1145.)

140. Hannah Hunter

- a) Hannah Hunter worked for the Schools as an admissions representative for a couple of weeks. (Tr. Apr. 12, 2016 PM, at 108.) Her supervisor was Brian Saintey. (*Id.* at 61.)
- b) During her short employment, Ms. Hunter was reprimanded twice. (TX1214; TX1216.) The first time was two weeks into her employment when Ms. Hunter was given an employee counseling notice because she left for the day without permission. (TX1214.) Ms. Hunter received her second counseling notice because she was making unsupported statements to students. (TX1216.) Ms. Hunter quit her employment shortly after receiving her second employee counseling notice. (TX1217.)
- c) The Court finds that Ms. Hunter's tenure with the Schools was not long enough for her to testify credibly as to the systematic or widespread nature of any alleged deception. Moreover, the fact that she was disciplined for making unsupported statements undermines the general tenor of testimony that implied that she was trained to mislead students.
- d) Further, Hannah Hunter did not testify about enrolling people who wanted to be police officers at all.

141. Elizabeth Fishbein

- a) Elizabeth Fishbein was terminated in 2015 for performance. (Tr. Apr. 12, 2016 AM, at 56.) She contacted the Attorney General the next day to give her statement. (*Id.*)
- b) Ms. Fishbein did not testify about enrolling people who wanted to be police officers. Ms. Fishbein did not testify that she personally lied, misled or deceived any student.

142. Bradshaw Anderson

- a) The State called Bradshaw Anderson, a former program chair of the criminal justice program in Shakopee, who testified that he personally informed students and admissions representatives that students would not be eligible to become police officers with degrees from Globe or MSB. (Tr. Apr. 8, 2016, at 42-45.) This testimony was echoed by John France, the former criminal justice program chair who testified that he told admissions representatives that “a student in our program could not become a law enforcement officer in the State of Minnesota with our degree” and told students who wanted to be police officers that “our college and university was not suited for what they needed to accomplish.” (Tr. Apr. 20, 2016 AM, at 82-83.) It was also confirmed by Scott Rudeen, the current criminal justice online program chair who testified that he also explained to admissions representatives that the Schools were not POST board-approved. (Tr. Apr. 22, 2016 AM, at 18-20.)
- b) Bradshaw Anderson was denied a promotion in February 2012, and received an employee counseling notice in March 2012. (Tr. Apr. 8,

2016 AM, at 52-55.) Mr. Anderson was terminated shortly thereafter.

(*Id.* at 52.)

- c) The Court finds Mr. Anderson's testimony that he personally informed students and admissions representatives that students were not eligible to become a police officer with a degree from Defendants is credible.

143. Amy Nelson

- a) The State called Ms. Nelson as a rebuttal witness.
- b) In paragraph 89, *supra*, the Court discusses the testimony of Amy Nelson, founder and owner of Accurate Home Care. Ms. Nelson testified that she obtained both her Bachelor's Degree in Health Care Management and her Master's Degree in Business from MSB. (Trial Tr. at 69 (4/26/16 AM).)
- c) After obtaining her degrees from MSB, Ms. Nelson continued to own and operate Accurate Home Care as its CEO.
- d) Ms. Nelson testified that, as CEO and Accurate, she participated in employer panels at MSB. (Trial Tr. at 72-73 (4/26/16 AM).) Ms.

Nelson testified that:

“employers from around the community, so HR professionals, hiring managers, CEOs, founders of companies to come in and provide some tips and tricks, answer questions for students in that class about related to interviewing, getting a job, you know, different questions that students might have, and we would offer our advice on our experience in the workplace.”

(Trial Tr. at 72-73 (4/26/16 AM).) Ms. Nelson also testified that one of her job duties was to help students find job placements after graduation.

(Trial Tr. at 83 (4/26/16 AM).) The Court finds that this is further evidence that Defendants worked with their students in a career-

services capacity to help them find employment pre- and post-graduation.

- e) Ms. Nelson also testified in her capacity as a former employee of Globe at the Woodbury campus. (Trial Tr. at 72-73 (4/26/16 AM).) Globe had hired Ms. Nelson as Program Chair of the Health Care Management Program in approximately March or April of 2013. (Trial Tr. at 76 (4/26/16 AM).)
- f) Ms. Nelson testified that she was unfamiliar and had not received training in the admissions process. (Trial Tr. at 76 (4/26/16 AM).) Ms. Nelson had received complaints about transferability of credits from her students. (Trial Tr. at 80-82 (4/26/16 AM).) However, Ms. Nelson testified that it was difficult, but not impossible to transfer credits. (Trial Tr. at 81 (4/26/16 AM).)
- g) Ms. Nelson's employment with Globe ended in July of 2014 due to the School's downsizing. (Trial Tr. at 84 (4/26/16 AM).) Even after ending her employment with Globe, Ms. Nelson continued to participate in employer panels at the school. (Trial Tr. at 85. (4/26/16 AM).)

144. Heidi Weber

- a) Heidi Weber testified as to what she claimed was the Schools training admissions representatives to deceive students. But Ms. Weber's testimony and the documentary evidence reflect that Ms. Weber never sat through an entire corporate admissions training. (Tr. Apr. 18, 2016 AM, at 18.) Ms. Weber testified that the training manual used to train admissions representatives was "horrific to read as an educator." (Tr.

Apr. 15, 2016 PM, at 211.) But Ms. Weber never worked in admissions. Much of Ms. Weber's testimony about the admissions process was related to what she overheard in Sioux Falls and on various campus visits. (Tr. Apr. 18, 2016 AM, at 9, 12.) Ms. Weber's testimony was anecdotal in nature. She clearly concluded that Defendants' sales pitch as to transferability of credits was illegal. She also concluded that Defendants' calculation of placement rates was illegal.¹⁷ Her legal conclusions are not admissible. Further, the Court concludes that her anecdotal evidence, while supportive of the State's case is insufficient to establish liability under the statutes.¹⁸

145. While that Court finds that certain elements of the former employees' testimony was credible and supported by other evidence, it should be noted that their testimony was potentially biased because of an apparent personal dissatisfaction with Defendants as employers. There is no evidence that, with the exception of Ms. Weber, any of these employees raised an issue with, or sought to remedy, the problems they allegedly perceived until *after* their employment was terminated.

X. EXPERT TESTIMONY

146. Defendants relied on the expert testimony of Dr. Larry Chiagouris to criticize the methods of proof employed by the State and opine about standard practices

¹⁷ Ms. Weber complained to Defendants about these and other issues and ultimately brought a whistleblower lawsuit against Defendants after she was terminated.

¹⁸ The State cites the unpublished opinion of the Minnesota Court of Appeals in Ms. Weber's case for the proposition that the illegality of Defendants' practices has been judicially established. *See, Weber v. Minnesota School of Business, Inc.*, 2014 WL 70113532014 (Minn. Ct. App. 2014) (unpublished). *Weber* is limited to its facts. Moreover, an unpublished opinion is not precedential. *See*, Minn. Stat. §480A.08, Subd. 3(b). The Court decides this case based on the facts presented in this case.

in college admissions. Dr. Chiagouris does not rely on any published standards or best practices with regard to admissions counseling and did not apparently consider published guidelines prepared by professional associations like AACRAO and Admissions Officers or the National Association of College Admissions Counselors. (*Id.* at 138:1-139:5, 142:21-144:11.) The Court finds Dr. Chiagouris's opinions with regard to standard practices in college admissions is credible, but of limited weight.

147. The Court gives no credence Dr. Chiagouris's opinions on the credibility of the State's witnesses. However, Dr. Chiagouris's opinions on the State's overall method of establishing the accuracy of its methods of calculation of data sets is credible and persuasive. *Wilson v. Muchala*, 303 F.3d 1207, 1218 (8th Cir. 2002) ("The credibility of witness testimony is a matter left to the [factfinder] and generally is not an appropriate subject for expert testimony."); Roger S. Haydock et al, 5 MINN. PRAC., METHODS OF PRACTICE: CIVIL ADVOCACY § 8:10 ("[E]xpert opinion is typically inadmissible on the issue of credibility.").
148. Dr. Chiagouris opined that the State did not engage in "benchmarking," or comparing Defendants' practices to what is common in the for-profit college industry. (4/26/16 AM Tr. 40:20-41:13, 42:17-46:1.) Dr. Chiagouris also opined that the "200 or so affiants" who attested in this litigation to receiving the false and deceptive statements at issue was "not an accepted way to understand how the universe of people . . . feel or believe or perceive the practices of [Defendants]." (4/26/16 AM Tr. 40:20-41:5.) But as the Court already held when this argument was raised at summary judgment, the State

relies not only on student testimony but also on testimony of several former employees of Defendants, as well as testimony of Defendants' managers, Defendants' solicitations and mass advertising, and Defendants' internal training materials, to establish the pervasiveness of Defendants' false and deceptive practices. (SJ Ord. at 21.) Dr. Chiagouris himself acknowledged that the State admitted such evidence in this case as direct proof of Defendants' systemic practices. (4/26/16 PM Tr. 12:4-13:20.)

149. Dr. Chiagouris also opined that Defendants' "qualitative sales" method—or what he termed "consultative selling"—was not in and of itself deceptive. (4/26/16 AM Tr. 100:20-105:12, 127:5-20.) But the State does not argue that businesses (whether in education or other sectors) cannot offer advisors or consultants to provide recommendations that it claims are in consumers' best interests. Rather, the State asserts that a business cannot do so fraudulently. As discussed more fully in these Findings of Fact and Conclusions of Law, the Court does not agree with the State's characterization of Defendants' practices. Defendants' presentation of its admission representatives' presentations, set against the reality of their employer expectations, internal policies and procedures, and sales methodology was not false and misleading.
150. The State did not present expert testimony to show that the act of paying money for education is *per se* harmful. It also failed to present any evidence that any harm to individual students who attended the Schools was uniform or consistent. Students' financial obligations varied widely depending on the availability of grants, loans, military benefits and other financial considerations.

151. One expert testified as to the relative benefit or harm of attending the Schools - Dr. Jonathan Guryan. Dr. Guryan has his Ph.D. in economics from Massachusetts Institute of Technology. (Tr. Apr. 25, 2016 PM, at 51.) He is a tenured professor at Northwestern University in Evanston, Illinois. (*Id.*) He is a labor economist and has researched issues related to racial inequality and discrimination in the labor markets. (*Id.* at 52.) He has also studies the economics of education and labor markets in general. (*Id.*)
152. Dr. Guryan reviewed information concerning graduates of Globe and MSB and determined a net present value for graduates of four degree programs -- Certificate, Associates, Bachelors, and Masters. (Tr. Apr. 25, 2016 PM, at 55-57; TX1324-0013.)
153. By looking at earnings data from pre-enrollment and post-graduation, Dr. Guryan determined a net present value of a degree from Globe or MSB. (TX1324-0013; Tr. Apr. 25, 2016 PM, at 58-76.) The net present value is as though the student receives a check at graduation and all of their tuition is refunded. (Tr. Apr. 25, 2016 PM, at 56.)
154. Dr. Guryan determined that graduates of Globe and MSB receive a net present value earnings increase of \$243,766.60 for the Certificate/Diploma, \$111,210.21 for the Associate's Degree, \$137,634.16 for the Bachelor's Degree, and \$178,595.65 for the Master's Degree. (TX1324-0013.) Graduates of the criminal justice degree specifically received a net present value earnings increase of \$148,312.45 for the Associate's Degree and \$127,986.546 for the Bachelor's Degree. (TX1324-0014.)

155. However, Dr. Guryan could only opine on the net present value of individuals for whom he had data. (Tr. Apr. 25, 2016 PM, at 90.) In this case, that data set included only graduates. (*Id.*) Dr. Guryan testified that he tested his sample and determined that it was statistically significant. (Tr. Apr. 25, 2016 PM, at 99.)

156. Dr. Guryan also testified about the relative cost of for-profit schools and the need for skilled workers in the labor market. He offered that for-profit schools, like Defendants, can provide such workers. (Tr. Apr. 25, 2016 PM, at 82-88; TX1324-0021-0027.)

157. Dr. Guryan also provided information about the Schools' student population. Based on his experience, students at for-profit schools like the Defendants are more likely to be from lower socioeconomic backgrounds, tend to be less likely to have family financial support, are more likely to be financially independent, the first to go to college in their family and are more likely to have grown up in poverty or receiving food stamps or cash welfare. (Tr. Apr. 26, 2016 AM, at 27.) That makes those students more likely to have greater debt burdens and higher default rates. But, as Dr. Guryan testified:

If you punish the schools who open their doors and enroll students who are nontraditional high-risk students, then, you know, you have the potential of creating an incentive for schools not to enroll and create educational opportunities for high-risk students. And, you know, as I mentioned yesterday in my testimony about the demand for skills in the labor market and the importance of higher education, I think that would be a terrible outcome for the high-risk students themselves and bad for the economy.

(Tr. Apr. 26, 2016 AM, at 27.)

158. While the State failed to present evidence challenging the statistical significance of Dr. Guryan's sample of graduates of Globe and MSB, the Court finds that Dr. Guryan's testimony and opinion regarding the value of a degree

from Defendants programs is of limited weight when determining whether fraud or deceptive trade practices occurred on an institutional level. His testimony goes, instead, to the policy question about the desirability of for-profit, post-secondary education generally. Thus, Dr. Guryan's testimony is of little relevance to the issues before the Court.

159. The State presented the report of its experts, Drs. Stephanie Cellini and Christopher Koedel, in lieu of testimony at trial. (TX0092.) The Court has reviewed that expert report and while it is clear that the State's experts do not agree with Dr. Guryan's findings, the battle of the experts adds little to the case. For example, Drs. Cellini and Koedel opine that Dr. Guryan's findings are implausibly large, but Drs. Cellini and Koedel did no analysis of Globe and MSB graduates from which to draw that conclusion. (*Id.*) Further, Drs. Cellini and Koedel appeared to be based their conclusions on data related to education as a whole. (*Id.*)
160. Defendants retained attorney, Dennis Cariello, who is a lawyer in private practice at the law firm of Hogan, Marren, Babbo & Rose in New York, to opine that Defendants' disclosures regarding credit transfer are adequate because the U.S. Department of Education holds both regional and national accreditors to similar standards. (4/25/16 AM Tr. 70:3-70:23, 71:11-76:14, 78:9-99:4, 116:18-20.)
161. Mr. Cariello testified that the U.S. Department of Education plays no role in setting standards for, or telling schools whether and how to consider credit transfers from other schools. (TX1320-0013.) Rather, the U.S. Department of Education only certifies accreditation based on minimum standards for the

purpose of allowing schools to receive federal loans. Transfer of credit is solely at the receiving institution's discretion.

162. Mr. Cariello testified he had no real dispute with the report of Dr. Christine Kerlin that was entered into evidence, (4/25/16 AM Tr. 114:2-115:15,) and which concluded:

- a) [T]he type of accreditation of a college or university is highly significant and greatly determinative of the type of evaluation process for transfer credit. Type of accreditation is one of the first considerations, and often the primary consideration, by a receiving institution in reviewing transfer credit. (TX0347-0004.)
- b) Many institutions will not consider, let alone accept, credit from non-regionally-accredited institutions. (TX0347-0002.)

Dr. Kerlin reviewed the actual policies of the 67 regionally-accredited schools in Minnesota and, consistent with the NCES study, found that 88% of those schools' policies explicitly distinguish between regional and national accreditation and "greatly restrict" credit transfer from nationally-accredited schools. (*Id.* at 0002, 0005) Dr. Kerlin opined that admissions professionals usually refer to a publication titled "Transfer Credit Practices" available to members of the American AACRAO. (*Id.* at 0006.) Dr. Kerlin described how that publication features a review of each state's institutions by a flagship institution (which in Minnesota is the University of Minnesota) as to typical practice in awarding or not allowing the transfer of credit. (*Id.* at 0006-07.) She found that Defendants' credits were rated "not ordinarily accepted" and that this finding serves as guidance for admissions professionals. (*Id.* at 0006-

07.) However, Dr. Kerlin also does not offer an opinion that *no* schools will allow transfer of credit from a nationally-accredited school to a regionally-accredited school.

163. Mr. Cariello testified that Defendants' transfer-of-credit disclosures are adequate and standard in the industry. (4/25/16 AM Tr. 15-23.) Mr. Cariello testified that his comparison to industry practice was based his review of a handful of disclosures from regionally-accredited schools as the source of his comparison. (4/25/16 PM Tr. 28:14-20.) Mr. Cariello's consideration of Defendants' disclosures included Defendants' disclosure that transfer of credit was "up to the receiving institution."
164. Mr. Cariello also opined regarding the State's claims regarding Defendants' graduate job-placement rates. Mr. Cariello agreed that the methods different schools use to calculate graduate job-placement rates could be subject to great variation and that such methods need to be disclosed for this reason. (4/25/16 AM Tr. 125:7-126:7, 130:2-13; TX1320-0023.) However, Mr. Cariello opined that the manner in which Defendants publish and advertise their graduate job-placement rates is "adequate" because the methods are set by their accreditor, ACICS. (4/26/16 AM Tr. 70:24-71:7, 99:5-114:1.)¹⁹

CONCLUSIONS OF LAW

I. BURDEN OF PROOF

1. To proceed *parens patriae*, as the State does here, the State cannot maintain a claim that is "merely [] representative of a collectivity of private actions." *See*

¹⁹ In cross examination of Mr. Cariello the State suggested that Defendants' failure to fully identify the methodology they used to calculate placement rates was, somehow, deceptive. No standard for disclosure of specific methodology was identified and the Court finds that this argument lacks evidentiary and legal bases.

State of Minn. by Hatch v. Am. Fam. Mut. Ins. Co., No. MC 99-3907, 1999

WL 34825530 (Minn. Dist. Ct. August 10, 1999) (citations omitted). The State may only seek relief for harm that “affects the general population in a substantial way.” *Id.* As such, the State has not named any individual students as plaintiffs or tried any individual student claims in this action.

2. The State has the burden to prove all of the elements of its CFA and DTPA claims at trial. *State by Humphrey v. Alpine Air Products, Inc.*, 500 N.W.2d 788, 790 (Minn. 1993). *See also McClure v. Am. Family Mut. Ins. Co.*, 223 F.3d 845, 855 (8th Cir. 2000) (“The burden is upon a plaintiff to prove the falsity of the allegedly deceptive statements.”).
3. The State asserts claims that Defendants violated the Consumer Fraud Act (“CFA”) and the Deceptive Trade Practices Act (“DTPA”).
4. The Court determines whether Defendants engaged in false and misleading practices under the CFA and DTPA based on a preponderance-of-the-evidence standard. *Alpine Air*, 500 N.W.2d at 790-91.
5. The CFA prohibits “[t]he act, use, or employment by any person of any fraud, false pretense, false promise, misrepresentation, misleading statement or deceptive practice, with the intent that others rely thereon in connection with the sale of any merchandise, whether or not any person has in fact been misled, deceived, or damaged[.]” Minn. Stat. § 325F.69, subd. 1.
6. To prove a claim under the CFA, a plaintiff must prove an actionable fraud or misrepresentation and intent to induce reliance on that misrepresentation. *See, e.g., Group Health Plan, Inc. v. Philip Morris Inc. et al.*, 621 N.W.2d 2, 12 (Minn. 2001) (“*Group Health I*”) (describing consumer fraud as a

“misrepresentation made with the intent that others rely on it in connection with the sale of any merchandise”). The term “merchandise” includes services in educational training. *Alsides v. Brown Inst., Ltd.*, 592 N.W.2d 468, 474-76 (Minn. App. 1999). “[T]he target of the CFA is deceitful conduct in connection with the sale of any merchandise,” and “the term ‘deceptive practice’ refers to conduct that tends to deceive or mislead a person.” *Graphic Comms. Local 1B Health & Welfare Fund v. CVS Caremark Corp.*, 850 N.W.2d 682, 694-95 (Minn. 2014). Violations need not be intentional to be actionable. *301 Clifton Place LLC v. 301 Clifton Place Condo. Ass’n.*, 783 N.W.2d 551, 563 (Minn. App. 2010).

7. To recover damages for a CFA claim, a plaintiff must establish a causal connection (or “causal nexus”) between the misrepresentation and the harm suffered. *See Grp. Health Plan*, 621 N.W.2d at 4.
8. The DTPA prohibits certain conduct that the statute defines as “deceptive trade practices.” Minn. Stat. § 325D.44. The State seeks relief pursuant to the following five subsections of the DTPA:

A person engages in a deceptive trade practice when, in the course of business, vocation, or occupation, the person:

...

(2) causes likelihood of confusion or of misunderstanding as to the source, sponsorship, approval, or certification of goods or services;

...

(5) represents that goods or services have . . . approval, characteristics . . . [or] benefits that they do not have . . . ;

...

(7) represents that goods or services are of a particular standard, quality, or grade . . . if they are of another;

. . .

(9) advertises goods or services with intent not to sell them as advertised;

. . .

(13) engages in any other conduct which similarly creates a likelihood of confusion or of misunderstanding.

Minn. Stat. § 325D.44 (*quoted in* Am. Compl. ¶ 166.)

9. The DTPA does not provide for damages. The sole remedy is injunctive relief. *Cannon Technologies, Inc. v. Sensus Metering Systems, Inc.*, 734 F.Supp. 2d 753, 768 (D. Minn. 2010); *see also Alsides v. Brown Inst., Ltd.*, 592 N.W.2d 468, 476 (Minn. Ct. App. 1999) (“The Uniform Deceptive Trade Practices Act applies to educational services . . . but the sole statutory remedy available under the act is injunctive relief.”).

II. DEFENDANTS’ ARE JOINTLY LIABLE FOR ANY DAMAGES

10. Defendants’ assertion that they are independent entities that do not share liability for the actions of the other is waived because it was made too late and, moreover, is unsupported by the facts. Throughout this litigation, until the filing of motions *in limine*, Defendants paid only lip service to any alleged legal distinction between the two Defendant entities. It is true that some motions were pursued on behalf of one or the other entity, but the defenses offered in the pleadings and at summary judgment did not bring the purported distinction into greater focus. It was not until the filing of motions *in limine* that Defendants sought to claim a legal distinction. This effort came too late and the Court rejects it as untimely. In any event, the evidence adduced at trial

shows clearly that Defendants were jointly operated and held themselves out to the public as separately titled, but factually indistinguishable entities.

Defendants are jointly liable for their violations of statute.

III. THE STATE'S STATUS AS PARENS PATRIAE

11. The State has pursued its claims as *parens patriae* on behalf of “all persons injured by Defendants’ acts described in this Complaint.” (Am. Compl., at p. 60.) The State has insisted throughout this case that its claims are based on “a systematic pattern and practice of defrauding Minnesotans,” and the State has repeatedly disavowed any intention to pursue individual-level claims against the Schools. (*See, e.g.*, Pl.’s Mem. Opp. Defs.’ Mot. Maintain Confid. Designations, May 8, 2015, at 3; Pl.’s Mem. Supp. Motion to Compel, May 13, 2015, at 1-2; Pl.’s Mem. in Opp. Motion to Compel, May 14, 2015, at 1-3; Pl.’s Mem. Supp. Mot. Quash Depo. Notice, April 16, 2015, at 2; Pl.’s Mem. Supp. Mot. to Compel, or in the Alternative, to Exceed the Interrogatory Limit, June 12, 2015, at 1; Order Denying Defendant MSB’s Motion to Compel, at 1.) The State did not name any individual students as plaintiffs or try any individual student claims.²⁰
12. To proceed *parens patriae*, as the State does here, the State cannot maintain a claim that is “merely [] representative of a collectivity of private actions.” *See*

²⁰ If the State had been asserting individual-level claims, the Defendants would have had due process rights to notice, in advance, of the claims that would have been presented at trial so that they would have had a full and fair opportunity to defend those claims at trial. *See Ertl v. Ertl*, 871 N.W.2d 410, 417 (Minn. Ct. App. 2015) (explaining that notice and the opportunity for a hearing are fundamental to due process); *see also In re Marriage of Sammons*, 642 N.W.2d 450, 457 (Minn. Ct. App. 2002) (“Due process protections include ‘notice, a timely opportunity for a hearing . . . the right to an impartial decisionmaker, and the right to a reasonable decision based solely on the record.’”) (quoting *Humenansky v. Minnesota Bd. of Med. Exam’rs*, 525 N.W.2d 559, 565 (Minn. Ct. App. 1994)). In addition, when the State asserted the attorney-client privilege and work-product protection as shields against being required to identify specific, individual allegations, the State surrendered any right to pursue claims at the individual level. Minnesota law does not allow the State to hide behind privilege while using the protected material offensively. *See United States v. Workman*, 138 F.3d 1261, 1264 (8th Cir. 1998); *State ex rel. Schuler v. Tahash*, 154 N.W.2d 200, 205 (Minn. 1967).

State of Minn. by Hatch v. Am. Fam. Mut. Ins. Co., No. MC 99-3907, 1999

WL 34825530 (Minn. Dist. Ct. August 10, 1999) (citations omitted). The State may only seek relief for harm that “affects the general population in a substantial way.” *Id.* The State seeks to meet this burden through evidence that it claims demonstrates a “causal nexus” between Defendants’ practices and harm to students. *Group Health Plan, Inc. v. Phillip Morris, Inc.*, 621 N.W2d 2 (Minn. 2001). The definition of “causal nexus” is not yet well-defined in our jurisprudence. The claims and defenses in this lawsuit require the Court to interpret and apply this evolving doctrine.

13. The State seeks to prove liability through evidence of Defendants’ policies and practices.
14. As set forth more fully below the Court finds that this evidence is sufficient to establish fraud and/or deception in the marketing of Defendants’ Criminal Justice program. The State then seeks to establish harm to its citizens by offering anecdotal evidence of individual harm to a purportedly representative sample of Criminal Justice program enrollees. The State did not offer expert evidence to establish the causal nexus. Predictably, Defendants counter that the testifying Criminal Justice enrollees are not, in fact, representative of the whole. Thus, Defendants maintain, the causal nexus is missing. Moreover, Defendants challenge any award of damages to the Criminal Justice enrollees on the grounds that the State is now pursuing individual claims for damages, despite the State’s repeated assurances that it was not doing so.
15. The State’s decision to pursue its claims in the manner that it did creates two separate issues for the Court to decide. First, has the anecdotal evidence

established the causal nexus that is a predicate to liability? And second, if liability is found, what is the proper scope of relief? These two separate issues are addressed separately below.

IV. THE STATE HAS DEMONSTRATED A CAUSAL NEXUS BETWEEN THE ADVERTISING AND PROMOTION OF DEFENDANTS' CRIMINAL JUSTICE PROGRAM AND HARM TO THE CITIZENS OF THE STATE OF MINNESOTA

A. Criminal Justice Program: Police Officer Enrollees

16. The Court concludes that Defendants violated the CFA and DTPA by advertising and marketing their criminal justice program as providing all or some portion of the education and training necessary to become a Minnesota police officer. Defendants' program was not in fact certified by the POST board to permit a graduate to become a police officer, nor was it a regionally-accredited program that permitted its graduates to attend a PPOE or "skills training" course to become a licensed Minnesota police officer. Yet, Defendants targeted their criminal justice program to students interested in careers as Minnesota police officers; advertised that their program could make graduates eligible to become police officers or participate in additional training to do so; had recruiters recommend the program to students who expressed an interest in becoming police officers in Minnesota; and told prospective students that they could become police officers or would only need "additional training" to become police officers. These representations were false and misleading and in violation of the CFA and DTPA. In addition, Defendants failed to disclose material facts. Twelve students who gave testimony at trial—Joshua Brown, Perry Schramm, Jesse LeFebvre, John Moen, Sheena Janusch, Margaret Scheel, Stephen Westby, Timothy Erickson, Kristina Anderson,

Timothy Bennett, Shannon Chapin, and Jason Miske—credibly testified to being injured by these false and misleading practices. Dillon Zerwas also testified credibly that he was subjected to such practices but did not sustain any monetary loss.

17. The economic harm testified to by the students is an inevitable and foreseeable consequence of the misrepresentations and obfuscations in Defendants' marketing of the program. Although, as noted above, the legal concept of "causal nexus" is not well-defined, it must surely be broad enough to cover the inevitable and foreseeable. Thus, the Court finds that the causal nexus between Defendants' fraudulent representations is established by the evidence offered by the State at trial.
18. Defendants suggest that the requirements to become a licensed Minnesota police officer are a matter of public knowledge, readily available to any individual who did some research. The Court agrees that the requirements could be discovered by an interested and motivated job seeker. This fact does not relieve Defendants from liability. The need for a two-year or four-year college degree would be readily apparent to the prospective student. The fact that the degree must come from a regionally accredited college or university, however, is less obvious to the unsophisticated degree seeker.²¹ Defendants marketing and sales of the criminal justice program ignored or obscured the requirement and served as a trap for the unwary.

B. Criminal Justice Program: Probation Officer Enrollees

²¹ The distinction was apparently also lost on most, if not all of Defendants' admissions representatives and all but a few of its administrative staff and faculty.

19. The Court concludes that Defendants violated the CFA and DTPA by marketing their criminal-justice associate's degree program as a means for becoming a probation officer in Minnesota. As described *supra* at pages 13 to 14, probation officer jobs in Minnesota at a minimum require a bachelor's degree, and Defendants knew this. Yet, Defendants advertised and recommended their criminal justice associate's degree program as a means for students to become probation officers and failed to disclose to students material facts. Three students—Elisha Claiborne, Sheena Janusch, and Tamara Blanchette—credibly testified to being injured by this practice.
20. The evidence establishes that Defendants' fraudulent practices in advertising and promoting their Criminal Justice program to individuals who expressed a desire to work as probation officers caused damage. Again, the damage that flows from such fraud is inevitable and foreseeable. The State has established a causal nexus between those practices and harm to citizens of the State.

C. Disclosures Within Some Advertisements About the Criminal Justice Program Were Themselves Misleading

21. Defendants argue that their marketing and advertising sometimes included disclosures saying that the program was not POST-certified and that a student would need "additional" training to become a Minnesota police officer. But the Court finds such disclosures to be misleading: the opportunity to take *additional* post-graduate training at places like HCC or Alex Tech was only available to graduates of regionally-accredited bachelor programs. The disclosures thus did not correct or clarify the advertisement to avoid misleading students and also failed to disclose material facts.

22. The Court further finds that the subsequent false and misleading practices of Defendants, including their recommendation of the criminal justice program for the purpose of becoming a police officer and enrollment of students under that recommendation, superseded the disclosures in the advertisements. *See FTC v. Fin. Freedom Processing, Inc.*, 538 F. App'x 488, 489 (5th Cir. 2013) (noting that each representation made “must stand on its own merits; even if other advertisements contain accurate, non-deceptive claims, a violation may occur with respect to the deceptive ads”); *FTC v. BlueHippo Funding, LLC*, 762 F.3d 238, 244 (2d Cir. 2014) (holding that liability under the FTC Act is triggered “at the moment the seller makes th[e] misrepresentations”).

D. The Contractual Disclaimer Regarding the Criminal Justice Program was Legally and Factually Ineffective

23. Defendants’ contractual disclaimer, inserted into their enrollment agreement sometime in 2010, was also ineffective and legally irrelevant as to Defendants’ liability for false and misleading statements made in advertising and by their admission representatives. As the Court observed at summary judgment, even a contractual disclaimer that clearly contradicts prior misstatements does not prevent liability under the CFA and DTPA. (SJ Ord. at 23-24.) *Wiegand v. Walser*, 683 N.W.2d 807, 813 (Minn. 2004); *301 Clifton*, 783 N.W.2d at 564. Rather, liability under the CFA is defined by “the prohibited conduct”—*i.e.*, a false and misleading statement made to the public. (SJ Ord. at 23; *Grp. Health*, 621 N.W.2d at 12 (recognizing that Minnesota’s “misrepresentation in sales statutes,” including the CFA and DTPA, define violations based on the defendant’s prohibited conduct)). The Court finds that the disclaimer regarding the Criminal Justice Program that was buried in the enrollment

agreement was eclipsed by the emphatic and repeated claims to the contrary in Defendants' advertising and sales presentations.

24. Minnesota's doctrine is consistent with general practice around the country applying consumer-protection statutes in the face of contractual disclaimers. *FTC v. EMA Nationwide*, 767 F.3d 611, 631-33 (6th Cir. 2014) (holding contractual disclaimers do not absolve seller's liability for false and deceptive practices); *Gaidon v. Guardian Life Ins. Co.*, 725 N.E.2d 598, 604 (N.Y. 1999) (holding that contractual disclaimers do not obviate liability under New York statute and reasoning that statute prohibits "deceptive business practices" regardless of what final agreement says); *Missouri v. Areaco Inv. Co.*, 756 S.W.2d 633, 636 (Mo. App. 1998) (affirming judgment against seller in attorney general enforcement action and explaining that "[i]f [] misrepresentations or deceptions are made, the statute has been violated whether or not the final sales papers contain no misrepresentation or even correct the prior misrepresentation"); *Wall v. Planet Ford, Inc.*, 825 N.E.2d 686, 692 (Ohio App. 2005) (holding that contractual provision does not obviate liability under Ohio consumer fraud statute because "the claim is based not on the contract, but on oral or other misrepresentations"); *Teague Motor Co. v. Rowton*, 733 P.2d 93, 96 (Or. App. 1987) (affirming judgment against seller under Oregon consumer fraud statute and holding that statute punishes "misleading representations" regardless of what final agreement says); *FTC v. Gill*, 71 F. Supp. 2d 1030, 1044 (C.D. Cal. 1999) (holding that contractual disclaimers could not obviate liability for misrepresentations); *Ward v. TheLadders.com*, 3 F. Supp. 3d 151, 169 (S.D.N.Y. 2014) (holding that

liability under New York consumer-fraud statute not affected by contractual disclaimers).

25. Case law preventing fine-print contractual disclaimers from absolving liability serves the policy of liberally construing the CFA and DTPA in consumers' favor and to grant the Attorney General broader authority to enforce violations. *Curtis v. Altria Group, Inc.*, 813 N.W.2d 891, 899 (Minn. 2012) (noting Attorney General is granted "broader" authority to enforce the CFA and DTPA than private parties); *Phillip Morris*, 551 N.W.2d at 596 (noting that CFA and DTPA are construed broadly in favor of protecting consumers).
26. This principle is also supported by the public policy underlying concerns regarding adhesion contract and unequal bargaining power in consumer transactions. *See, e.g., Wiegand*, 683 N.W.2d at 812 ("[O]ne of the central purposes of the Consumer Fraud Act is to address the unequal bargaining power that is often found in consumer transactions."); *Ganley Bros. v. Butler Bros. Bldg. Co.*, 170 Minn. 373, 212 N.W.2d 602, 603 (1927) ("The law should not, and does not, permit a covenant of immunity to be drawn that will protect a person against his own fraud. Such is not enforceable because of public policy."); *Atwater Creamery Co. v. W. Nat. Mut. Ins. Co.*, 366 N.W.2d 271, 277 (Minn. 1985) ("[T]here is unequal bargaining power between the parties [when] one party controls all of the terms and offers the contract on a take-it-or-leave-it basis.")).
27. Consumer protection laws recognize the reality of consumer transactions. *Swedeen v. Swedeen*, 134 N.W.2d 871, 878 (Minn. 1965) (recognizing that consumers rely on statements of sales agents and the "fact of life" that

consumers cannot be expected to “take[] the time and the trouble” to review contract to check if it contradicts sales agents’ misrepresentations); *FTC v. Brown & Williamson Tobacco Corp.*, 778 F.2d 35, 42-43 (D.C. Cir. 1985) (noting that consumers tend not to see fine-print disclosures). Defendants own expert summed up how students rely on admission representatives’ guidance in interpreting written materials offered by schools. (4/26/16 AM Tr. 111:10-19 (Chiagouris).)

V. ACCREDITATION AND TRANSFER OF CREDIT

A. The State Failed to Prove, Widespread, Systematic Deception on Transfer of Credit

28. In its Trial Memorandum and Opening Statement at Trial, the State asserted that it would prove the Schools “systematically” misrepresented students’ ability to transfer the Schools’ credits to other schools. The weight of the evidence admitted at trial was contrary to the State’s claim.
29. The evidence that the Schools trained admissions representatives to inform students that the transfer of credit was up to the receiving institution. Numerous current and former representatives testified that they consistently told students that the receiving institution would decide whether to accept the Schools’ credits. The Schools’ enrollment agreement and catalog further informed students that the transfer of credits was up to the receiving institution. Several students testified that they understood that their credits were not necessarily transferable. The Schools’ representations regarding the transfer of credits were accurate. The receiving institution does, in fact, decide whether to accept the Schools’ credits. The Schools do not have any control over that decision.

30. The State contends that Defendants misled students by failing to disclose that the Schools' credits were unlikely to transfer to other schools, but the evidence admitted at trial does not support the State's contention.
31. Although some schools may not have accepted the Schools' credits in the past, other schools have articulation agreements with the Schools and do accept the Schools' credits. The Court finds that whether a student's credits are likely to transfer depends on the school to which the student intends to transfer. Without more information about the transferee school, the Schools cannot accurately state, one way or the other, if a student's credits would transfer.
32. Although critical of Defendants' disclosures, the State failed to clearly explain what additional information the Schools should have disclosed about the transferability of credits.
33. There can be no doubt that some of the witnesses who testified did not understand that credits obtained at Defendants' institutions would probably not transfer to other colleges or universities. These individual misunderstandings cannot be attributed to Defendants. To the extent that witnesses were misinformed by admissions representatives by affirmative statements that credits would transfer, those statements were not authorized by Defendants. Defendants had clear policies and scripts for admissions representatives to follow on the issue of credit transfer. Admissions representatives were provided extensive training on an on-going basis designed to insure compliance with the policies. Admissions representatives were monitored for compliance with the policies and the scripts. Although individual employees

may have deviated from the policies such unauthorized acts cannot form the basis for corporate liability for deceptive trade practices or consumer fraud.

34. The State argues that Defendants' policies and scripts on the issue of credit transfer were deceptive on their face. At trial the State extensively questioned Defendants' representatives about whether the scripts could have been better written or more forthright. This line of questioning and argument misses the point. The question is whether Defendants engaged in deceptive or fraudulent practices, not whether they could have done more to dispel potential misperception. If the Court were to adopt the State's articulation of the standard, there would be no business practice in the state that would be immune from challenge under the statutes. Instead, the Court focuses on what Defendants required their employees to say, not what might have been said.²² The Court finds that Defendants timely, effectively and clearly advised prospective students that transfer of credit is up to the receiving institution.

B. The State Failed to Prove, Widespread, Systematic Deception on Accreditation

35. The State also failed to offer sufficient evidence to show that Defendants systematically misrepresented or misled students about their accreditation. The Schools are nationally accredited, not regionally accredited. The evidence admitted at trial established that the Schools consistently and accurately identified themselves as nationally accredited, not regionally accredited. No

²² Notwithstanding this legal conclusion, the Court disagrees with Defendants' representatives who attempted to argue that nothing more could have been said about the topic. The disclosures, while sufficient to avoid liability were carefully crafted to meet that standard and nothing more. The State argues that doing the bare minimum is, in itself, deceptive because it serves to entrap the unsophisticated consumer. The statutes however set the standard as deception and do not impose a duty to make sure that no one misunderstands.

evidence was admitted at trial that the Schools misrepresented their accreditation status, much less that the Schools did so on a “systematic” basis.

36. The State argues that Defendants sought to deceive students when they made reference to their accreditation in their transferability disclosures. Defendants’ statements in that regard are strictly true. Regionally accredited schools agreed that they would not reject transfer credits from Defendants simply because of Defendants’ national accreditation.

VI. ROLE OF DEFENDANTS’ ADMISSIONS REPRESENTATIVES

A. The State Failed to Prove, Widespread, Systematic Deception in the Admissions Process

37. In its Trial Memorandum and Opening Statement at Trial, the State asserted that it would prove the Schools “systematically” misrepresented the sales aspects and selectivity of their admissions process. The weight of the evidence admitted at trial was contrary to the State’s claim.
38. A business does not commit fraud by engaging in sales and marketing. *LensCrafters, Inc. v. Vision World, Inc.*, 943 F. Supp. 1481, 1489 (D. Minn. 1996); (“generalized statements of product superiority, that are expressed in broad, vague, and commendatory language . . . constitute ‘puffery’ and are not actionable” under either state or federal law); *see also Bernstein v. Extendicare Health Servs., Inc.*, 607 F. Supp. 2d 1027, 1031 (D. Minn. 2009) (explaining that statements about “quality” and “exaggerated blustering or boasting and vague, subjective statements of superiority” constitute puffery and are not actionable). Marketing for higher education is no different from other businesses. All colleges and universities recruit students. All colleges and universities try to “sell” prospective students on a dream that students who

attend and graduate from those schools will have better job prospects and a better life as a result. There is nothing illegal about selling – even “aggressively selling” – education.

39. The State contends that the Schools’ sales tactics were fraudulent because the Schools held their admissions representatives out as “counselors” and “advisors” when they were really salespeople. But the evidence at trial showed that the conduct of the Schools’ admissions representatives was consistent with their title.
40. The Schools’ expert, Dr. Larry Chiagouris, provided un rebutted testimony that the Schools trained their representatives to engage in consultative selling, a widely-recognized sales model that is usual and customary in the higher education industry. In the course of the admissions process, the Schools’ representatives recommended programs that best fit the students’ career goals. In that sense, identifying admissions representatives as “counselors” and “advisors” was not false or misleading. The State did not offer any evidence demonstrating that the Schools’ sales tactics are materially different from those employed by recruiters at colleges across the country. It is common knowledge that college recruiters are both advocating for the prospective student’s “best interest” while remaining concerned about generating revenue for their schools. College recruitment efforts are not illegal.
41. The State also contends that the Schools systematically misrepresented the selectivity of their admissions process. The evidence presented at trial did not support this contention. The only evidence that the state offered were the anecdotal accounts of a couple of students who testified that they were told

they might lose their “spot” if they did not enroll right away. Even accepting that these anecdotes show a misrepresentation of selectivity, they do not establish liability because they is inconsistent with the testimony of the admissions representatives who Defendants called to testify at trial and with the Training Manual and other admissions training presentation. The Court finds that the anecdotal testimony of a couple of witnesses who testified that they were told they might lose a “spot” if they did not enroll right away did not establish any kind of systematic deception.

42. In support of its argument that the Schools’ sales tactics were fraudulent, the State relies on *Manley v. Wichita Bus. Coll.*, 701 P.2d 893 (Kan. 1985) and *State of Minn. by Swanson v. Am. Family Prepaid Legal Corp.*, 2012 WL 2505843 (Minn. Ct. App. July 2, 2012). Both of those cases are inapposite.
43. The *Manley* case was not decided by a Minnesota court, did not deal with the CFA, and was based on an out-of-date federal regulation. In *Manley*, the Kansas Supreme Court affirmed a jury verdict for a student that claimed a school violated the Kansas Consumer Protection Act by, among other things, referring to the school’s salesmen as “career counselors.” The court explained that such a practice was per se deceptive because it violated a version of 16 C.F.R. § 254.7(b) that was on the books when the case was decided in 1985:

The FTC has addressed the subject of deceptive acts and practices in connection with vocational schools. See 16 C.F.R. § 254.1 *et seq.* (1985). Regarding “career counselors,” the FTC has stated the following to be a deceptive act or practice:

“An industry member should not deceptively designate or refer to its sales representatives as ‘registrars,’ ‘counselors,’ ‘advisors,’ or by words of similar import or misrepresent in any other manner, the titles, qualifications, training, experience or

status of its salesmen, agents, employees, or other representatives.” 16 C.F.R. § 254.7(b) (1985).

Therefore, appellee argues there is substantial factual and legal evidence that the reference to the college’s recruiter and salesman as a “career counselor” was per se a deceptive practice.

Id. at 898. While referring to salesmen as “counselors” may have violated 16 C.F.R. § 254.7(b) in 1985, that is no longer true 31 years later, in 2016. *See* 16 C.F.R. § 254.7(b). The version of Section 254.7(b) that was in effect in 1985 was apparently removed a long time ago.

44. In *Am. Family Prepaid Legal Corp.*, the court decided the defendant misled consumers to believe it was selling one product (prepaid legal services) when it was secretly selling a different product (annuities). 2012 WL 2505843, at *2. Unlike in *American Family Prepaid Legal*, the Schools recruited prospective students for the purpose of selling educational services that the Schools actually provide. No evidence was admitted at trial to suggest that the Schools had an ulterior motive to sell applicants an entirely different product that students did not want or expect. To the extent the State challenges the quality of the education that the Schools sold or the nuances of the Schools’ curriculum, the Court rejects the States’ claim as a legally invalid claim for educational malpractice.²³

²³ Minnesota does not recognize a cause of action for educational malpractice. *Glorvigen v. Cirrus Design Corp.*, 796 N.W.2d 541, 552 (Minn. Ct. App. 2011), *aff’d*, 816 N.W.2d 572 (Minn. 2012). Claims that sound in educational malpractice – even if they are styled as fraud – are barred as a matter of law. *Id.* at 558. An improper educational malpractice claim “raises questions concerning the reasonableness of the educator’s conduct in providing educational services,” “requires an analysis of the quality of education received,” asserts that the “educational services provided were inadequate, substandard, or ineffective,” or asks the Court “to evaluate the course of instruction or the soundness of the method of teaching that has been adopted by an educational institution.” *Id.* at 553. Minnesota does not allow educational malpractice claims because they “would require the court to engage in a ‘comprehensive review of a myriad of educational and pedagogical factors, as well as administrative policies.’” *Alsides*, 592 N.W.2d at 473 (quoting *Andre v. Pace Univ.*, 655 N.Y.S.2d 777, 779 (N.Y. App. 1996)). *See also Zinter v. Univ. of Minnesota*, 799 N.W.2d 243, 245 (Minn. Ct. App. 2011) (“At all levels of education, courts show deference to an institution’s academic determinations.”). As an exception to the bar on educational malpractice claims, a student “may bring an action against an educational

45. The State maintains that Defendants fraudulently misrepresented the role of their admissions representatives. The State relies, in large measure, on the sales training provided to those admissions representative to show that their role was sales, not counselling. The State argues that admissions representatives were not trained in career counselling. This argument ignores the “product knowledge” portion of the admissions representatives’ consistent and extensive training. The State, no doubt, is dissatisfied with the extent and quality of this training, but the fact remains that it was uniformly provided to incoming admissions representatives and, further, as a part of ongoing continuing training. This is not a case of negligent training. It is a case alleging intentional fraud or deceptive practices. The record does not support a finding of fraud in the use of the title “admissions representative.”
46. The State suggests admissions representatives did not provide ongoing counselling services to enrolled students and that this fact further evidences a misrepresentation of sales as counselling . This suggestion ignores the testimony of most of the admissions representatives who actually testified and many of the students records offered into evidence. It is clear that Defendants’ expectation and practice was that admissions representatives were to develop ongoing relationships with their enrolled students and continue to work with them to achieve the successes that they sought by enrolling. The State seems to suggest that any ongoing relationship between admissions representatives

institution . . . if it is alleged that the institution failed to perform on specific promises it made to the student and the claim ‘would not involve an inquiry into the nuances of educational processes and theories.’” *Alsides*, 592 N.W.2d at 473 (quoting *Ryan v. Univ. of N. Carolina Hosps.*, 494 S.E.2d 789, 791 (N.C. Ct. App. 1998). A claim that challenges the quality of a student’s education, however, “would involve an inquiry into the nuances of the educational process, which is exactly the type of determination that the educational-malpractice bar is meant to avoid.” *Glorvigen*, 796 N.W.2d at 553.

and enrolled students was simply for the purpose of pursuing additional enrollments of a captive audience. The record does not support this suggestion. It is true that an admissions representative could get credit if s/he signed up an enrolled student for an additional degree program. But the employees' training also included extensive reminders that they should be honest and accurate—consistent with the schools' motto "We Care." The State's cynical view that a profit motive defined the relationship between the admissions representatives and the enrolled students ignores the laudatory evidence to the contrary in student records and testimony of most of the witnesses, including former employee witnesses called by The State.²⁴ The Court finds, that the admissions representatives generally acted in accordance with the "We Care" mission declared by the schools in their post-admission interactions with students and that, consistent with that philosophy, they had the students' best interests at heart.

VII. GRADUATE JOB PLACEMENT RATES AND SERVICES

A. The State Failed to Prove, Widespread, Systematic Deception Related to Job Placement Rates and Services

47. In its Trial Memorandum and Opening Statement at trial, the State asserted that it would prove the Schools "systematically" misrepresented their job placement rates and career services. The weight of the evidence admitted at trial does not support the State's claim.
48. United States Department of Education regulations require schools that prepare students for "gainful employment" to calculate placement rates according to

²⁴ Former admissions representative Jason Jenson stands in stark contrast to the largely positive testimony regarding individual employee motivation. He seems to have absorbed the worst of what could be gleaned from Defendants' training but little or none of the positive. The Court finds that Jason Jenson represents the exception, not the rule.

the methodology set by their accrediting body. 34 C.F.R. § 668.6(b)(1)(iv).

The Schools are “gainful employment” programs, as defined by the Department of Education. The Schools’ accrediting body, ACICS, is recognized by the Department of Education. The evidence at trial established that the Schools calculate placement rates consistent with ACICS guidelines, as required by federal law. No evidence to the contrary was admitted at trial.

49. As a matter of law, the Court cannot find the Schools liable for engaging in conduct that was expressly allowed by federal law. The DTPA bars claims based on actions that are “in compliance with the orders or rules of, or a statute administered by, a federal, state, or local governmental agency.” Minn. Stat. § 325D.46, Subd. 1. Federal law also preempts any such claims. *See City of New York v. F.C.C.*, 486 U.S. 57, 63-64 (1988) (“[A] federal agency acting within the scope of its congressionally delegated authority may pre-empt state regulation’ and hence render unenforceable state or local laws.”). Federal preemption is a matter of United States constitutional law. U.S. Const. art. VI, cl. 2 (stating that the laws of the United States “shall be the supreme Law of the Land”). Both federal statutes and agency regulations may preempt state statutory and common law. *Flynn v. Am. Home Products Corp.*, 627 N.W.2d 342, 348 (Minn. Ct. App. 2001) (citing *Louisiana Pub. Serv. Comm’n v. F.C.C.*, 476 U.S. 355, 369 (1986)). Here, the Department of Education regulations require specific practices for calculating job placement, and the Schools have followed that regulation. The State cannot pursue claims that the Schools violated state consumer protection statutes if they complied with federal law.

50. The State's evidence also failed to establish that the Schools' placement rates were false or misleading. Although some witnesses testified about instances in which they believed graduates were considered placed when they should not have been considered placed, the State's case was not based on anecdotes about the placement or non-placement of individual graduates. The State's case was based on the overall placement rates that the Schools disclosed to applicants. In order to prove the Schools violated the CFA or DTPA with their placement rates, the State would have needed to submit evidence that: (1) the Schools consistently identified graduates as placed when they were not actually placed; (2) as a result, the Schools' published placement rates were materially higher than their actual placement rates; and (3) the higher published placement rates were likely to mislead applicants to enroll that otherwise would not have enrolled had they known the actual placement rates. The State failed to establish that the Schools engaged in such widespread, systematic deception with respect to placement rate calculations. There was no evidence at trial about any concerted effort by the Schools' to inflate placement rates, no evidence about the specific placement rates the Schools published, no evidence about what the placement rates should have been if they were accurate, and no evidence that any applicant was misled or was likely to be misled by hearing or seeing the published placement rates as opposed to supposedly more accurate rates. The testimony of Defendants' witnesses about their good faith efforts to calculate placement rates in accordance with the regulations was credible.

51. During trial, the State's attorneys referred to the Department of Education's notice of intent to impose a fine against Heald College, a regionally accredited school owned by Corinthian Colleges. The Heald College matter is irrelevant to this case. Heald College is not at issue here. Even if it were relevant, the record lacks sufficient evidence concerning the reasons for the Department of Education's notice of intent to fine against. The evidence is also insufficient to find that the Schools are similar to Heald College in any material way.
52. The evidence admitted at trial showed that, after the Department of Education sent its notice of intent to fine to Heald College, the Department of Education visited Globe for a full program review, including a review of Globe's placement. After a three-day review, the Department of Education told Globe that it was issuing a few minor preliminary findings, none of which had anything to do with job placement. Around the same time, ACICS visited the Schools for a renewal accreditation visit. ACICS, like the Department of Education, did not make a single finding related to job placement. Reviewing the evidence admitted at trial in this case, there is no legal or evidentiary basis for the Court to find that the Schools are analogous Heald College or to hold the Schools liable for consumer fraud on that basis.
53. With respect to career services provided by the Schools, the evidence does not reflect any misrepresentations made by the Schools. The Schools do, in fact, provide career services. The State has not identified any service that the Schools claim to provide but do not actually provide. It appears that the State claims the Schools' career services were not as thorough or helpful as the State believes they should have been. But the State cannot make a CFA or DTPA

claim based on allegedly poor services provided by the Schools. *See Glorvigen*, 796 N.W.2d at 553 (deciding assertion that the “educational services provided were inadequate, substandard, or ineffective” is an invalid educational malpractice claim). If the State could pursue such a claim, then any business would be subject to CFA and DTPA liability for not performing services as well as a customer may have hoped. While it is true that the CFA and DTPA are construed broadly, they are not so broad as to impose the State’s or any other plaintiff’s subjective preferences on a defendant that has not misrepresented any facts.

VIII. THE STATE FAILED TO PROVE ITS CLAIMS OF MATERIAL OMISSION UNDER THE CFA OR DTPA

54. In its Trial Memorandum and Opening Statement at Trial, the State asserted that, in addition to proving that the Schools made affirmative misrepresentations, the State would prove the Schools “systematically” concealed material facts from students that the Schools had a duty to disclose. The weight of the evidence admitted at trial was contrary to the State’s claim.
55. “Under the common law, one party to a transaction has no duty to disclose material facts to the other party.” *Graphic Communications Local 1B Health & Welfare Fund “A” v. CVS Caremark Corp.*, 850 N.W.2d 682, 695, 697-98 (Minn. 2014s (superseded on other grounds)). A party has a duty to disclose only under “special circumstances.” *Boubelik v. Liberty State Bank*, 553 N.W.2d 393, 397 (Minn. 1996). The Minnesota Supreme Court has identified three “special circumstances” giving rise to a duty to disclose:

First, a person who has a confidential or fiduciary relationship with the other party to the transaction must disclose material facts. Second, one who has special knowledge of material facts to which the other party

does not have access may have a duty to disclose those facts to the other party. Third, a person who speaks must say enough to prevent the words communicated from misleading the other party.

CVS, 850 N.W.2d at 695 (citations omitted). *See also Boubelik*, 553 N.W.2d at 397-98; *Klein v. First Edina Nat'l Bank*, 196 N.W.2d 619, 622 (Minn. 1972).

The evidence at trial in this matter failed to establish that any of those “special circumstances” exists here.

IX. RELIEF SOUGHT BY THE STATE

56. Having established liability under the DTPA and CFA the State seeks injunctive relief, civil damages, an award of costs and attorney fees, and restitutionary relief. There is no real dispute as to the State’s entitlement to the first three. The question remains; however, what, if any restitution is appropriate in this case. As noted above, the State has always disclaimed that it was making claims for individual relief. The State resisted certain discovery on the grounds that it was not seeking individual relief. At the same time, the State has always been clear that it would seek restitution if liability were established. The State apparently sees no inherent conflict in these two positions. The extensive post-trial briefing has not thrown the purported distinction between individual claims of damages and restitution sought by the State on behalf of individual citizens into greater relief.
57. Defendants argue that the State has disclaimed any intent to pursue individual claims. Moreover, they argue that they should be entitled to defend against any claim for individual damages/restitution. They note that individual claims will vary greatly. An individual claimant would have to show that s/he entered the Criminal Justice program in reliance on one or more of the false pretenses

described herein. Defendants may be able to offer evidence to counter any such claim. The length of stay in the program, the money expended or borrowed to pursue a degree and an individual's exposure to disclosures and disclaimers will be different in every case. The State apparently concedes as much by suggesting a restitutionary process whereby individual claims can be heard by a court-appointed special master.

58. A review of the record reveals that the Court has insufficient information to make any determination as to potential resolution. Despite the voluminous record and copious briefing, the Court does not have information as to how many Minnesota residents may have been harmed by Defendants' marketing of their Criminal Justice Program.²⁵

Based upon the foregoing, the Court makes the following:

ORDER

1. The Court declares that Defendants' actions, in promoting their Criminal Justice Program, as set forth herein, constitute violations of Minn. Stat. §§ 325F.69, subd. 1, and 325D.44, subd. 1.
2. The Court orders an injunction, consistent with these Findings of Fact and Conclusions of Law, the scope and nature of which the parties shall brief and the Court shall determine. The State shall file a proposed order and supporting

²⁵ The record established the number of people who graduated from the Criminal Justice program in the years 2009-2013, but no evidence was presented as to the number of students who enrolled in the program. The program was discontinued in December 2014. The record does not contain data about the 2014-2015 school year. During trial Exhibits TX0179 and TX0189 were received into evidence. These exhibits are native spreadsheet files that are thousands of lines long. The Court was under the impression that TX0179 contained job placements from 2009 – 2015; however, a close review of the spreadsheet shows that the data set is from January 1, 2009 to June 30, 2013. Likewise, TX0189 is a native spreadsheet containing data purportedly from July 1, 2013 – June 30, 2016; however, the document reflects graduation data from students who graduated in 2013 and 2014.

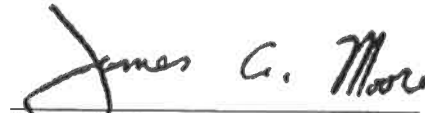
memorandum detailing the provisions of an appropriate injunction by September 22, 2016. Defendants shall respond by October 6, 2016.

3. The Court defers its ruling regarding the State's claim for restitution, pending further submissions from the parties. On or before September 22, 2016, the State shall serve and file a legal memorandum of law explaining why it believes that it is entitled to pursue a restitutionary process whereby individuals who claim to have been harmed by Defendants' deceptive trade practices can seek restitution. By September 22, 2016, the State shall also serve and file a proposed order outlining its proposed restitutionary process. By October 6, 2016, Defendants shall serve and file a legal memorandum responding to the State's arguments. Defendants may also file a proposed order relating to the State's claims for restitution.
4. The Court orders the award of civil penalties to the State pursuant to Minn. Stat. § 8.31, subd. 3. The State shall file a proposed order and supporting memorandum regarding the imposition of civil penalties by the Court pursuant to Minn. Stat. § 8.31, subd. 3, by September 22, 2016. Defendants shall respond by October 6, 2016.
5. Pursuant to Minn. Stat. § 8.31, subd. 3c, Defendants shall pay the State its costs, disbursements and attorneys' fees incurred in this litigation, the related investigation, and the notice-and-claims process. The State shall submit a motion for its costs, disbursements and attorneys' fees, and supporting

documentation, by September 22, 2016. Defendants shall respond by October 6, 2016.

Date: September 8, 2016

BY THE COURT:

A handwritten signature in black ink, reading "James A. Moore". The signature is written in a cursive style with a large, looping initial "J".

James A. Moore
Judge of District Court