

**ATTORNEY GENERAL OF THE STATE OF NEW YORK  
BUREAU OF CONSUMER FRAUDS & PROTECTION**

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**In the Matter of the  
Investigation by Eric T. Schneiderman,  
Attorney General of New York, of**

**AOD No. 13-379**

**CAREER EDUCATION CORPORATION,**

**Respondent.**

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The Office of the Attorney General of the State of New York (“OAG”) has conducted an investigation, pursuant to Executive Law § 63(12) and General Business Law (“GBL”) Article 22-A, into certain business practices of Career Education Corporation (“CEC”). This Assurance of Discontinuance (“Assurance”) contains the findings of the OAG’s investigation and the relief agreed to by the OAG and CEC (collectively referred to hereinafter as the “parties”).

**FINDINGS**

1. CEC is a publicly-traded Delaware corporation with principal offices located at 231 N. Martingale Rd., Schaumburg, Illinois, 60173.
2. In 2012, CEC had over 90 campuses throughout the country and internationally and offered educational programs to over 116,000 students worldwide in a range of career-oriented disciplines. Currently, CEC has approximately 75 campuses and student enrollment of approximately 75,000. CEC is organized into six segments or “strategic business units” (“SBUs”): university, culinary arts, health care education, art and design, international, and transitional schools.
3. CEC operates seven brick-and-mortar campuses in New York State and two online institutions outside of New York State that enroll New York students. The New York brick-and-mortar campuses include three Sanford-Brown Institute (“SBI”)

campuses, one SBI-affiliate campus, and three Briarcliffe campuses. These campuses offer non-degree certificate programs and associate's and bachelor's degrees. The SBI and Briarcliffe campuses offer campus-based and online programs. CEC also operates online institutions outside of New York State that enroll New York residents. CEC's online institutions with material enrollments of New York residents are American InterContinental University ("AIU") and Colorado Technical University ("CTU").

4. The SBI campuses are located at: 711 Stewart Avenue, Garden City, New York; 120 East 16<sup>th</sup> Street, New York, New York; and 333 Westchester Avenue, White Plains, New York. The SBI-affiliate campus is located at 320 South Service Road, Melville, New York. The Briarcliff campuses are located at: 1055 Stewart Avenue, Bethpage, New York; 225 West Main Street, Patchogue, New York; and 30-30 Thomson Avenue, Long Island City, Queens, New York.

5. For the period of July 2009 through May 2011, there were approximately 11,000 students enrolled in the brick-and-mortar campuses in New York and approximately 8,800 New Yorkers enrolled in the online institutions.

6. CEC's SBI campuses in New York are nationally accredited by the Accrediting Council for Independent Colleges and Schools ("ACICS"). Briarcliffe College is regionally accredited by the Middle States Association of Colleges and Schools ("MSACS"). AIU and CTU are regionally accredited by the Higher Learning Commission ("HLC"). In addition, certain programs offered by CEC's schools were or are accredited by programmatic accreditors, including the Accrediting Bureau of Health Education Schools ("ABHES") and the Commission on Accreditation of Allied Health Education Programs ("CAAHEP").

7. Educational institutions are required to maintain institutional accreditation status with an accreditor recognized by the U.S. Department of Education in order to be eligible to receive federal financial aid, including federal grants and federally guaranteed student loans. Some accrediting agencies develop criteria for schools to employ in calculating and reporting an annual placement rate, the rate at which graduates of the programs are placed in employment.

8. ACICS requires ACICS-accredited schools to: (a) report placement rates annually to ACICS; (b) disclose placement rate information to students; and (c) for the period of 2008 through 2010, maintain a baseline placement rate of 65%. Schools that do not meet ACICS' baseline placement rate are subject to heightened monitoring and reporting and, if they do not meet such standards within a certain period of time, could lose their accreditation.

9. ABHES requires ABHES-accredited programs to: (a) report placement numbers annually; (b) disclose placement rates to students, and (c) maintain a baseline placement rate of 70% in accredited Medical Assistant programs. Like the ACICS-accredited schools, programs that do not meet ABHES' baseline placement rate are also subject to heightened monitoring and reporting, and, if they do not meet such standards, could lose their accreditation.

10. CAAHEP requires CAAHEP-programs to: (a) report placement numbers annually; (b) disclose placement rates to students; and (c) maintain a baseline placement rate of 75% in accredited Diagnostic Medical Ultrasound programs, 70% in accredited Cardiovascular Technology programs, and 80% in accredited Surgical Technology programs. Programs that do not meet CAAHEP's baseline placement rate are also subject

to heightened monitoring and reporting and, if they do not meet such standards, could lose accreditation.

11. Neither MSACS nor HLC requires schools to calculate, report, or disclose placement rates, and neither imposes a minimum requirement for placement rates.

12. From fall 2008 through spring 2011, certain CEC employees improperly counted graduates as “placed”, which inflated CEC’s placement rates at CEC’s New York schools. As a result, CEC provided inaccurate and inflated placement rates to prospective and then current students. In addition, CEC reported inaccurate and inflated placement rate data and placement rates to CEC’s accrediting agencies and to the New York State Department of Education’s Bureau of Proprietary School Supervision for these schools.

13. Some CEC Career Services employees used several methods to improperly count graduates as “placed”, which inflated placement rates. First, certain CEC Career Services employees counted certain CEC graduates of health care services programs as “placed” based on these graduates’ employment at single one-day health fairs, including fairs initiated at CEC’s request for the purpose of inflating placement rates. Second, certain CEC Career Services employees mischaracterized certain CEC graduates’ job duties in order to improperly count such students as “placed” in the field in which the student trained or a related field, when in fact the graduates’ employment was neither in the field in which the graduate was trained nor in a field related to their field of study.

14. CEC set annual goals to meet the accreditors’ baseline placement rate requirements at each CEC institution. CEC school Presidents, Career Services Directors, and other Career Services employees received bonuses based in part upon whether such baseline placement rate requirements were met. Thus, these employees had financial incentives to meet the placement rate goals set by CEC.

**A. Deceptive Practices Related to Calculation of Placement Rates**

**(i) Counting Employment at One-day Health Fairs As “Placements”**

15. Prior to September 2008, CEC policy required CEC employees to wait until a graduate had completed either three or five days of employment before verifying that graduate’s employment for purposes of calculating placement rates. In September 2008, CEC changed its official policy concerning employment verification to permit CEC employees to verify employment on the same day that a graduate began employment. After CEC modified its policies to permit employment verification on the first day of employment, certain CEC Career Services employees began counting graduates’ employment at a single one-day health fair as a “placement” for purposes of calculating CEC’s placement rates, even though the graduates did not obtain any subsequent employment with the health fair company. Moreover, certain of the CEC employees requested that health companies sponsor health fairs so that large numbers of graduates could be counted as “placed”. In the 2010 reporting cohort (July 1, 2009 to June 30, 2010), for example, CEC employees at SBI-NY recorded 101 “placements” based on a single day’s employment at one-day health fairs held in that period.

16. High-level Career Services managers in the Health SBU at CEC’s headquarters not only knew about the practice of counting employment at single one-day health fairs as “placements,” but explicitly condoned and even encouraged the practice of recording such employment as “placements.”

**(ii) Mischaracterizing Certain Positions as “In-field” or “Related Field” Employment**

17. Certain CEC Career Services employees improperly characterized certain graduates’ employment as “in-field” or “related field” placements at New York schools.

In some cases, these CEC employees mischaracterized graduates' employment duties in order to support their improper characterization of the graduate's employment as an "in field" or "related field" placement. In certain instances, these CEC employees even placed false information in students' placement files to support this mischaracterization.

18. For example, certain CEC Career Service employees improperly characterized graduates of Criminal Justice programs at New York schools who were employed in retail sales positions and data processing positions as having obtained "in field" placements. Similarly, certain graduates of Accounting programs who were employed as secretaries were improperly characterized as having obtained "in field" placements. In one example, a graduate of a CEC New York Criminal Justice program employed as a data processor at a company that processed parking ticket data was characterized as having obtained a "related field" placement, on the grounds that the graduate's duties included dealing "with the courts" by processing parking ticket data.

**(iii) Disclosure of Inaccurate and Inflated Placement Rates to Prospective and Current Students**

19. CEC misrepresented its placement rates for New York schools to prospective and then current students. As detailed below, CEC included inaccurate and inflated placement rates for New York schools in school catalogs distributed to prospective and then current students, on CEC's public website, and in written disclosures provided to prospective students who requested placement rate information. These inflated placement rates provided false and misleading information concerning CEC's New York schools' success in placing graduates of its programs in employment.

20. Students choose to attend CEC and select particular programs at CEC in order to improve their employment opportunities. Accordingly, placement rate is an important factor in students' decision to enroll in and complete CEC programs.

21. The placement rates for New York schools disclosed to prospective and then current students during the period of 2009 through spring 2011 were significantly inflated, giving prospective students a distorted, significantly overly-favorable impression of CEC graduates' employment outcomes. For example, for the 2008-2009 and 2009-10 reporting cohort, CEC disclosed placement rates for its New York SBI and Briarcliffe campuses ranging from 54.9% to 80.2%, when the corrected rates based on CEC's subsequent efforts to verify placement rates ranged from 24.1% to 64.1%. CEC disclosed that SBI New York had a placement rate of 65.7% in 2008-2009, but the corrected rate based on CEC's subsequent efforts to verify placement rates was 42.1%. In another example, CEC disclosed that SBI Melville had a 70% placement rate in the 2009-2010 cohort, but the corrected placement rate was 26.1%.

22. Furthermore, as detailed below, the corrected placement rates for the SBI campuses in New York and for a number of programmatically accredited programs did not meet CEC's accreditors' baseline placement rate requirements for the 2008-2009, 2009-2010, and 2010-2011 reporting cohorts. The failure to meet the accreditors' baseline placement rate requirements would have triggered a review that would have put these schools and programs on monitoring and ultimately at potential risk of losing institutional and/or programmatic accreditation.

**(iv) Reporting Inflated Placement Rates to Accreditors**

23. CEC reported inaccurate, inflated placement rates in its annual reports to the accreditor of its New York SBI campuses, ACICS, for the reporting cohorts 2008-2009 and 2009-2010.

24. By reporting inflated placement rates to ACICS, CEC was able to meet ACICS' baseline placement rate requirements for New York Health SBU schools,

enabling these CEC schools to maintain their accreditation status and thus maintain eligibility to receive federal financial aid. CEC would not have met the ACICS' baseline at any of its New York ACICS-accredited campuses during the period in question had it not reported inflated placement rates. Thus, CEC would have been at serious risk of triggering review and monitoring that could have put these schools and programs at potential risk of losing accreditation at those campuses.

25. CEC also provided inaccurate graduate placement rates for its programmatically accredited programs at its New York SBI campuses to its programmatic accreditors ABHES and CAAHEP for the 2008-2009 and 2009-2010 reporting cohorts. The corrected placement rates for some of these programmatically accredited programs would not have met ABHES' and CAAHEP's minimum placement rate requirements. Had CEC reported the corrected placement rates, CEC would have triggered a review and monitoring and been at potential risk of losing programmatic accreditation for those programs.

26. On November 14, 2011, CEC received a letter from ACICS directing CEC to "Show Cause" at a December 2011 meeting as to why CEC's current accreditation status should not be withdrawn from its' Health SBU ACICS-accredited CEC campuses due to CEC's reporting of inaccurate and inflated placement rates to ACICS.

27. Based on corrective actions taken by CEC, including efforts to independently verify all placements for the 2010-2011 reporting cohort and improve its placement results and collection of placement results, ACICS determined not to suspend the accreditation of CEC's ACICS-accredited schools. Nor did ACICS request that CEC recalculate inaccurate placement rates reported for the 2008-2009 and 2009-2010 reporting cohorts.



28. On August 10, 2012, ABHES issued a “Show Cause” letter to SBI-White Plains based upon concerns that SBI-White Plains had inflated 2010-2011 placement rates for its Medical Assistant program graduates by mischaracterizing certain placements, such as secretarial placements, as “in field” or “related field” placements. ABHES required SBI-White Plains to submit a re-calculated placement rate, and SBI-White Plains submitted a revised Annual Report to ABHES for the 2010-2011 reporting cohort re-designating several students who had previously been designated as “placed” to “not yet placed.” However, before ABHES issued a final ruling in the matter, CEC voluntarily relinquished ABHES accreditation for all of its Medical Assistant Programs, rendering the proceedings moot.

**(v) Reporting Inaccurate and Inflated Placement Rates To New York State**

29. CEC reported inaccurate and inflated placement statistics in its annual reports to the New York State Department of Education’s Bureau of Proprietary School Supervision for the years 2008-2009 and 2009-2010.

30. The reported statistics were inaccurate with regard to the number of students who obtained employment in their field of study or in a related field after graduating from a specific academic program.

**(vi) CEC’s Corrective Actions**

31. After discovering its employees’ misconduct in the calculation, disclosure and reporting of placement rates subsequent to receipt of the OAG’s subpoena, CEC cooperated in the OAG investigation by bringing these issues to the attention of the OAG and producing evidence and answering questions relevant to the investigation. CEC immediately suspended employees, and later terminated 15 employees who it determined had engaged in such misconduct, including several high-level managers in the Health

SBU at CEC corporate headquarters. CEC also promptly upon discovering these issues, but prior to being requested by the OAG to take any action, began the process of reviewing and modifying its placement practices in an effort to prevent the abuses identified in the investigation from recurring, including by revising its Career Services Policy Manual to impose new, more stringent requirements for calculating placement rates, including, *inter alia*, new requirements related to verifying employment. CEC also created a new position, the Director of Career Services Compliance, to monitor compliance with CEC's revised policies related to calculation of placement rates. In addition, CEC hired an independent company to contact 2010-2011 graduates to confirm placement and subsequently disclosed revised placement rates for 2010-2011 on its websites.

**B. Deceptive Practices Related to Accreditation Status Disclosures**

32. Certain CEC health services programs, including the Diagnostic Medical Ultrasound, the Cardiovascular Technology, and Surgical Technology programs at CEC's SBI-White Plains and Garden City campuses, either lack programmatic accreditation or lacked programmatic accreditation until September 17, 2010 (the SBI-Garden City Diagnostic Medical Ultrasound program) or until November 18, 2011 (the SBI-White Plains Diagnostic Medical Ultrasound and Medical Sonography programs). As a result, graduates of these programs were not eligible to sit for certain types of qualifying exams immediately upon graduation. In the case of the Diagnostic Medical Ultrasound programs, for example, graduates could not sit for the certification exam until they had completed one year of full-time, paid clinical employment. However, graduates who lacked certification often had difficulty finding such employment. Such graduates faced a

“Catch 22”: most employers viewed certification as a requirement for employment, but graduates were ineligible for certification until they obtained one year of employment.

33. Certain CEC enrollment representatives failed to adequately disclose to prospective and current students that the above-referenced programs were not programmatically accredited; that graduates of these unaccredited programs could not sit for certain qualifying exams typically necessary for employment upon graduation; and that graduates’ inability to sit for these exams could negatively affect their employment opportunities.

34. In addition, CEC fails to provide clear and conspicuous disclosures concerning the programmatic accreditation status of SBI programs on its websites. CEC operates three websites for its SBI institutions: [www.sanfordbrown.edu](http://www.sanfordbrown.edu), [www.sanfordbrown-online.com](http://www.sanfordbrown-online.com), and [www.careered.com](http://www.careered.com). At the [www.sanfordbrown.edu](http://www.sanfordbrown.edu) website, webpages that described programs offered at particular campuses did not indicate whether a program had programmatic accreditation directly on the webpage, but instead included a hyperlink titled: “To learn more about what accreditation is, why it is important and details about certification and disclosure information for this and other Sanford-Brown programs and campuses, please click here.” The hyperlink was later replaced with a hyperlink titled “Accreditation and Licensure” that appears in a list of hyperlinks when a visitor scrolls over the hyperlink titled “About Us.” This hyperlink leads to a webpage that shows hyperlinks labeled “State Authorization information” and “Institutional Accreditation information.” No information related to programmatic accreditation is immediately visible. Prospective students are required to scroll through lists below each of these hyperlinks to reach the “Programmatic Accreditation” section. That section includes lists of accredited campuses of particular programs, in paragraph form. The

paragraphs are divided by program and by accreditor. Thus, a prospective student seeking to determine whether a program at a particular campus is accredited would, in some cases, have to check several different lists. Where a program lacks programmatic accreditation at particular campuses, the program simply does not appear on any of the lists.

35. Similarly, the [www.sanfordbrown-online.com](http://www.sanfordbrown-online.com) website failed to adequately disclose whether programs are programmatically accredited. The website included dedicated pages for various SBI campuses and programs offered at each campus, but neither the campus nor program webpages included a disclosure regarding programmatic accreditation on the webpage. Instead, these pages contained a hyperlink titled “More Information” which led to a webpage that contained programmatic accreditation disclosures. However, because the hyperlink did not indicate that accreditation status is available through this hyperlink, website visitors were unlikely to discover the accreditation information.

36. CEC also operates a website at [www.careered.com](http://www.careered.com). At [www.careered.com](http://www.careered.com), webpages that list programs offered at particular campuses do not indicate whether a program has programmatic accreditation directly on the webpage, but instead include a hyperlink titled “Accreditation.” This hyperlink leads to a webpage that shows information regarding the institutional accreditation of the campus where the program is offered. No information about programmatic accreditation is immediately visible. Prospective students must scroll through the “Institutional Accreditation” section to reach the “Programmatic Accreditation” section. This section includes lists of accredited campuses, in paragraph form. The paragraphs are divided by program and by accreditor. Thus, a prospective student seeking to determine whether a program at a particular campus is accredited would, in some cases, have to check several different lists.

Where a program lacks accreditation at particular campuses, the program does not appear on any of the lists.

37. Furthermore, with respect to programs where lack of programmatic accreditation results in ineligibility to sit for qualifying exams or otherwise obtain certification or licensure, neither the [www.sanfordbrown.edu](http://www.sanfordbrown.edu) website, the [www.sanfordbrown-online.edu](http://www.sanfordbrown-online.edu) website, nor the [www.careered.com](http://www.careered.com) website include clear and conspicuous program-specific disclosures that programmatic accreditation will result in graduates' inability to sit for such exam or otherwise obtain certification or licensure, or that this may impede graduates' professional prospects.

**C. Inadequate Disclosure Regarding lack of Transferability of Credits Earned**

38. As noted above, CEC's New York SBI campuses are accredited by national accreditors. Most public and non-profit degree granting educational institutions are regionally, rather than nationally, accredited. In most cases, regionally accredited schools do not accept credits from nationally-accredited schools. Thus, credits earned at CEC's nationally-accredited schools are generally not transferrable to public and non-profit degree-granting educational institutions.

39. CEC enrollment representatives fail to adequately disclose to prospective students that credits earned at CEC's nationally-accredited programs are unlikely to be accepted by most regionally accredited public non-profit degree granting educational institutions.

40. In addition, CEC's SBI websites failed to adequately disclose that credits earned at CEC's SBI campuses are usually not transferable to regionally accredited public and non-profit institutions.

41. New York Executive Law § 63(12) prohibits persons or business entities from engaging in repeated fraudulent or illegal acts or otherwise demonstrating persistent fraud or illegality in the carrying on, conducting or transaction of business.

42. New York General Business Law (“GBL”) Article 22-A prohibits deceptive acts or practices (GBL § 349) and false advertising (GBL § 350) in the conduct of any business, trade or commerce in this State.

43. The OAG finds that the practices described above constitute repeated violations of General Business Law Article 22-A, §§ 349 and 350, and repeated fraudulent and illegal acts under Executive Law § 63(12).

### **AGREEMENT**

**WHEREAS**, OAG is willing to accept the terms of this Assurance pursuant to New York Executive Law § 63(15) and to discontinue its investigation;

**WHEREAS**, CEC neither admits nor denies OAG’s Findings (1)-(43) above; and

**WHEREAS**, the parties each believe that the obligations imposed by this Assurance are prudent and appropriate;

**IT IS HEREBY UNDERSTOOD AND AGREED**, by and between the parties that:

#### **I. DEFINITIONS**

1. “Clear and Conspicuous” or “Clearly and Conspicuously” means that the statement, representation or term being disclosed is of such size, color, contrast and/or audibility and is so presented as to be readily noticed and understood by the person to whom it is being disclosed. If such statement is necessary as a modification, explanation or clarification to other information with which it is presented, it must be presented in close proximity to the information it modifies, in a manner so as to be readily noticed and

understood. In addition to the foregoing, in interactive media, the disclosures shall be presented either directly on a webpage or via a hyperlink that is a prominent and direct link to another webpage and that is obvious and appropriately labeled to convey the importance, nature and relevance of the information it leads to. Such interactive media disclosures shall be displayed in an open format that can be retrieved, downloaded, indexed, and searched by commonly-used web search applications. An open format is one that is platform independent, is machine readable, and is made public without restrictions that would impede the reuse of that information.

2. “Completer” means a student who is no longer enrolled in a CEC program of study and who has either completed the time allowed or attempted the maximum allowable number of credits for the program of study but who did not accomplish the requirements of graduation, such as, for example, achieving a minimum G.P.A. of at least 2.0, attaining required competencies or speed skills, or satisfying non-academic requirements (*e.g.*, outstanding financial obligations).

3. “Graduate” means a student who has accomplished all of the requirements of graduation from a CEC program, such as, for example, achieving a minimum G.P.A. of at least 2.0; successfully passing all required courses and meeting all clinical, internship, and externship requirements; satisfying all non-academic requirements for graduation, such as payment of tuition and fees, return of books, etc.; receiving the appropriate credential; and ceasing enrolling in the program at the campus, unless re-enrolled as a new student in a different program.

4. “New York Program” shall mean any CEC program offered at a physical location within New York State, except those offered at a regionally accredited institution. “New York Program” shall include, but is not limited to, online programs

offered by non-regionally accredited CEC institutions that are physically located within New York State. Examples of New York Programs include, but are not limited to, the SBI - New York Certificate Program in Diagnostic Medical Ultrasound, the SBI - Garden City Certificate Program in Medical Assistant, and the SBI - Melville Associate in Health Information Management.

5. “New York Campus” shall mean any CEC campus located in New York State, except campuses of regionally accredited institutions. Examples of New York Campuses include, but are not limited to, SBI - New York, SBI - Garden City, and SBI - White Plains.

6. “New York Online Institution” shall mean any CEC institution located outside of New York State that offers online programs and has enrolled at least 50 New York residents within a single reporting cohort (meaning July 1 to June 30 of the following year). Examples of New York Online Institutions include, but are not limited to, AIU and CTU. With respect to CEC institutions located outside of New York State that have not enrolled at least 50 New York residents within a single reporting cohort as of the Effective Date of this Assurance, the requirements of this Assurance shall begin for the first reporting cohort for the first cohort year after such CEC institution located outside of New York State that offers online programs enrolls at least 50 New York residents.

7. “New York Online Program” shall mean any online CEC program offered to New York residents by a New York Online Institution. Examples of New York Online Programs include, but are not limited to, CTU’s Associate of Science in Health Administrative Services and AIU’s Bachelors in Accounting.



8. “New York Regionally Accredited Institution” shall mean any regionally accredited CEC institution located in New York State. For example, Briarcliffe College is a New York Regionally Accredited Institution.

9. “Admissions Personnel” shall mean any CEC employees or agents that regularly interact with prospective students during recruitment and enrollment, except that Admissions Personnel shall not include financial aid representatives.

## **II. INJUNCTIVE RELIEF**

### **A. NEW YORK EXECUTIVE LAW § 63(12) AND NEW YORK GENERAL BUSINESS LAW ARTICLE 22-A**

1. CEC is hereby permanently enjoined from any future violations of New York Executive Law § 63(12) and New York General Business Law (“GBL”) Article 22-A, §§ 349 and 350.

### **B. CALCULATION AND VERIFICATION OF PLACEMENT RATES**

1. For a period of five cohort years, beginning with cohort year 2013 (*e.g.*, students who graduate between July 1, 2012 and June 30, 2013) and ending with cohort year 2017, CEC shall calculate placement rates for each New York Program and New York Campus as set forth in Section II.B of this Assurance, except that for the 2013 cohort only, CEC may verify employment after the graduate/completer has worked in the position for a minimum of 10 days.

2. For a period of five years, beginning with cohort year 2014 (*e.g.*, for students who graduate between July 1, 2013 and June 30, 2014, and for the 2015, 2016, 2017, and 2018 cohorts) CEC shall calculate placement rates for each New York Online Program and each program offered by a New York Regionally Accredited Institution as set forth in Sections II.B of this Assurance, except for liberal arts or general studies programs. In addition, during cohort years 2014 through 2018, CEC shall adhere to the

requirements of Section II.B of this Assurance for each New York Online Program and each program offered by a New York Regionally Accredited Institution whenever CEC calculates, reports, and/or discloses placement rates for such program(s) to accreditors, governmental entities, the public, and/or prospective students.

3. When calculating placement rates for a New York Online Program as required pursuant to this Section, CEC may calculate placement rates based on data for all graduates/completers of such program, or, in the alternative, CEC may calculate placement rates based on data for the New York graduates/completers only. In any disclosure of a placement rate that is based on data for the New York graduates/completers only, CEC shall clearly and conspicuously state that the placement rate is based on data for the New York graduates/completers only.

4. For purposes of this Section and calculating placement rates, CEC shall only deem an individual as “placed” if the individual is a graduate/completer and meets the below definition of “employed” or “self-employed or “contract/freelance employee.”

(a) Employed. The individual shall be deemed “employed” if each of the following requirements are met:

- (i) the position is included on the list of job titles published by the institution for which the program prepares graduates/completers; requires the use of the skills learned in the graduate’s/completer’s program as a

predominant component of the job<sup>1</sup>; or, for graduates/completers continuing employment in a position that was held prior to enrolling in the program, the graduate/completer attests in writing that the training received enabled the graduate/completer to maintain or advance in the graduate's/completer's position;

- (ii) the position is permanent (*i.e.*, there is no planned end-date);
- (iii) the position is a paid position;
- (iv) the position requires at least 20 work hours per week;
- (v) the graduate/completer has worked in the position for a minimum of 18 days (*e.g.*, if a graduate/completer works only two days per week, the graduate/completer cannot be counted as “placed” until the graduate/completer has worked for 9 weeks); and
- (vi) CEC has verified the employment after the graduate/completer has worked in the position for a minimum of 18 days by either:
  - (1) speaking to either the employer or an agent of the employer to confirm employment, (2) contacting the graduate/completer directly, (3) receiving an email from the graduate/completer, (4) the graduate/completer's employer provides employment information about the graduate/completer by email or on-line; or (5) for

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<sup>1</sup> Examples of positions that do *not* “require the use of the skills learned in the graduate's/completer's program as a predominate component of the job” include, but are not limited to: for graduates/completers of criminal justice programs, retail sales positions; and for graduates/completers of medical assistant programs, receptionist or childcare positions.

graduates/completers continuing employment in a position that was held prior to enrolling in or during the program, the graduate/completer attests in writing that the training received enabled the graduate/completer to maintain or advance in the graduate's/completer's position. The attestation form provided by CEC to graduates/completers continuing in a position held prior to enrolling in or during the program shall state that CEC will use the attestation for purposes of calculating placement rates.

(b) Self-Employed or Contract/Freelance Employee. The individual shall be deemed "self-employed" or a "contract/freelance employee" if each of the following requirements are met:

- (i) the self-employment or contract/freelance employment meets the requirements of paragraph 4(a)(i) of this Section;
- (ii) the graduate/completer has received or anticipates receiving compensation in return for services provided in connection with the self-employment or contract/freelance employment;
- (iii) in the case of contractual, grant-funded or similar employment, that the position is anticipated to employ the graduate for a period of no less than three months;
- (iv) the graduate/completer has completed at least 135 hours of work in connection with the graduate's/completer's self-employment or contract/freelance employment, including time spent marketing the business, cultivating clients,

preparing proposals for bids, negotiating contracts and initiating and/or completing the work; and

- (v) CEC has verified the self-employment or contract/freelance employment after the graduate/completer has completed at least 135 hours of work in connection with the graduate's/completer's self-employment or contract/freelance employment by obtaining written verification from the graduate/completer that: (A) he/she is self-employed or a contract/freelance employee (and a description of the nature of the self-employment or contract/freelance employment), and (B) the self-employment or contract/freelance employment meets each of the requirements of subparts (b)(i)-(iv) of this paragraph.
- (vi) Federal Work/Study positions at CEC institutions shall not be counted as self-employment or contractual/freelance employment.

5. The term "placement rate" shall mean the total number of placed graduates/completers divided by the total number of graduates/completers who do not qualify for exclusion from the calculation as set out in paragraph II.B(8) below. CEC will only count a graduate/completer as placed or excluded for purposes of calculating a placement rate where CEC is able to successfully contact a graduate/completer or employer to verify employment or exclusion.

6. Placement rates shall be calculated based on the employment status of graduates/completers (a) who graduated/completed during the period of July 1 through June 30 ("Reporting Period") and (b) as of November 1 of each year,

subject to modification or extension of the November 1 deadline by ACICS, the accreditor of the majority of CEC's New York locations.

7. Where CEC relies on a third party for verifying and/or calculating placement rates, CEC shall enter into a contract with such third party pursuant to which the third party shall agree to adhere to the requirements of this Assurance concerning calculation and verification of placement rates. CEC shall monitor and ensure such third party's compliance with the requirements of the Assurance.

8. In calculating placement rate, a graduate/completer may be excluded from the total number of graduates/completers (*i.e.*, the "denominator") if CEC obtains written documentation that the graduate/completer:

- (a) is pregnant or has a medical condition or disability that results in the graduate/completer's inability to work or the graduate/completer has a parent, child or spouse who has a medical condition that requires the care of the graduate;
- (b) is engaged in full-time active military duty;
- (c) is enrolled in an additional program of post-secondary education;
- (d) is deceased;
- (e) is not eligible for placement in the United States because of visa restrictions;
- (f) is a completer/graduate of a stand-alone English as a Second Language Program;

- (g) is a spouse or dependent of military personnel who have moved due to military transfer orders; or
- (h) for the on-line AIU and CTU programs, CEC obtains written documentation signed by the graduate/completer stating that the graduate/completer is not seeking employment or not seeking new employment but remaining in a position held before graduation and not seeking to obtain promotion or move up over time.

9. Where CEC excludes a graduate/completer from the total number of graduate/completers for the purposes of calculating the placement rate pursuant to paragraph II.B(8), CEC shall not count that graduate/completer as “placed”.

10. Within 90 days of execution of the Assurance, CEC shall submit to the OAG for review and approval a protocol for performance checks of those employees responsible for verifying, calculating, and/or disclosing placement rates. Such performance checks shall be designed to provide a reliable assessment of the accuracy of disclosed placement rates and compliance by CEC employees with the terms of this Assurance for the verification, calculation, and disclosure of placement rates. The performance checks shall be carried out regularly by CEC’s quality assurance or auditing department or an independent third-party. The protocol will include specific instructions concerning:

- (a) a schedule for performance checks coinciding with each Reporting Period;

- (b) a requirement that each employee who engages in verification, calculation, or disclosure of placement rates be subject to such performance checks;
- (c) a description of mandatory, non-discretionary disciplinary actions (such as demotion or termination) that shall be applied to CEC employees and agents who are found to have violated the requirements of this Assurance, falsified placement rate data, or engaged in other misconduct related to placement rates; and
- (d) a requirement that where performance checks reveal that 5% or more of the graduates/completers were incorrectly counted as placed for the purposes of calculating a placement rate, CEC shall: (i) conduct a review of the employment status of every graduate/completer deemed to have been placed to determine the extent to which the placement rate must be revised, (ii) calculate and disclose any corrected placement rates; and (iii) notify the OAG of this finding.

11. CEC shall not be required to calculate or disclose placement rates for programs being offered for the first time in the relevant cohort reporting period or for any programs with fewer than five students in the relevant cohort reporting period. CEC shall be required to calculate and disclose placement rates as set forth in Sections II.B and C of this Assurance beginning with the first full cohort year that follows the cohort year in which a program is offered for the first time. For example, a program first offered beginning January 1, 2014, will be required to calculate and disclose placement rates as set forth in Sections II.B and C of this Assurance beginning with the July 1, 2014 to June 30, 2015 cohort year.



C. DISCLOSURE OF PLACEMENT RATES

1. CEC shall not make any misrepresentations concerning the placement rates of CEC graduates/completers of any institution or program that enrolls New York residents in any advertising or in any oral or written disclosures to students, prospective students, the public, an accrediting agency, or a government entity.

2. Where CEC is required to calculate and disclose placement rates for New York Programs, New York Campuses, New York Regionally Accredited Institutions, or New York Online Institutions, CEC shall clearly and conspicuously disclose placement rates (a) in all catalogues referencing the particular program, campus, or institution, and (b) on CEC's website.

3. In all advertising or promotional materials for institutions or programs that enroll New York residents, including but not limited to direct mail and email provided to prospective students, where there is an express or implied representation that completion of a CEC program will result in employment, CEC must either disclose the relevant placement rate for such program or provide a hyperlink (in interactive media) or the URL (in other types of media) for a website that provides the relevant placement rate disclosures. The hyperlink or URL label shall include the terms "Placement Rate" or "Employment Rate" or a term of similar meaning.

4. With regard to disclosures of placement rates on CEC's websites, CEC shall, for all institutions and programs that enroll New York residents: (a) provide a prominent, obvious, appropriately labeled, and direct link to placement rate disclosures on the homepage of its website and on any other webpage containing general, academic, or admissions information about the program; and (b) display the placement rate disclosures in an open format that can be retrieved, downloaded, indexed and searched

by commonly used web search applications. The hyperlink label to placement rate disclosures shall include the terms “Placement Rate” or “Employment Rate” or a term of similar meaning.

5. Whenever CEC is required to calculate placement rates pursuant to Section II.B for CEC institutions or programs that enroll New York residents, CEC shall also clearly and conspicuously disclose:

- (a) the categories of graduates/completers that were excluded from the calculation pursuant to paragraph II.B(8) of this Assurance;
- (b) if CEC counts as “placed” those graduates/completers who are employed after graduation in the same position that they held prior to beginning or during CEC’s program, that such graduates/completers were counted as “placed”;
- (c) that graduates/completers were counted as “placed” if (i) their position was included on the list of job titles published by the institution for which the program prepares graduates/completers; (ii) their position requires the use of the skills learned in the graduate’s/completer’s program as a predominant component of the job; or (iii) for graduates/completers continuing employment in a position that was held prior to enrolling in the program, the graduate/completer attests in writing that the training received enabled the graduate/completer to maintain or advance in the graduate’s/completer’s position; and
- (d) that graduates/completers were counted as “placed” if the

graduate/completer obtained either a full-time position or a part-time position of at least 20 hours per week.

6. CEC employees or agents shall not make any verbal representations to prospective students concerning the placement rates of CEC institutions or programs that enroll New York residents.

7. CEC Admissions Personnel at CEC institutions that enroll New York residents shall either provide CEC-approved written disclosures of placement rates in response to inquiries from prospective students concerning placement rates or, where the prospective student has immediate access to CEC's website, CEC may refer such prospective student to CEC's website disclosures. Such disclosures shall include the placement rate for the specific program and campus where the prospective student intends to enroll (except where placement rate information is unavailable because the program is being offered for the first time or enrolled fewer than five students in the relevant cohort reporting period). The website disclosures shall comply with the requirements of this Assurance and be clear and conspicuous.

8. CEC shall provide training on at least an annual basis to all CEC Admissions Personnel for CEC institutions that enroll New York residents regarding appropriate procedures for responding to inquiries regarding placement rates and the disclosure of placement rates. Such training shall include: (a) notification that Admissions Personnel are prohibited from making verbal representations concerning placement rates to prospective students; (b) notification that Admissions Personnel shall either provide a CEC-approved written disclosure to prospective students in response to inquiries concerning placement rates or, where the prospective student has immediate access to CEC's website, may direct prospective students to CEC-approved disclosures

of placement rates on CEC's website; and (c) notification of the disciplinary actions (such as demotion or termination) that shall be applied to CEC Admissions Personnel who are found to have violated the requirements of this Assurance, falsified placement rate data, or engaged in other misconduct related to placement rates.

D. TERMINATING PROGRAMS WITH INADEQUATE PLACEMENT RATES

1. Beginning with placement rates for academic year 2013-2014, where placement rates for a program offered to New York residents fall below 47.5% for a given cohort year, CEC must take appropriate action to bring the program's placement rate above 47.5% within a time period not to exceed:

(a) Twelve months from the ACICS November 1 placement rate reporting date (or extending reporting date) that follows the end of each respective cohort year, if the program is less than one year in length;

(b) Eighteen months from the ACICS November 1 placement rate reporting date (or extending reporting date) that follows the end of each respective cohort year, if the program, or the longest program offered by the institution, is at least one year, but less than two years, in length; or

(c) Two years from the ACICS November 1 placement rate reporting date (or extending reporting date) that follows the end of each respective cohort year, if the program, or the longest program offered by the institution, is at least two years in length.

2. If the program's placement is not above 47.5% within the specified period, CEC shall teach-out the program (*i.e.*, end enrollment of new students in the program), unless CEC requests and the OAG approves alternative corrective action.

E. OBLIGATIONS CONCERNING INSTITUTIONAL AND PROGRAMMATIC ACCREDITATION

1. CEC shall not misrepresent the accreditation status (*e.g.*, provisional accreditation, accreditation in a probationary status, etc.) of any institution or program that enrolls New York residents.

2. All CEC webpages that reference a New York Program, New York Campus, New York Online Institution, New York Online Program, or New York Regionally Accredited Institution must clearly and conspicuously disclose up-to-date information regarding the accreditation status of such campus, institution or program in close proximity to the name of the program, campus or institution and directly on the specific webpage that references the New York Program, New York Campus, New York Online Institution, New York Online Program, or New York Regionally Accredited Institution, including, where applicable, the disclosures set forth in Section II.E(4) of this Assurance. Providing disclosures concerning accreditation status via a hyperlink shall not be sufficient to meet this requirement. Such disclosures shall consist of a statement concerning the accreditation status of the particular institution or program referenced only, rather than a list of accreditation statuses of multiple institutions/programs. Where CEC provides the required clear and conspicuous, proximate disclosure of the accreditation status of a campus, institution or program directly on the webpage that references such program, campus or institution, CEC may also provide additional information related to accreditation via hyperlink.

3. CEC shall not offer any program at any institution that enrolls New York residents where the program, or institution where the program is offered, is not accredited and this may result in an inability to sit for at least one qualifying exam that is

typically necessary for employment<sup>2</sup> immediately upon graduation or in an inability to become registered, licensed, or otherwise credentialed where such registration, license, or credential is typically necessary for employment<sup>3</sup> upon graduation, except that CEC may offer such a program:

- (a) where CEC has obtained provisional accreditation for such program or institution and CEC is making a good faith effort to obtain full accreditation as promptly as possible; or
- (b) where CEC has formally applied for accreditation for such program or institution and CEC is making a good faith effort to advance the application as promptly as possible; or
- (c) where an accreditor requires that a program or institution be operational prior to the submission of an application for accreditation and: (i) CEC provides written pre-notification to the accreditor indicating that CEC intends to apply for accreditation for the program or institution; (ii) CEC makes such application within three months of the last day of any prescribed time-period for applying for accreditation, or if there is no prescribed time-period, within six months of the start date of the program; and (iii) CEC makes a good faith effort to advance such application as promptly as possible.

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<sup>2</sup> For purposes of this Assurance, a qualifying exam is “typically necessary for employment” where more than 50% of positions are open only to graduates that have passed that qualifying exam.

<sup>3</sup> For purposes of this Assurance, a registration, license or credential is “typically necessary for employment” where more than 50% of positions are open only to graduates that have obtain such registration, license or credential.

Where CEC has submitted an application for accreditation for a program subject to this paragraph and such application is denied, CEC shall teach-out the program (*i.e.*, end enrollment of new students in the program).

4. Where a program or institution that enrolls New York residents is not accredited or is provisionally accredited and this may result in an inability to sit for at least one qualifying exam that is typically necessary for employment immediately upon graduation or in an inability to become registered, licensed, or otherwise credentialed where such registration, license, or credential is typically necessary for employment immediately upon graduation, CEC must clearly and conspicuously disclose on all webpages that refer to the program, in all CEC catalogues and promotional materials that reference the program or institution, and in a separate written disclosure form that shall be provided to prospective students prior to such student enrolling in the institution or program:

- (a) that the institution or program lacks accreditation from the relevant institutional or programmatic accreditor or is provisionally accredited only and may not achieve full accreditation status; and
- (b) that graduates are not able to sit for certain qualifying exams typically necessary for employment immediately upon graduation or are unable to become registered, licensed, or otherwise credentialed, as applicable, due to the program's or institution's lack of accreditation, and that such registration, license, or other credential is typically necessary for employment.

F. DISCLOSURE CONCERNING LACK OF TRANSFERABILITY OF CREDITS EARNED AT NON-REGIONALLY ACCREDITED INSTITUTIONS

1. All CEC websites that reference a non-regionally accredited institution that enrolls New York residents shall clearly and conspicuously disclose that credits earned at such institution are usually not transferable to public and private non-profit colleges or universities.

2. CEC shall provide a written disclosure to prospective students at non-regionally-accredited CEC institutions that enroll New York residents stating that credits earned at the institution are usually not transferable to public or private non-profit colleges or universities.

G. PROVIDING ADEQUATE PLACEMENT ASSISTANCE

1. CEC shall provide adequate placement assistance services to all enrollees and graduates/completers of programs at New York Campuses. CEC shall designate full-time equivalent employees as placement representatives for each New York Campus. The placement representatives' job responsibilities shall be primarily related to assisting students and graduates/completers in obtaining jobs, including, for example: providing training in resume and cover letter writing, job search strategies, and/or interviewing; editing resumes and cover letters; researching employment opportunities; providing information about employment opportunities to graduates, etc.

2. CEC shall provide adequate placement assistance services to all enrollees and graduates/completers of programs at regionally accredited campuses or institutions that enroll New York residents where any of CEC's advertisements for such campus or institution during the prior two years included any claims related to the campus's or institution's provision of placement assistance services. Where CEC's advertisements for



such campus or institution during the prior two years included any claims related to the provision of placement assistance services, CEC shall designate full-time equivalent employees as placement representatives for such institution. The placement representatives' job responsibilities shall be primarily related to assisting students and graduates/completers in obtaining jobs, including, for example: providing training in resume and cover letter writing, job search strategies, and/or interviewing; editing resumes and cover letters; researching employment opportunities; providing information about employment opportunities to graduates, etc.

3. CEC shall maintain appropriate placement representative-to-student ratios at (a) all New York Campuses and (b) those regionally accredited institutions that enroll New York residents that included any claims as to placement assistance services in advertisements in the prior two years. With respect to nationally accredited institutions that enroll New York residents, CEC shall provide at least one placement representative for every 100 students graduating on an annual basis for a period of five cohort years beginning with the 2013 cohort (students graduating between July 1, 2013 and June 30, 2014). With respect to regionally accredited institutions subject to this provision, there must be at least one placement counselor for every 125 students graduating and seeking employment on an annual basis for a period of five cohort years beginning in the 2013 cohort.

4. At all New York Campuses and at regionally accredited institutions that are subject to this provision, CEC shall document and retain records of: (a) all written student and graduate/completer requests for placement assistance services, (b) all placement assistance services provided to students and graduates/completers, and (c) all

written complaints related to placement assistance services and CEC's responses to such complaints.

5. CEC shall include in any general graduate survey to graduates of New York Campuses or regionally accredited institution that are subject to this provision questions requesting that graduates rate or provide information about their satisfaction with the placement assistance services offered by CEC.

H. COMPLIANCE MEASURES

1. CEC shall hire an independent consultant or audit firm to independently seek to verify, using the methods described in paragraphs II.B(4)(a)(vi) and II.B(4)(b)(v), 100% of graduates/completers that have been deemed by CEC to be placed for the following placement rate calculations: 2012-13; 2013-14; and 2014-15 for all New York Programs and New York campuses; and 2013-14, 2014-15, and 2015-16 for all New York Regionally Accredited Institutions, programs offered by New York Regionally Accredited Institutions, New York Online Institutions, and New York Online Programs.

2. Upon completion of the independent verification process, the consultant or audit firm shall prepare a report that includes a description of: (a) the methodology used to conduct the review; and (b) the results of the review. In addition, CEC will provide a description of any corrective actions that have been taken to address any identified problems. The report shall be submitted to the OAG and CEC's Board of Directors on January 15, 2014 for the 2012-2013 year, on and January 15 of each subsequent year for each subsequent cohort for three years total, ending January 15, 2016 for the New York Programs and New York Campuses and ending January 15, 2017 for the New York Regionally Accredited Institutions, programs offered by New York Regionally Accredited Institutions, New York Online Institutions, and New York Online Programs.

I. ADDITIONAL REPORTING REQUIREMENTS

1. For a period of three years, CEC shall provide to the OAG by March 1, 2014 for the 2012-2013 year and subsequently by March 1 of each subsequent year:
  - (a) an affidavit of compliance with the Assurance;
  - (b) placement rate data for each program, campus and institution for which CEC calculated and disclosed placement rate data pursuant to Sections II.B and C of this Assurance;
  - (c) representative examples of any advertisements that include placement rates;
  - (d) representative examples of written placement rate disclosures, if any;
  - (e) a summary of the results of the performance checks (described in paragraph II.B(11) above) that were conducted during the calendar year;
  - (f) a detailed description of any instances where disclosed placement rates were revised after disclosure; and
  - (g) any written complaints from students or graduates/completers related to placement assistance services, accreditation, or difficulty obtaining employment.

III. RESTITUTION

A. Restitution Fund and Claims Process

1. The OAG shall hire an outside administrator to administer the claims process. CEC shall be responsible for the cost of the administrator and all costs

associated with the claims process in an amount not to exceed \$250,000, with any amount above \$250,000 to be paid from the Restitution Fund.

2. CEC shall pay \$9,250,000 into a Restitution Fund administered by the outside administrator within thirty (30) days of the Effective Date of the Assurance. Restitution shall be distributed to eligible consumers pursuant to formulas to be determined by the OAG.

B. Restitution Related to Placement Rate Misrepresentations

1. All graduates/completers who were enrolled in a New York Program or New York Regionally Accredited Institution and all New York graduates/completers who were enrolled in a New York Online Program during 2009-10, 2010-11, or 2011-12 shall be eligible to receive a claim form. Such graduates/completers shall be eligible to receive restitution where such graduate/completer was not employed within 180 days of graduation/completion in a position that met the requirements set forth in Section II.B.4(a) or II.B.4(b).

2. The OAG shall determine a formula for calculating the amount of restitution eligible claimants shall receive.

3. Within 60 days of the Effective Date of the Assurance, CEC shall provide the administrator with a database that includes the following information necessary to carry out the claims process related to placement rate misrepresentations: (a) the names and last known addresses of all graduates/completers who were enrolled in a New York Program or New York Regionally Accredited Institution and all New York graduates/completers who were enrolled in a New York Online Program during cohort years 2009-10, 2010-11, or 2011-12; (b) the program(s) that the graduates/completers graduated

from or completed; (c) the amount of tuition paid by such graduates/completers; and (d) the disclosed placement rate for the program(s) and institution(s) graduated from or completed.

C. Restitution related to Programmatic Accreditation

1. New York graduates/completers who enrolled during the cohort years 2009-10, 2010-11, or 2011-12 in CEC Diagnostic Medical Ultrasound, Diagnostic Medical Sonography, Cardiovascular Technology, or Surgical Technology programs that lacked programmatic accreditation, as well as New York graduates/completers who enrolled prior to cohort year 2009-2010 in CEC Diagnostic Medical Ultrasound, Diagnostic Medical Sonography, Cardiovascular Technology, or Surgical Technology programs lacking programmatic accreditation who submitted a complaint to the OAG, Better Business Bureau, or State Education Department prior to the Effective Date of this Assurance or who submit a complaint to the OAG within 60 days of the Effective Date of this Assurance, shall be eligible for restitution from the Restitution Fund pursuant to a formula to be determined by the OAG.

2. Within 60 days of the Effective Date of the Assurance, CEC shall provide the administrator with a database that includes the following information: (a) the names and last known addresses of all graduates/completers who were enrolled CEC Diagnostic Medical Ultrasound, Diagnostic Medical Sonography, Cardiovascular Technology, or Surgical Technology programs that lacked programmatic accreditation during cohort years 2009-10, 2010-11, or 2011-12; (b) the program(s) that the graduates/completers graduated from or completed; and (c) the amount of tuition paid by such graduates/completers.

3. The OAG shall determine a formula for calculating the amount of restitution eligible claimants shall receive.

#### IV. CIVIL PENALTY

1. In consideration of the making and execution of this Assurance, and within ten (10) business days of the Effective Date of this Assurance, CEC shall pay by wire transfer, certified or bank check payable to the State of New York \$1 million for penalties, fees and costs. If payment is made by check, it shall be payable to the State of New York and delivered to the State of New York Office of the Attorney General, Consumer Frauds and Protection Bureau, Attention: Jeanna Hussey, Assistant Attorney General, 120 Broadway, 3<sup>rd</sup> Floor, New York, New York, 10271.

#### V. SUBSEQUENT CHANGES IN LAW OR ACCREDITATION STANDARDS

1. If federal law or regulations or state laws or regulations are enacted subsequent to the Effective Date of the Assurance which relate to calculation of or disclosure of placement rates or other matters hereunder, and such laws or regulations are inconsistent with the provisions of the Assurance, CEC will notify the OAG concerning these changes in law or regulation and may request modification of the relevant provisions of the Assurance, which modification shall not be unreasonably withheld.

2. If ACICS or any other relevant institutional or programmatic accreditor modifies or revises its guidelines or standards subsequent to the Effective Date of the Assurance, and where such modifications are inconsistent with the provisions of the Assurance, CEC will notify the OAG concerning these changes in guidelines or standards and may request modification of provisions of the Assurance that conflict with such guidelines or standards.

3. Nothing in this agreement is intended to modify or change the requirements imposed relating to calculating, reporting or disclosing separate placement rates to the New York State Bureau of Proprietary School Supervision (BPSS), New York

State Education Department (NYSED), other governmental entities, or CEC's institutional or programmatic accreditors, where required, and CEC may separately calculate, report or disclose to the public and/or prospective students those separate placement rates, as applicable, along with any placements rates calculated and disclosed pursuant to the terms of the Assurance. CEC shall notify the OAG of significant changes to requirements imposed relating to calculating, reporting, or disclosing separate placement rates to the governmental entities or CEC's accreditors.

VI. MISCELLANEOUS

1. OAG has agreed to the terms of this Assurance based on, among other things, the representations made to OAG by CEC and OAG's own factual investigation as set forth in Findings (1)-(42) above. To the extent that any material representations are later found to be materially inaccurate or misleading, this Assurance is voidable by OAG in its sole discretion.

2. No representation, inducement, promise, understanding, condition, or warranty not set forth in this Assurance has been made to or relied upon by CEC in agreeing to this Assurance.

3. CEC represents and warrants, through the signature below, that the terms and conditions of this Assurance are duly approved, and execution of this Assurance is duly authorized. CEC shall not take any action or make any statement denying, directly or indirectly, the propriety of this Assurance or expressing the view that this Assurance is without factual basis. Nothing in this paragraph affects CEC's (i) testimonial obligations or (ii) right to take legal or factual positions in defense of litigation or other legal proceedings to which OAG is not a party. This Assurance is not intended for use by any

third party in any other proceeding and is not intended, and should not be construed, as an admission of liability by CEC.

4. This Assurance may not be amended except by an instrument in writing signed on behalf of all the parties to this Assurance.

5. This Assurance shall be binding on and inure to the benefit of the parties to this Assurance and their respective successors and assigns, provided that no party, other than OAG, may assign, delegate, or otherwise transfer any of its rights or obligations under this Assurance without the prior written consent of OAG.

6. It is understood and agreed that this Assurance shall apply to CEC, whether acting through its respective directors, officers, employees, representatives, agents, assigns, successors, affiliates, subsidiaries or other business persons or business entities whose acts, practices, policies are directed, formulated or controlled by Respondents.

7. In the event that any one or more of the provisions contained in this Assurance shall for any reason be held to be invalid, illegal, or unenforceable in any respect, in the sole discretion of OAG, such invalidity, illegality, or unenforceability shall not affect any other provision of this Assurance.

8. To the extent not already provided under this Assurance, CEC shall, upon request by OAG, provide all documentation and information reasonably necessary for OAG to verify compliance with this Assurance.

9. All notices, reports, requests, and other communications to any party pursuant to this Assurance shall be in writing and shall be directed by fax and UPS priority mail as follows:



If to CEC, to:

Jeffrey D. Ayers  
Senior Vice President, General Counsel & Corporate Secretary  
Career Education Corporation  
231 N. Martingale Road  
Schaumburg, Illinois 60173

If to OAG, to:

Jeanna Hussey  
Assistant Attorney General  
Bureau of Consumer Frauds & Protection  
Office of the Attorney General of the State of New York  
120 Broadway, 3rd Floor  
New York, NY 10271

10. Acceptance of this Assurance by OAG shall not be deemed approval by OAG of any of the practices or procedures referenced herein, and CEC shall make no representation to the contrary.

11. Pursuant to Executive Law § 63(15), evidence of a violation of this Assurance shall constitute prima facie proof of violation of the applicable law in any action or proceeding thereafter commenced by OAG.

12. If a court of competent jurisdiction determines that CEC has breached this Assurance, CEC shall pay to OAG the cost, if any, of such determination and of enforcing this Assurance, including without limitation legal fees, expenses, and court costs.

13. OAG finds the relief and agreements contained in this Assurance appropriate and in the public interest. OAG is willing to accept this Assurance pursuant to Executive Law § 63(15), in lieu of commencing a statutory proceeding. This Assurance shall be governed by the laws of the State of New York without regard to any conflict of laws principles.

14. Nothing contained herein shall be construed as to deprive any person of any private right under the law.

15. This Assurance constitutes the entire agreement between the OAG and CEC and supersedes any prior communication, understanding or agreement, whether written or oral, concerning the subject matter of this Assurance.

16. This Assurance may be executed in multiple counterparts.

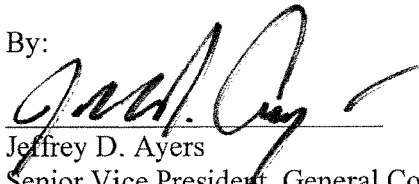
17. The Effective Date of this Assurance shall be the date upon which it has been fully executed by all of the signatories hereto.

**IN WITNESS THEREOF**, this Assurance is executed by the parties hereto on

August 19, 2013.

Career Education Corporation

By:



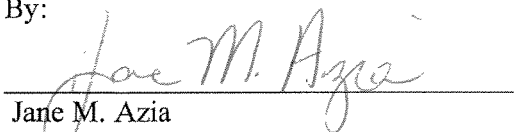
Jeffrey D. Ayers

Senior Vice President, General Counsel & Corporate Secretary

Eric T. Schneiderman

Attorney General of the State of New York

By:

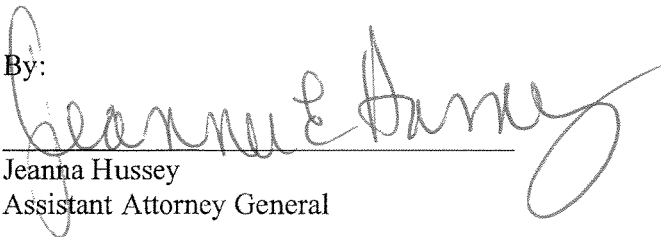


Jane M. Azia

Bureau Chief


Bureau of Consumer Frauds & Protection

By:



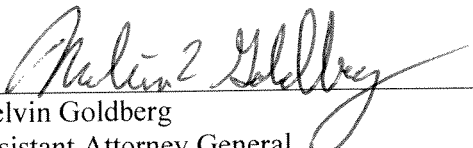
Jeanna Hussey

Assistant Attorney General



Carolyn Fast

Assistant Attorney General

  
Melvin Goldberg  
Assistant Attorney General