

IN THE CIRCUIT COURT OF ST. LOUIS COUNTY
TWENTY-SECOND JUDICIAL CIRCUIT
STATE OF MISSOURI

11SL-CC03331

DOROTHY WILSON,

Plaintiff,

-vs-

CAREER EDUCATION CORPORATION

Serve: 2711 Centerville Road, Suite 400
Wilmington, DE 19808

AND

SANFORD BROWN COLLEGE, LLC

Serve: 221 Bolivar
Jefferson City, MO 65101

Defendants.

Case No.:

Division:

15

TRIAL BY JURY DEMANDED

2011 APR 17 PM 02:00
COURT CLERK
ST. LOUIS COUNTY
MISSOURI

PETITION

COMES NOW Plaintiff Dorothy Wilson, by and through her undersigned attorneys, and states the following for her Petition against Defendants Career Education Corporation and Sanford Brown College, LLC:

ALLEGATIONS APPLICABLE TO ALL COUNTS

1. Plaintiff Dorothy Wilson is a citizen and resident of the city of St. Louis, State of Missouri.
2. Defendant Sanford Brown College, LLC ("SBC") is a Delaware LLC licensed and registered to do business in the state of Missouri, with registered agent located at 221 Bolivar, Jefferson City, MO 65101. Defendant SBC was formerly known as Sanford Brown College, Inc., a Delaware corporation that was licensed and registered to do business in Missouri,

which dissolved on May 7, 2009. It is currently conducting business in the following Missouri locations: (1) 1345 Smizer Mill Road, Fenton, Missouri ("Fenton"); (2) 75 Village Square, Hazelwood, Missouri ("Hazelwood"); and (3) 100 Richmond Center Blvd., St. Peters, Missouri ("St. Peters").

3. Defendant Career Education Corporation ("CEC") is a Delaware corporation licensed and registered to do business in the state of Missouri. Defendant CEC owns and operates Defendant SBC with registered agent Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE 19808. Its corporate headquarters are located at 2895 Greenspoint Parkway, Suite 600, Hoffman Estates, IL 60195.

4. The business of Defendants CEC and SBC is the operation and ownership of proprietary, for profit, educational institutions. CEC makes the policies, provides the training, and sets the enrollment quotas for the admissions personnel at its schools. The admissions advisors and other staff at each CEC, including SBC, location use sales and marketing techniques to entice prospective students to enroll in SBC, and are so expected by SBC and CEC managers. These sales persons are trained to create "a sense of urgency," to "overcome objections," and where possible to sign the prospective student up on the first in-person visit. Student recruitment at CEC/SBC is driven by high-pressure sales techniques and strategies.

5. CEC makes the policies, provides the training, and sets the enrollment quotas for the admissions personnel at its schools. These sales persons are reprimanded, disciplined, and/or terminated for failing to meet enrollment quotas placed on them by CEC/SBC. CEC/SBC sales staff are explicitly trained to close sales and enroll students in the limited programs offered at SBC locations. Defendant's staff was trained to manipulate potential students to enroll.

6. Plaintiff attended Sanford Brown College at the Hazelwood campus. Plaintiff

paid for tuition and the SBC curriculum with a combination of her own funds, Federal grants, and loans, which she was encouraged to take out by employees and representatives of Defendants.

7. Prior to, and at all times during the Sanford Brown College admissions process, Defendants, through employees and agents, represented to Plaintiff:

- a. that Sanford Brown's programs would provide students and Plaintiff with sufficient training to enter a specific career area upon graduation.
- b. that the curriculum of courses at SBC was adequate to achieve the published and stated objectives for which they were offered.
- c. that SBC instructors were adequately experienced and qualified to teach advertised courses.
- d. that SBC campuses were equipped with adequate equipment and facilities to train the students enrolled at those campuses.
- e. that Plaintiff would earn a high salary with her training from Defendant SBC and that Defendant would likely place her in a job with this high salary.
- f. that Plaintiff would easily be able to pay off her loans.
- g. that SBC credit hours were transferrable to other colleges and universities and to other SBC campuses.

8. Defendants' representations set forth herein were false. Defendants' admissions advisors commonly misrepresented matters to prospective students.

9. Plaintiff had a right to rely on Defendants' representations in deciding to enroll in Sanford Brown programs. Defendants' admissions representatives tried to gain trust and get prospective students to trust them.

10. Defendants intended to cause Plaintiff, using false statements and omissions and disclosures, to enroll and remain at Sanford Brown College, pay tuition and fees, get student loans, buy books, and to do so until completing the school's programs.

11. Pursuant to this pattern and practice, Plaintiff was induced by Defendants' intentional, willful and malicious misrepresentations, omissions, and deceptive conduct to apply for student loans, purchase books, supplies and equipment and to enroll at SBC and pay tuition.

COUNT I—FRAUD AND MISREPRESENTATION

COMES NOW Plaintiff Dorothy Wilson, by and through her undersigned attorneys, and states the following for her Petition against Defendants Career Education Corporation and Sanford Brown College, LLC:

12. Plaintiff adopts and incorporates the Allegations Applicable to All Counts as though fully set forth herein.

13. On information and belief, the aforementioned admissions representatives, financial aid representatives, and other personnel were acting on behalf of, and serving the business interests of, the corporate Defendants named herein in making each of the aforesaid false representations.

14. Defendants knew each of the foregoing representations were false, or Defendants did not know whether each of the representations was true or false but represented that each was true.

15. Defendants intended that Plaintiff rely upon said representations and omissions and this enroll in SBC.

16. The fraudulent misrepresentations and omissions made by Defendants were material to the decision of Plaintiff to enroll in SBC.

17. But for the false, fraudulent and misleading statements and omissions, Plaintiff would not have enrolled in this institution.

18. Plaintiff relied on each of the aforesaid misrepresentations and omissions, in enrolling in SBC, and in so relying each was using ordinary care.

19. As a direct result of such fraudulent misrepresentations and omissions, Plaintiff was thereby damaged.

20. Plaintiff was thereby damaged in the amount paid by and/or on behalf of Plaintiff for tuition, fees, books, supplies, equipment, and any further incidental charges and fees together with interest Plaintiff has paid, become obligated to pay, and/or will become obligated to pay on school loans.

21. Defendants' conduct was outrageous and showed complete and/or reckless indifference to or conscious disregard for the rights of Plaintiff, thereby entitling Plaintiff to punitive damages in an amount that will serve to punish Defendants and to deter Defendants and others from like conduct.

WHEREFORE, Plaintiff Dorothy Wilson prays for judgment against Defendants SBC and CEC, and an award that is fair and reasonable, including all monies expended for tuition, fees, books, supplies, equipment and any further incidental charges and fees, along with any interest Plaintiff has paid, become obligated to pay, or will become obligated to pay on school loans, for punitive damages in an amount that will punish Defendants and deter Defendants and others from similar conduct, and for such further relief as this Court deems just and proper.

COUNT II—MISSOURI MERCHANDISING PRACTICES ACT

COMES NOW Plaintiff Dorothy Wilson, by and through her undersigned attorneys, and states the following for her Petition against Defendants Career Education Corporation and

Sanford Brown College, LLC:

22. Plaintiff adopts and incorporates the Allegations Applicable to All Counts and allegations in Count I as though fully set forth herein.

23. Defendants' conduct as alleged above violates the Missouri Merchandising Practices Act, Mo. Rev. Stat. § 407.010.

24. Defendants' used deception, fraud, false pretense, misrepresentation, suppression and omission of material facts in connection with the sale and advertisement of their college program. As such, Defendants' conduct as alleged above constitutes an "unlawful practice" under Mo. Rev. Stat. § 407.020.

25. As a direct result of such fraudulent misrepresentations and omissions, Plaintiff was thereby damaged.

26. Plaintiff was thereby damaged in the amount paid by and/or on behalf of Plaintiff for tuition, fees, books, supplied, equipment, and any further incidental charges and fees together with interest Plaintiff has paid, become obligated to pay, and/or will become obligated to pay on school loans.

27. Defendants' conduct was outrageous and showed complete indifference to or conscious disregard for the rights of Plaintiff, thereby entitling Plaintiff to punitive damages in an amount that will serve to punish Defendants and to deter Defendants and others from like conduct.

WHEREFORE, Plaintiff Dorothy Wilson prays for judgment against Defendants SBC and CEC, and an award that is fair and reasonable, including all monies expended for tuition, fees, books, supplies, equipment and any further incidental charges and fees, along with any interest Plaintiff has paid, become obligated to pay, or will become obligated to pay on school

loans, for punitive damages in an amount that will punish Defendants and deter Defendants and others from similar conduct, and for such further relief as this Court deems just and proper.

COUNT III—FRAUD BY CONCEALMENT AND OMISSION

COMES NOW Plaintiff Dorothy Wilson, by and through her undersigned attorneys, and states the following for her Petition against Defendants Career Education Corporation and Sanford Brown College, LLC:

28. Plaintiff adopts and incorporates the Allegations Applicable to All Counts as though fully set forth herein.

29. In addition to the fraudulent misrepresentations set forth above, Defendants damaged Plaintiff by failing to disclose facts which, if known, would have dissuaded Plaintiff from enrolling at SBC.

30. Defendants had a duty to disclose the following to Plaintiff:

- (a) That Defendants knew starting salary figures reflected in websites such as the US Department of Labor and others did not truly reflect the average starting salaries paid to SBC graduates.
- (b) That Defendants knew the actual starting salaries for most, if not all SBC graduates for at least a one year period leading up to Plaintiff's enrollment.
- (c) That despite the Placement Department's maintenance of a database of actual starting salaries for graduates pursuing Plaintiff's field of study, Defendants concealed this data from Plaintiff and from its own Directors of Admission.
- (d) That Defendants instructed Admissions personnel to direct prospective students to various websites to deceive them regarding the true salaries of SBC graduates.
- (e) Accurate assessments of SBC graduates' starting salaries.
- (f) Accurate assessments of SBC graduates' placement rates.
- (g) The fact that most SBC graduates lacked full time employment within their field of study.
- (h) SBC's poor reputation in the local St. Louis area and business community.
- (i) That Defendants knew the only institutions that would accept transfer of SBC credit hours were those that entered into matriculation agreements with SBC.

- (j) That most SBC credit hours would not transfer to any other area college or university, including between SBC's own campuses.
- (k) That an SBC degree or certificate would most likely not provide the necessary foundation for obtaining a higher degree at another college or university.
- (l) That tuition increased nearly every year at SBC and would likely continue to do so.
- (m) Excessive loan repayment would be required.
- (n) Some loan obligations could not be deferred or consolidated.
- (o) Defendants did not seek optimal rates for students' loans.
- (p) The existence of sales quotas for student enrollment for Admissions Representatives.
- (q) That Admissions Representatives were subjected to pressure, criticism, and potential termination if these quotas were not satisfied.
- (r) That admission quotas were based on figures determined through financial forecasts and budget calculations which had no relation to student education. These quotas were purely profit driven.

31. Defendants failed to disclose each of the items in paragraph 30 (a) – (r) to Plaintiff.

32. Defendants' omissions of fact, through their agents and representatives, were material to Plaintiff.

33. On information and belief, the aforementioned Admissions Representatives, Financial Aid Representatives and other personnel were acting on behalf of Defendants and serving Defendants' business interests in failing to disclose said material information.

34. Defendants had specific knowledge that was unavailable to Plaintiff.

35. Defendants were aware that Plaintiff trusted them for advice and believed Defendants were acting in her best interest.

36. Defendants intended for Plaintiff to rely on said representations and enroll at SBC.

37. The fraudulent misrepresentations and omissions of Defendants were material to Plaintiff's decision to enroll at SBC.

38. But for the false, fraudulent and misleading statements and omissions of Defendants, Plaintiff would not have enrolled at SBC.

39. Plaintiff relied on each of Defendants' misrepresentations and omissions in relying on SBC and exercised ordinary care in doing so.

40. Defendant's misrepresentations and omissions directly damaged Plaintiff.

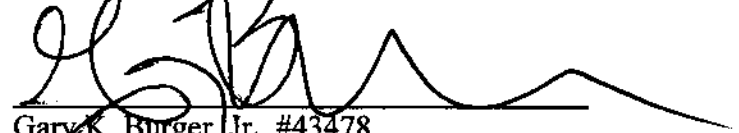
41. Plaintiff suffered damages in the amount paid for tuition, fees, books, supplies, equipment and any further incidental charges and fees along with any interest Plaintiff has paid, become obligated to pay, or will become obligated to pay on school loans.

42. Defendants' conduct was outrageous and showed complete indifference to or conscious disregard for the rights Plaintiff, thereby entitling Plaintiff to punitive damages in an amount that will punish Defendants and deter Defendants and others from similar conduct.

WHEREFORE, Plaintiff Dorothy Wilson prays for a judgment against Defendants SBC and CEC, and an award that is fair and reasonable, including all monies expended for tuition, fees, books, supplies, equipment and any further incidental charges and fees along with any interest Plaintiff has paid, become obligated to pay, or will become obligated to pay on school loans, for punitive damages in an amount that will punish Defendants and deter Defendants and others from similar conduct, and for such further relief as this Court deems just and proper.

Respectfully submitted,

CANTOR & BURGER, LLC

A handwritten signature in black ink, appearing to read "Gary K. Burger, Jr.", written over a horizontal line.

Gary K. Burger, Jr., #43478
12283 Olive Blvd.

St. Louis, MO 63141

Telephone: (314) 542-9999

Facsimile: (314) 434-4459

Gary@cantorburger.com

Attorney for Plaintiff