

**SAN FRANCISCO SUPERIOR COURT**

**NOTICE OF PENDING CLASS ACTION AND PROPOSED SETTLEMENT**

**READ THIS NOTICE FULLY AND CAREFULLY; IT AFFECTS YOUR RIGHTS!**

**IF YOU ENROLLED IN OR GRADUATED FROM THE CALIFORNIA CULINARY ACADEMY  
BETWEEN SEPTEMBER 2003 AND OCTOBER 2008, THEN YOU MAY BE ENTITLED TO A PAYMENT  
FROM A CLASS ACTION SETTLEMENT**

The San Francisco Superior Court has authorized this Notice; it is not a solicitation from a lawyer. It provides you with important information in connection with the proposed settlement of two class action lawsuits against Defendants Career Education Corporation (“CEC”) and its school, California Culinary Academy (“CCA”).

**THERE ARE FIVE IMPORTANT POINTS ABOUT THE PROPOSED SETTLEMENT  
THAT YOU MUST UNDERSTAND:**

- 1. The proposed settlement (“Settlement”) creates a \$40 million fund to pay claims of class members, attorneys’ fees, and other expenses, and to establish a \$2 million Services Fund to provide lawyers to advise class members with student loan problems. It also provides for the cancellation of approximately \$1.8 million in debts that certain students owe directly to CCA or CEC. It also requires CCA to make changes in the way it recruits students. The amount of money you may get depends on numerous factors described below in Section 12.**
- 2. If you wish to get money from the Settlement, YOU MUST FILL OUT AND SUBMIT A CLAIM FORM BY JUNE 6, 2011. If you submit a Claim Form, you will give up any claims you have against CCA or CEC. You will *also* give up your right to defend any lawsuits to collect on your student loans on grounds that CCA and/or CEC wronged you in any way.**
- 3. If you wish to exclude yourself from the class and the proposed Settlement, and pursue your own remedies against CEC or CCA, or keep CCA-related defenses you may have to lawsuits to collect on your student loans, then YOU MUST SUBMIT AN OPT OUT LETTER, AS SPECIFIED BELOW IN SECTION 22, BY JUNE 6, 2011.**
- 4. If you wish to object to the proposed Settlement, you cannot exclude yourself from the class and you must SUBMIT YOUR OBJECTIONS, IN THE FORM DETAILED BELOW IN SECTION 27, BY JULY 25, 2011.**
- 5. If you don’t act on this Notice, you will *automatically* give up any claims you have against CCA and CEC, *and* any defenses to lawsuits to collect on your student loans based on arguments that CCA and/or CEC wronged you in some way. DO SOMETHING! IF YOU DO NOTHING, YOU WILL GIVE UP POTENTIALLY VALUABLE RIGHTS FOR NOTHING!**

**Read this Notice completely. If you need more information, or want to submit your claim or opt out online, go to [www.ccaactionsettlement.com](http://www.ccaactionsettlement.com). Information also is available from Class Counsel and their website at [www.CCAclasscounsel.com](http://www.CCAclasscounsel.com). Your options, and the legal impact of each option, are summarized below and discussed in detail in this Notice.**

**SUMMARY OF YOUR OPTIONS AND THE LEGAL EFFECT OF EACH OPTION**

<b>SUBMIT A CLAIM FORM TO RECEIVE MONEY AND/OR FORGIVENESS OF DEBTS OWED TO CCA OR CEC</b>	Submitting a claim to the Claims Administrator, BDO Consulting, is the only way to receive a payment and cancellation of any debt you owe directly to Defendants, and advice regarding student loan debt management. In exchange for receiving these benefits, you release claims against Defendants and certain defenses to <b>lawsuits by lenders to collect on your student loans.</b>
<b>EXCLUDE YOURSELF FROM THE SETTLEMENT: GET NO PAYMENT OR OTHER BENEFIT BUT WAIVE NO CLAIMS OR DEFENSES</b>	You can choose to tell BDO Consulting that you want to exclude yourself from the Settlement. This means you keep your claims against Defendants but receive no payment, no debt forgiveness, and no other benefit from this Settlement. This is the only option that allows you to bring your own lawsuit or be part of any other lawsuit against the Defendants involving any of the legal claims being released in this case. It also allows you to retain rights you may have to assert defenses to lawsuits filed to collect on your student loans based on Defendants’ alleged conduct.
<b>OBJECT TO THE SETTLEMENT (YOU CAN AND SHOULD ALSO MAKE A CLAIM)</b>	File an objection in the case explaining why you do not like the Settlement. If your objection is overruled by the Court, and the Settlement becomes final, then you will be bound by the Settlement. You will not be able to sue Defendants or assert defenses based on their conduct in a lawsuit to collect on your student loans. If you want to object, then you should still submit a Claim Form so that you can still recover if your objection is overruled.
<b>DO NOTHING: A BAD IDEA</b>	If you do nothing, then you will get nothing and will still give up your right to file your own lawsuit against the Defendants. You will also give up any defenses to lawsuits to collect on your student loans based on claims you could have asserted against Defendants.

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## **BASIC INFORMATION**

### **1. What are these lawsuits about?**

The two Class Action lawsuits that are being settled are entitled *Alison Amador, et al. v. California Culinary Academy, et al.*, San Francisco County Superior Court Case No. CGC-07046770 and *Jennifer Adams, et al. v. California Culinary Academy, Inc., et al.*, San Francisco County Superior Court Case No. CGC-08-473866. In both Class Actions “Named Plaintiffs,” who are the individuals acting on behalf of all students who enrolled in or graduated from CCA between September 28, 2003 and October 8, 2008 (this group is called the “Class Members”), claim that the Defendants misrepresented or failed to provide information regarding graduate employment rates, jobs, graduates’ starting salaries, CCA’s admissions criteria, the reputation of CCA, the quality of a CCA’s education, and the employment services available to prospective students. Named Plaintiffs also claim that CCA failed to comply with various disclosure and other requirements of the California Education Code. The lawsuits seek damages and restitution of tuition paid and other charges for fraud, and violations of California’s Education Code, the Unfair Competition Law, and the Consumer Legal Remedies Act.

The Defendants deny all of these allegations.

### **2. Why did I receive this Notice of these lawsuits?**

You received this Notice because CCA’s records indicate that you enrolled in or graduated from CCA during the class period, which is September 28, 2003 to October 8, 2008. In other words, according to CCA’s records, you are a Class Member entitled to select one of the options summarized above.

The Court directed that this Notice be sent to the Settlement Class because each student in the Settlement Class has a right to know about the proposed Settlement and the options available to him or her before the Court decides whether to approve the Settlement.

### **3. Why did the parties settle?**

In any lawsuit, there are risks and potential benefits that come with continuing to trial versus settling at an earlier stage. It is the lawyers’ job to identify when a proposed settlement offer is good enough that it justifies recommending settling the case instead of continuing to trial. In a class action, the lawyers make this recommendation to the Named Plaintiffs. The Named Plaintiffs have the duty to act in the best interests of the class as a whole, and in this case, it is their opinion, as well as the lawyers’ opinions, that this Settlement is in the best interest of the class for at least the following three reasons. First, the total settlement amount, \$40 million, is a lot of money, and a significant percentage of what the class could win at trial. It will go a long way towards helping a lot of Class Members.

Second, it is money now instead of money later. By settling, the Class Members will avoid the risks and delays associated with further litigation. If the case proceeded to trial, the Defendants might win, and even if the Named Plaintiffs were to win, it might be many years until anyone got any money, and there is no assurance that, if plaintiffs prevailed, they would be awarded more than the current settlement amount.

Third, there is no certainty that CEC would be able to pay a large judgment if the Named Plaintiffs eventually won on behalf of a large class. Potential changes in the law, and other lawsuits against CEC, could affect CEC’s business and its ability to pay a possible judgment. As part of this Settlement, CEC has agreed to put the entire \$40 million into a bank account under the Court’s control. That eliminates the risk that CEC would not be able to pay at a later time.

## **WHO IS IN THE SETTLEMENT**

### **4. How do I know if I am part of the Settlement?**

The Settlement Class includes *all students who enrolled in or graduated from CCA between September 28, 2003 and October 8, 2008.*

### **5. Are there exceptions to being included in the Settlement Class?**

You are not a Class Member if: (1) you enrolled during the relevant time period but did not pay any tuition (*i.e.*, you got a full scholarship or grant); (2) you enrolled during the relevant time period but you were involuntarily dismissed from school; (3) you enrolled but were not a degree seeking student (in other words you just enrolled to take some classes); or (4) you enrolled in CCA as a foreign student attending on a student visa.

**6. I am still not sure whether I am included.**

If you are still not sure whether you are included, you can ask for help free of charge. You can contact the Claims Administrator, BDO Consulting, to see if you are on the Class Member list by calling 1-866-907-3040 or emailing [CCAClassActionSettlement@bdo.com](mailto:CCAClassActionSettlement@bdo.com). If you have questions as to why you are or are not on the list, you can call Class Counsel at 1-866-599-5430 or visit Class Counsel's website at [www.CCAclasscounsel.com](http://www.CCAclasscounsel.com) for more information.

**YOUR OPTIONS**

**7. What options do I have with respect to the Settlement?**

You have three options: (1) participate in the Settlement and make a claim for money and debt forgiveness; (2) exclude yourself from the Settlement (“opt out” of it); or (3) remain as a Class Member and object to the Settlement. You must take action to take advantage of each of these three options. If you do nothing, you will release your claims and waive defenses to lawsuits to collect on your student loans based on alleged misconduct by the Defendants, without receiving anything in return.

You may both object and make a claim for your share of the Settlement. But if you exclude yourself from the Settlement then you cannot object or make a claim.

**8. What are the critical deadlines?**

The deadline for submitting a claim to participate in the Settlement is June 6, 2011.

The deadline for sending a letter to exclude yourself from (“opt out”) of the Settlement also is also June 6, 2011.

The deadline to file an objection with the Court also is: July 25, 2011.

**9. How do I decide which option to choose?**

If you would like to get the money that you can get for your claims as soon as possible, and have all debt that you owe CCA and/or CEC forgiven, you should participate in the Settlement and make a claim.

If you do not like the Settlement and you believe that you can hire a lawyer to pursue your claims separately, and you are comfortable with the risk that you might lose your case or get less than you would in this Settlement, then you may want to consider opting out of the Settlement. Also, you may choose to opt out of the Settlement as a matter of principle if you believe that you have not been wronged or injured by the Defendants or otherwise do not want to participate.

If you believe the Settlement is unreasonable, unfair, or inadequate, you can file a claim and also object to the Settlement terms. If you decide to object, you should also submit a Claim Form. That way, if your objection is overruled, you can still participate in the Settlement. If you do not submit a claim and your objection is overruled, you will get nothing and your claims and defenses will still be barred.

If at all possible, you should consult your own personal attorney concerning what actions might be best for you.

**THE SETTLEMENT BENEFITS; WHAT YOU COULD GET**

**10. What has to happen for the Settlement to be approved?**

The judge, the Honorable John E. Munter, has to decide that the Settlement is fair, reasonable and adequate before he will approve it. The Court already has decided that the Settlement is within the range of potential final approval, which is why you received this Notice. Judge Munter will make a final decision regarding the Settlement at a “Fairness Hearing,” which is currently scheduled for 9:30 a.m. on August 22, 2011.

**11. What does the Settlement provide?**

The Defendants have agreed to create the Settlement Fund by paying \$40 million. Attorneys’ fees, litigation costs, incentive payments to the Named Plaintiffs, and the \$2 million fund for student loan debt services that will benefit the entire class, will be paid out of this amount. The balance of the Settlement Fund will be divided among all Class Members who send in valid Claim Forms and are determined to be eligible for payments. Payments will be made in accordance with agreed upon formulas set forth in the Settlement Agreement and described in Section 12, below.

The Settlement also provides that Defendants will cancel approximately \$1.8 million in debts that some of you owe directly to them. Finally, the Settlement provides that Defendants will change the way they recruit new students, including making improved disclosures about the types of jobs and wages that CCA graduates obtain.

**12. How much will my payment be?**

The Court has appointed BDO Consulting as a neutral Claims Administrator to decide whether you are eligible for a payment and if so how much, based on criteria in the Settlement Agreement.

The amount that you get from the Settlement depends primarily on four factors: (1) the *program* you enrolled in (culinary arts, baking & pastry, or hotel and restaurant management); (2) *when* you enrolled; (3) the *highest wage* you earned in a culinary job during the twenty-four (24) month period after you attended CCA and (4) the amount of tuition you paid, or that was paid on your behalf, less the amount of any grants you received. Generally, people who earned more in the industry will receive less in the Settlement than will people who earned less. People who earned the least, or who tried to get a job in the industry but could not, will get the most. The idea is that people who got good paying jobs in the industry got more of what they bargained for from CCA than people who did not. Also, Class Counsel and the Named Plaintiffs have carefully evaluated the evidence and claims, and made recommendations about which categories of Class Members have stronger claims than others.

Here is the specific breakdown of proposed Settlement awards among the various groups of students:

**A. Calculation of Pro Rata Fund Share for Class Members who enrolled on or after September 28, 2003 and on or before September 28, 2007:**

The Claims Administrator will determine allocations in this category based on the following tables, using the following definitions.

1. “Culinary Job” means any job that the Claims Administrator determines requires the core skills you learned in your program at CCA, and any job where that program provided you with a significant advantage in obtaining the job.
2. “Culinary Income” generally means your maximum pre-tax income earned in regular employment at a Culinary Job within 24 months after your last day of attendance at CCA. Adjustments will be made based on whether your income was salary, hourly, part-time, contract work and/or seasonal work. A detailed description of Culinary Income is set forth in Section 1 of the Settlement Agreement.
3. “Base Amount” is the amount of tuition you paid minus any grants you received. For example, if you were a culinary arts student and your tuition was \$46,000, and you received \$6,000 in grants, then your Base Amount would be \$40,000.

Culinary Arts Class Members' pro rata shares of the Settlement Fund will be calculated, depending on their degree program, based on percentages of their “Base Amount” as follows:

**Culinary Arts Program Students:**

<u>Culinary Income</u>	<u>Percentage of Base Amount to be Used for Calculation of Pro Rata Fund Share</u>
Less than \$25,000	50%
\$25,000 to \$26,999.99	45%
\$27,000 to \$28,999.99	40%
\$29,000 to \$30,999.99	35%
\$31,000 to \$32,999.99	30%
\$33,000 to \$34,999.99	22%
\$35,000 to \$36,999.99	15%
\$37,000 to \$41,999.99	08%
\$42,000 to \$45,000	01%
More than \$45,000	00%

Thus, for example, if your Base Amount is \$40,000 and the Claims Administrator determines your Culinary Income was \$25,000, then you would be entitled to receive \$18,000 (45% of \$40,000). Your actual final payment may be less or more, depending on the amount of all claims. The effect of the amount of claims on your award is described below in this Paragraph 12.

Non-Culinary Arts Program Class Members' pro rata shares of the Settlement Fund will be calculated as follows:

**Baking and Pastry Program Students:**

<u>Culinary Income</u>	<u>Flat Rate Payment</u>
≤\$25,000	\$4,000
> \$25,000 and ≤ \$35,000	\$2,000
>\$35,000	Zero.

**Hotel and Restaurant Management Program Students:**

<u>Culinary Income</u>	<u>Flat Rate Payment</u>
≤ \$25,000	\$2,500
> \$25,000 and ≤\$35,000	\$1,500
>\$35,000	Zero.

Students who did not secure a Culinary Job within 24 months of Graduation have zero Culinary Income.

**B. Discounts Applicable To Pro Rata Fund Share provided under "A" above:**

Eligible Class Members falling into the categories described below shall have their awards calculated as described above but then shall be subjected to each discount identified below that applies to them. Some Eligible Class Members will be subjected to multiple discounts if, for example, they enrolled after this case was filed and also withdrew from CCA. Your enrollment date will be the date you executed your enrollment agreement.

1. **Class Members who enrolled on or before September 27, 2002** shall be allowed 5% of the amounts received by students in the same wage categories who enrolled between September 28, 2003 and September 28, 2007.
2. **Class Members who enrolled on or after September 28, 2002 but on or before September 27, 2003** shall be allowed 25% of the amounts received by students in the same wage categories who enrolled between September 28, 2003 and September 28, 2007.
3. **Class Members who enrolled on or after September 29, 2007 but on or before October 8, 2008** shall be allowed 25% of the amounts received by students in the same wage categories who enrolled between September 28, 2003 and September 28, 2007.
4. **Class Members who withdrew from CCA** will in most cases have lower Base Amounts. Their claims also shall be subject to discounts for having withdrawn. Those who withdrew *for any reason that is consistent with the allegations of the lawsuits* shall be allowed 75% of their otherwise applicable allowed claim. Reasons Eligible Class Members may have withdrawn that are consistent with the allegations of the lawsuits shall include but are not limited to: a) the education was not cost-effective; b) the education did not have the value or quality it was represented to have; c) the admissions process was not selective, as represented; d) the placement rates were not as represented; e) the opportunities available to graduates were not as represented; f) the career placement services were not as represented; and g) generally, any withdrawal that occurred based on the student's belief that CCA was not as it was represented to be, in advertisements, written or video materials, or by CCA admissions representatives. The Claims Administrator will cross check all withdrawing students' withdrawal reasons with CCA records, which detail these reasons for most students. Any reason given by a withdrawing student and reflected in CCA's records shall be considered by the Claims Administrator along with information each Class Member may submit. The Claims Administrator may contact Class Members or undertake other investigation to determine the true reason for withdrawal.
5. Class Members **who withdrew from CCA for any other reason** shall be allowed 25% of their otherwise applicable allowed share.

***These numbers are not the actual dollar amount you will receive, but reflect each person's relative share. The actual dollar amount you are eligible to receive will vary depending on how many Class Members submit Claim Forms that are allowed by the Claims Administrator and the total amount of those claims.*** We cannot predict what percentage of the class will make claims, or what percentage of the claims will be approved by the Claims Administrator, and thus we cannot say precisely what you will receive. The amounts above may roughly reflect the actual amount of your award assuming reasonable attorneys' fees are awarded and that about 40% of the class makes approved claims. 40% would be a fairly high claims rate for a class case but the claims rate in this case, due to the significant amount of money at issue and the financial situation of the Class Members, could be much higher. A significantly lower claims rate is also possible. The uncertainty associated with the claims rate is something you should carefully consider in deciding what to do in response to this Notice.

The following is an example—and only an example, using rough and round numbers—of how your award may increase or decrease depending on the total amount of claims submitted. If the total amount of the Settlement Fund available for distribution (after the Services Fund, attorneys' fees, costs, and incentive payments to the Class Representatives) is \$30 million, and the total amount of all allowed claims is \$40 million, then you would get 75% of your award (\$30 million ÷ \$40 million = 75%). Thus, if your award is \$18,000, as in the example above, then your pro rata share of the money would be \$13,500. Conversely, if the total amount of all claims is \$20 million, you would receive 150% of your award. Again, if your award is \$18,000, under this scenario, your share of the money would be \$27,000.

### **13. How does the debt forgiveness work?**

You will be entitled to the cancellation of **all debts that you owe directly to Defendants as of the deadline to submit a claim or exclude yourself or opt out from this settlement, which is June 6, 2011**, including debts that Defendants have assigned to collection agencies. Generally, these debts would be for items like student housing, tools, books, etc., and not tuition or student loans. However, Defendants own very few student loans, and the debt cancellation provided for in the Settlement will also include these loans. **Thus, if CEC loaned you money for your tuition, repurchased your loan from another lender, or was assigned the right to collect on a loan prior to the claims deadline, then this debt will be canceled. If CEC's records show you owe money to CEC and/or CCA, then that amount will be listed on your enclosed Claim Form and will be canceled if you timely submit a Claim Form and participate in the Settlement. If you disagree with this number, then you should submit evidence of the correct number with your Claim Form. But whatever your debt it will be canceled if you participate in the Settlement.**

*If you are entitled to have debt canceled, that amount will be deducted from any payment due you under the proposed Settlement.* Thus, if you owe Defendants more than the amount you might otherwise be entitled to be paid under this Settlement, then the debt will be canceled but you will get no payment. If the amount of debt you owe is less than your payment, you will get the difference. For example, if you owe \$2,000 to Defendants but you are entitled to be paid \$5,000, then you receive \$3,000 and \$2,000 of debt that you owe Defendants will be canceled. *Note that this cancellation of debt is not subject to and will not be increased or decreased based on the number and value of the claims submitted.*

If you are being pursued by a collection agency for debts owed to Defendants, then you must provide information about the collection agency and the debt in your Claim Form so that Defendants can stop the collection efforts.

In addition to possible payments and debt cancellation, the Settlement allocates \$2 million to a special legal fund to benefit all Class Members. This fund is discussed in more detail in Section 21, below.

### **14. What are the tax consequences of the Settlement?**

Everyone's tax consequences will be different, but you should know that any amounts you receive in the Settlement, either by way of payment or debt cancellation, may be subject to income tax. The Claims Administrator may send Form 1099s to the tax authorities notifying them of your payment and/or debt cancellation. You should get advice from a tax professional regarding how the payment and debt forgiveness will impact your personal tax situation.

## **WHAT YOU GIVE UP BY APPLYING TO PARTICIPATE IN THE SETTLEMENT**

### **15. What rights do I give up against CCA, CEC and/or my student lenders in exchange for the Settlement?**

You give up the right to sue CCA or CEC for anything relating to your enrollment or attendance at CCA. You also give up all defenses you might have to a lawsuit to collect on your student loans, if you are in default on a student loan, that are based on claims that you were deceived by CCA or CEC. In other words, you give up all claims and defenses you have against any party based on your enrollment in and attendance at CCA. You will still have all other defenses to such claims, including defenses that your loan was not calculated correctly or that the loan documents were not proper, and any other defense based on any wrongful act or omission by the lender.

If you apply for payments and the Claims Administrator decides you are not eligible for any payment because you earned too much money or because you supplied false information on your Claim Form, then you will still waive your claims and defenses.

If you apply for payments and the Claims Administrator decides you are not eligible because you are not in the class then you will retain your claims and defenses.

### **16. What effect does the Settlement have on my obligation to pay my student loans?**

None. **You will remain obligated to repay your student loans, unless your loan is owned by CEC as of the June 6, 2011 opt out date.** You may use any money you receive to pay down your student loans if you wish.



## **HOW DO YOU GET A PAYMENT – SUBMITTING A CLAIM FORM**

### **17. Do I have to do anything if I want to participate in the Settlement?**

Yes. You must make a claim either online at [www.ccactionsettlement.com](http://www.ccactionsettlement.com) or fill out a Claim Form included with this Notice and mail, fax, or email it to the Claims Administrator so that it is received before 5:00 p.m. on **June 6, 2011**. If you did not get a Claim Form, or if you have misplaced your Claim Form, you can download one or simply submit your claim online at [www.ccactionsettlement.com](http://www.ccactionsettlement.com).

You should read the instructions on the Claim Form carefully and fill out the form completely and accurately. You are signing the Claim Form under penalty of perjury and the Claims Administrator is authorized to verify the information you provide and to deny claims if they are fraudulent. **IT IS IMPORTANT TO BE TRUTHFUL AND ACCURATE.**

The Claims Administrator may contact you to request further information in support of your claim. You should cooperate with any such request to maximize the chance that your claim will be approved.

### **18. What can I do to increase the chances that my claim will be approved?**

Take care to fill out the Claim Form completely and accurately, and to submit it on time. Second, if you have documents that support your claim (such as wage statements or tax returns) you should provide them to the Claims Administrator. Everything you give to the Claims Administrator will be confidential.

### **19. What happens if I participate in the Settlement?**

Once you return the Claim Form, the Claims Administrator will check it to ensure that it complies with the requirements for paying claims. If it does not, then you may be contacted by the Claims Administrator for additional information. If it does, then you will receive an email or a letter from the Claims Administrator giving you a Preliminary Determination of the amount you will recover.

If you disagree with the Preliminary Determination because your claim was denied or you do not agree with the amount you are supposed to receive, then you have the right to appeal the decision to a "Special Master" appointed by the Court. The appeal is a simple process of emailing or sending a notice to the Claims Administrator that you disagree with the Preliminary Determination. The Special Master will be the Hon. Raul Ramirez, who is a retired United States District Court Judge.

If you appeal, then you may be contacted by Class Counsel to attempt to resolve your issues. If your issues cannot be resolved, then your appeal will be forwarded by the Claims Administrator to the Special Master. The Special Master's decision is final.

Once all the claims are submitted and finally determined by the Claims Administrator and the Special Master, and the Settlement has been finally approved by the Court, then payments will be made from the Settlement Fund. You will receive a letter, along with your payment, showing how the payment was calculated, including the amount of any debt canceled by Defendants. If you are eligible for a payment above and beyond any debt cancellation, then you will also receive a check in the amount indicated in the letter.

### **20. When will I receive my payment?**

The Court will hold a Fairness Hearing or Final Approval Hearing on August 22, 2011, 2011 at 9:30 a.m. in Department 305 of the San Francisco Superior Court (400 McAllister Street, San Francisco, CA 94102) to decide whether to give final approval to the Settlement. Even if the Court approves the Settlement, it will take months before payments are made to individual Class Members. One reason is that once the Settlement has been approved, the Claims Administrator must process all of the Claim Forms. The processing is time consuming, and will take about 120 days, or four months, to complete. The payment date could be pushed back even further if any Class Member objects to the Settlement and appeals the Court's final approval order. An appeal can delay the payment date for two years or more, and could cause the ultimate disapproval of the Settlement.

## **THE SERVICES FUND**

### **21. What benefit does the Services Fund provide to me?**

The Services Fund will be spent to provide legal and other services to assist Class Members who apply in managing student loan debt. It is intended to benefit all Class Members who apply for help, whether or not they timely submit a Claim Form, receive any settlement payment, or are entitled to any loan forgiveness.

## **EXCLUDING YOURSELF FROM THE SETTLEMENT**

### **22. How do I exclude myself from the Settlement?**

If you do not want to receive a payment from this Settlement, or if you want to keep any right you may have to sue Defendants on your own and/or assert defenses to lawsuits to collect on your student loans based on the claims alleged in the lawsuits, then you must take steps to exclude yourself from the Settlement Class. Excluding yourself from the Settlement Class is sometimes referred to as “opting out.”

To opt out, you must send a letter or an email to the Claims Administrator saying that you want to be excluded. Your letter or email can simply say “I hereby elect to be excluded from the Settlement in the CCA Class Actions.” Be sure to include your name, address, telephone number, and email address. You can also exclude yourself through the Claims Administrator’s website at [www.ccaactionsettlement.com](http://www.ccaactionsettlement.com). You cannot exclude yourself on the telephone. Your exclusion or opt out request must be received by the Claims Administrator no later than midnight on June 6, 2011 and can be mailed or emailed, or submitted online, as follows:

BDO Consulting  
Attn: CCA Class Action Claims Administrator  
CCA Class Action Exclusions  
135 West 50<sup>th</sup> Street, 20<sup>th</sup> Floor  
New York, NY 10020  
Fax: (212) 515-2598  
Email: [CCAClassactionsettlement@BDO.com](mailto:CCAClassactionsettlement@BDO.com)

### **23. What happens if I opt out of the Settlement?**

If you opt out of the Settlement, you will preserve and not give up any of your rights. You will not be bound by the Settlement or any of its terms. You will not be entitled to any of its benefits, or receive any payment. You will be free to pursue your own individual action against CCA, CEC or your educational lender. You will have to retain and pay for your own counsel to do so.

### **24. If I do not exclude myself, then can I sue Defendants later for the claims that I am releasing in this Settlement?**

No. Unless you exclude yourself, you give up any right to sue Defendants for claims arising out of or relating to these Class Actions. You also give up any right to defend any collection action that your educational lender may commence against you based on the claims asserted in the Class Actions. You must exclude yourself from the Settlement Class to bring your own lawsuit and/or to keep these defenses. Remember, the exclusion or opt out deadline is June 6, 2011.

### **25. If I don’t exclude myself, can I assert defenses to a lawsuit by my student lender?**

Certain defenses to a lawsuit by a lender to collect on your student loans — those based on the claims asserted in the lawsuits — will be waived unless you exclude yourself from the class. You will not waive other defenses to such lawsuits. If you do not understand this aspect of the Settlement, you should contact Class Counsel as indicated in the Section of this Notice called “Getting More Information.”

### **26. If I exclude myself, can I obtain any benefit from this Settlement?**

No. If you exclude yourself, you will not be entitled to a payment or any other benefit of the Settlement. If you want to exclude yourself, do not send in a Claim Form. If you are a Class Member and you submit a Claim Form you will be deemed to have withdrawn your request to be excluded.

## **OBJECTING TO THE SETTLEMENT**

### **27. How do I notify the Court that I do not like the Settlement?**

As a Class Member, you can object to the Settlement or any part of it that you do not like IF you do not exclude yourself from the Settlement Class. (People who exclude themselves from the Settlement Class have no right to object to how members of that class are treated.) To object, you must file a written document in Room 103 of the San Francisco Superior Court, located at 400 McAllister Street, San Francisco, California. You must also send one copy of your objection to plaintiffs counsel and one copy to defense counsel at the addresses provided in the form below. Your objection should say that you are a Class Member, that you object to the Settlement and the reasons why you object. In your objection, you must include your name, address, telephone number, email address (if applicable) and your signature. It also must meet the further requirements found at paragraph 17 of the Settlement Agreement, which can be obtained from [www.ccaclasscounsel.com](http://www.ccaclasscounsel.com) or [www.ccaactionsettlement.com](http://www.ccaactionsettlement.com).

The following is the form you must use to file your objection with the Court:

Your Name  
Your Address (not a post office box)  
Your Telephone Number  
Your email address

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF SAN FRANCISCO

Alison Amador, et al.,  
vs.  
California Culinary Academy, Inc., et al.

Case No. CGC-07-467710  
Objection to Class Settlement by  
[Your Name]

[Reason For Your Objection]

Date: \_\_\_\_\_

[Signature]

All objections must be mailed to the Court and counsel listed below and be postmarked no later than **July 25, 2011**. If you decide to object, you should carefully review Section 17 of the Settlement Agreement. You must send copies of your objection addressed to the following:

<b>COURT</b>	<b>PLAINTIFFS COUNSEL</b>	<b>DEFENSE COUNSEL</b>
Main Filing Window Room 103 San Francisco County Superior Court 400 McAllister Street San Francisco, CA 94102	Robert W. Mills The Mills Law Firm 880 Las Gallinas Avenue Suite 2 San Rafael, CA 94903	Stuart M. Richter, Esq. Katten Muchin Rosenman LLP 2029 Century Park East Suite 2600 Los Angeles, CA 90067
	<b>PLAINTIFFS COUNSEL</b>	<b>DEFENSE COUNSEL</b>
	Ray E. Gallo Gallo & Associates 1101 5 <sup>th</sup> Avenue Suite 705 San Rafael, CA 94905	Jeff E. Scott, Esq. Greenberg Traurig, LLP 2450 Colorado Avenue Suite 400E Santa Monica, CA 90404

**28. What is the difference between objecting and requesting exclusion from the Settlement?**

Objecting is telling the Court that you do not believe the Settlement is fair, reasonable and adequate for the class, and asking the Court to stop it. You can object only if you stay in the Settlement Class. If you are in the Settlement Class, you are entitled to the remedies, and must give the releases and waiver of defenses, set forth in the Settlement Agreement. Excluding yourself is telling the Court that you do not want to be part of the Settlement Class, and do not want to receive the remedies or give the releases set forth in the Settlement Agreement.

If you object and do not exclude yourself from the Settlement Class, you should also submit a Claim Form to ensure that if objections to the Settlement are all overruled and it becomes final, then you get whatever portion of the Settlement you are entitled to receive.

**29. What happens if I object to the Settlement?**

If the Court sustains your objection, then the Settlement will not proceed unless it is changed to resolve the objection. If the Court overrules your objection, you will be part of the Settlement Class and bound by the terms of the Settlement Agreement. If you properly filled out a Claim Form, then you will receive the benefits due you. If you object but do not submit a Claim Form, you will not be eligible for any payments. Whether or not you submit a Claim Form, you will be bound by the releases and the waiver of defenses contained in the Settlement Agreement if your objection is overruled.

**THE COURT'S FAIRNESS HEARING**

**30. When and where will the Court decide whether to approve the Settlement?**

The Court will hold a Final Approval or Fairness Hearing at 9:30 a.m. on August 22, 2011 in Department 305 of the San Francisco Superior Court, which is located at 400 McAllister Street, San Francisco, CA 94102. At this hearing, the Court will consider whether the Settlement is fair, reasonable and adequate. If there are objections, the Court will consider them. The Court may also decide how much to award Plaintiff's Counsel for attorneys' fees and expenses and how much the Named Plaintiffs should get as "incentive payments."

**31. Do I have to come to the hearing?**

No. Class Counsel will answer any questions the Court may have. You may attend if you desire to do so. If you have submitted an objection, then you may want to attend.

**32. May I speak at the hearing?**

If you have objected, you may ask the Court for permission to speak at the Final Approval or Fairness hearing. To do so, you must include with your objection, described in Question 27 above, the statement, "I hereby give notice that I intend to appear at the Final Approval Hearing in the CCA Class Actions." If you intend to have any witnesses testify or to introduce any evidence at the Final Approval or Fairness Hearing, you must list the witnesses and evidence in your objection.

**IF YOU DO NOTHING**

**33. What happens if I do nothing at all?**

DOING NOTHING AT ALL IS A BAD IDEA. If you do nothing at all, you will be considered a part of the class, you will give up claims against CCA and CEC, and you will waive certain defenses to lawsuits to collect on your student loans. But since you will not have filled out a Claim Form, you will not receive anything at all in return. DON'T LET THIS HAPPEN TO YOU.

**THE LAWYERS REPRESENTING YOU**

**34. Do I have a lawyer in this case?**

The Court ordered that the following counsel and their law firms will represent you and the other Class Members: Ray E. Gallo, Gallo & Associates, 1101 5th Avenue, Suite 705, San Rafael, CA 94905, Tel: (415) 397-1205, Fax: (310) 338-1199, email: info@gallo-law.com and Robert W. Mills of The Mills Law Firm, 880 Las Gallinas Avenue, Suite 2, San Rafael, CA 94903, Tel: (415) 455-1326, Fax: (415) 455-1327, email: info@millslawfirm.com.

**35. Do I have to pay the lawyer for accomplishing this result?**

No. The plaintiffs' lawyers will be paid directly from the \$40 million paid by the Defendants.

**36. Who determines what the attorneys' fees will be?**

The Court will be asked to approve the amount of attorneys' fees at the Fairness Hearing. Class Counsel has filed an application for fees seeking 27.5% of the total Settlement Fund (\$11 million). You may review the fee application at the Office of the Clerk of the San Francisco Superior Court, Room 103, 400 McAllister Street, San Francisco, California 94102.

**GETTING MORE INFORMATION**

This Notice only summarizes the proposed Settlement. More details are contained in the Settlement Agreement.

Class Counsel represents the class members in this proceeding. They are your Court-appointed attorneys. For additional information about the Settlement, assistance in filing out the claim form, and/or to obtain copies of the Settlement Agreement and other documents, **visit Class Counsel's website at** www.CCAClassCounsel.com **or contact Class Counsel directly as follows:**

Robert W. Mills The Mills Law Firm 880 Las Gallinas Avenue, Suite 2 San Rafael, CA 94903 Tel: (415) 455-1326 Toll Free: (866) 599-5430 Fax: (415) 455-1327 Email: rwm@millslawfirm.com	Ray E. Gallo Gallo & Associates 1101 5th Avenue, Suite 705 San Rafael, CA 94905 Tel: (415) 397-1205 Toll Free: (866) 599-5430 Fax: (310) 338-1199 Email: rgallo@gallo-law.com
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The administrative processing of claims in this settlement is being handled by a Court appointed Claims Administrator. You may contact the Claims Administrator with changes of address and questions regarding the receipt of your claim form. You can also obtain a copy of the Settlement Agreement (and submit your claim or exclusion letter) online by visiting the claims administrator's website: www.ccaactionsettlement.com. If you have questions regarding correspondence you have received from the Claims Administrator, or the calculation of your claim, you may contact the Claims Administrator toll free at 1-866-907-3040 or write to it at BDO Consulting, Attn CCA Class Action Claims Administrator, 135 West 50<sup>th</sup> Street, 20<sup>th</sup> Floor, New York, NY 10020.

***PLEASE DO NOT CONTACT THE COURT OR ANY REPRESENTATIVE OF CEC OR CCA CONCERNING THIS NOTICE***