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County of San Francisco

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13 SUPERIOR COURT OF THE STATE OF CALIFORNIA
14 COUNTY OF SAN FRANCISCO

15 ALISON AMADOR, et al., on behalf of herself
16 and all others similarly situated,

17 Plaintiffs,

18 vs.

19 CALIFORNIA CULINARY ACADEMY, INC.,
20 a California corporation, CAREER EDUCATION
21 CORPORATION, a Delaware corporation, and
22 DOES 1 to 1,000 inclusive,

23 Defendants.

Case No. CGC-07-467710

Class Action

**THIRD AMENDED CLASS ACTION
COMPLAINT FOR DAMAGES,
RESTITUTION, AND INJUNCTIVE
RELIEF FOR:**

1. FRAUD (MISREPRESENTATION)
2. FRAUD (OMISSION)
3. VIOLATION OF THE UNFAIR
COMPETITION LAW; AND
4. VIOLATION OF THE CONSUMER
LEGAL REMEDIES ACT.

Demand for Jury Trial

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27 Plaintiffs, acting for themselves and for all those similarly situated in California during the
28 relevant time frame, allege as follows:

Overview

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2 1. Through this complaint, plaintiffs and the putative classes seek relief for a
3 Fraudulent Recruiting Scheme through which defendants induced them to enroll and attend
4 California Culinary Academy ("CCA"). In furtherance of this scheme, defendants seriously
5 misrepresented the placement statistics of CCA graduates. They falsely stated that admission to
6 CCA was selective and that it had an excellent reputation in the food service industry. Together,
7 these misrepresentations painted a picture of a well-regarded institution that only the best
8 applicants could attend, which produced only skilled graduates that employers eagerly snapped up
9 in extremely high percentages. Defendants further misrepresented that they provided lifetime
10 career placement services to ensure that all students would get before these employers. Based on
11 these misrepresentations, plaintiffs and the classes reasonably decided to pay the exorbitant cost of
12 attending CCA.

13 2. The problem was that none of these misrepresentations were true, and defendants
14 knew it. Defendants knew that the placement statistics primarily included low-level, low paying
15 jobs that would never justify CCA's cost. They knew that a culinary education was not a pre-
16 requisite for most of the included jobs, and that a very small percentage of graduates would ever
17 realize the dream of becoming a Chef. They knew that CCA's reputation had seriously
18 deteriorated, in part because defendants increased enrollment to a degree that they flooded the
19 market for their own graduates. They knew that anyone who could pay the tuition would be
20 admitted to CCA, and that they did not select out unqualified applicants. Despite affirmatively
21 touting their high placement rates, and affirmatively advertising the glamour and achievability of
22 Chef jobs, defendants did not disclose any of these facts. Had they done so, or had they not made
23 the misrepresentations which created the false impressions in the first place, plaintiffs and the
24 classes would never have enrolled in and attended CCA. Plaintiffs and the classes have suffered
25 severe economic losses as a result of defendants' misrepresentations and omissions.
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The Parties

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2 3. Plaintiffs and Class Members are former students of CCA.

3 A. Culinary Arts Class Representatives

4
5 4. Plaintiff Matt Foist graduated from high school in Royal Oak, Michigan in 1984.
6 He is currently employed as a scripting engineer at Intuit Corp. in Menlo Park, CA. Mr. Foist was
7 a Bay Area resident at the time he applied to CCA. He saw television commercials regarding
8 CCA on TV featuring Chefs at work and extolling the virtues of working as a Chef. He called the
9 telephone number displayed in one of these commercials (1-800-BAY-CHEF) sometime in the
10 first quarter of 2005 and was referred to an admissions representative named Sharon Grant.
11 Acting in accordance with CEC policy, custom, and practice—as set out in its scripts and
12 instructions which admissions representatives were directed to follow—Ms. Grant promptly
13 scheduled an interview at CCA for Mr. Foist. At that interview, which took place on CCA's
14 campus, CCA defrauded Mr. Foist as follows:

- 15 a. Written misrepresentations/omissions. Ms. Grant discussed with Mr. Foist
16 his interest in becoming a Chef and provided to Mr. Foist a catalog and a
17 catalog addendum that stated CCA had a job placement rate for its culinary
18 arts graduates of 97%. The addendum did not provide any substantiation
19 for this rate, as was required by applicable California law (the Maxine
20 Waters Act, "MWA"). Moreover, this rate was a lie. When defendants
21 calculated that rate, they included placements that could not legally be
22 counted under the MWA because they were not jobs to which CCA training
23 was represented to lead. In addition, neither the catalog nor the addendum
24 disclosed: 1) that the placement statistics included non-professional entry
25 level jobs like prep cooks, line cooks and Starbucks baristas; 2) that a
26 culinary degree was not a pre-requisite or even relevant for many of the
27 included jobs; (3) that the wages paid to the substantial majority of
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1 graduates included in the placement statistics were \$12/hour or less; (4) that
2 while years of experience might qualify someone for a Chef job, a CCA
3 degree would not; or (5) that a very small percentage of CCA culinary arts
4 graduates would ever become Chefs. (The omissions numbered 1-5 will be
5 collectively referred to as "the Concealed Facts.") The catalog further
6 represented that CCA was "committed" to career services, and would
7 provide career services support for graduates throughout their careers. This
8 too was false: career services did little more than direct graduates to
9 websites with job listings that they could find themselves, such as Craig's
10 List. Career Services personnel simply had no time to devote to students
11 who were not recent graduates. If such people contacted Career Services
12 and got any response at all, it was simply to look at a job board.

13
14 b. Scripted oral misrepresentations/omissions. In the appointment, as required
15 by CEC scripts, Ms Grant lied that CCA was a selective institution. She
16 lied that CCA had an excellent reputation in the food service industry. In
17 fact, CCA was not a selective institution and had a poor reputation in the
18 food service industry. Ms. Grant did not disclose any of the Concealed
19 Facts.

20 c. Reliance. Mr. Foist relied on CCA's advertisements and omissions, on Ms.
21 Grant's affirmative misrepresentations and omissions regarding the
22 admissions process, and on the very high placement rate set forth in the
23 catalog addendum, in deciding to attend CCA in May 2005. Had CCA
24 disclosed any of the Concealed Facts, he would not have attended.

25 d. Damages. Mr. Foist took out student loans to attend CCA. Through these
26 loans, he paid at least \$46,000 to CCA. He has incurred, continues to incur,
27 has paid, and continues to pay substantial interest on these loans. After
28 graduating from CCA, he was unable to find a job in the culinary field that

1 paid enough to repay his loans, or that paid anything on the order of what he
2 had previously made. He was economically forced to go back to his old job
3 outside of the culinary industry.

4 5. Gloria Barrientos graduated from high school in Long Beach, CA in June 2004, and
5 began looking into culinary schools shortly thereafter. She filled out an online request form and
6 received a catalog and addendum in the mail from CCA. Doug Herman was Ms. Barrientos'
7 admissions representative.

- 8 a. Written misrepresentations/omissions. Ms. Barrientos reviewed the
9 placement rates in the catalog addendum upon receipt of the information
10 from CCA. These indicated that 98.5% of culinary arts graduates were
11 placed. The addendum did not provide any substantiation for this rate, as
12 was required by applicable California law (the Maxine Waters Act,
13 “MWA”). Moreover, this rate was a lie. When defendants calculated that
14 rate, they included placements that could not legally be counted under the
15 MWA because they were not jobs to which CCA training was represented
16 to lead. In addition, neither the catalog nor the addendum disclosed the
17 Concealed Facts.
- 18 b. Scripted oral misrepresentations/omissions. After receiving the catalog and
19 addendum, she had an interview with Doug Herman, a CCA salesman. This
20 interview took place over the telephone in July 2004. As required by CEC
21 scripts, Mr. Herman stated that CCA was a selective institution and that he
22 would advocate her admission to a committee. In fact, CCA was not a
23 selective institution and there was no admissions committee. He stated that
24 CCA had an excellent reputation in the food service industry, when in fact it
25 had a poor reputation. Mr. Herman did not disclose any of the Concealed
26 Facts.

1 c. Reliance. Ms. Barrientos relied on CCA's advertisements and omissions,
2 on Mr. Herman's affirmative misrepresentations and omissions regarding
3 the admissions process, and on the very high placement rate set forth in the
4 catalog addendum, in deciding to attend CCA in May 2005. Had CCA
5 disclosed any of the Concealed Facts, she would not have attended.

6 d. Damages. Ms. Barrientos took out student loans to attend CCA. Through
7 these loans, she paid at least \$46,000 to CCA. She has incurred, continues
8 to incur, has paid, and continues to pay substantial interest on these loans.
9 After graduating from CCA, she was unable to find a job in the culinary
10 field that paid enough to repay her loans. She was economically forced to
11 take a job outside of the culinary industry.

12 B. Baking & Pastry Class Representatives

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14 6. Lorie Mohs graduated from high school in 1994 in San Jose, California. She had a
15 lifelong love for baking and had seen television commercials extolling the virtues of CCA. She
16 and her husband discussed the possibility of attending CCA in 2006. She did some online
17 research at the time, which confirmed the impression created by the television commercials that
18 CCA was a top-tier culinary school with an impeccable reputation. At this time, she was a credit
19 manager for Sysco Foods earning approximately \$40,000 per year. Her husband set up an
20 appointment at CCA in or around July 2006, and Ms. Mohs, her husband, and both of her sons
21 attended. Her admissions representative was James Shumate.

22 a. Written misrepresentations/omissions. At the appointment, she was given
23 information indicating high placement rates. These rates were fraudulent.
24 When defendants calculated them, they included placements that could not
25 legally be counted under the MWA because they were not jobs to which
26 CCA training was represented to lead. The catalog also represented lifelong
27 career services assistance. In fact, Career Services was unable to provide
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1 any assistance in getting jobs that wasn't publicly available to Ms. Mohs
2 herself. Neither the catalog nor the addendum disclosed: 1) that the
3 placement statistics included entry level jobs such as pastry assistants and
4 Starbucks baristas; 2) that a baking & pastry certificate was not a pre-
5 requisite or even relevant for many of the included jobs; and (3) that the
6 wages paid to the substantial majority of graduates included in the
7 placement statistics were \$12/hour or less. (The omissions numbered 1-3
8 are the Concealed Facts applicable to the Baking & Pastry Class.)

9 b. Scripted oral misrepresentations/omissions. In the appointment, as required
10 by CEC scripts, Mr. Shumate lied that CCA was a selective institution and
11 that it had an excellent reputation in the food service industry. In fact, CCA
12 was not selective and had a poor reputation in the food service industry.
13 Mr. Shumate did not disclose to Ms. Mohs that the high placement rate was
14 false in that it counted many jobs which could not legally be counted under
15 applicable law; to the contrary, he assured Ms. Mohs that she would earn at
16 least as much or more than she was earning in her credit job. He further
17 represented that CCA was "committed" to career services, and would
18 provide career services support for graduates throughout their careers. This,
19 too was false: career services did little more than direct graduates to
20 websites with job listings that they could find themselves, such as Craig's
21 List. Career Services personnel simply had no time to devote to students
22 who were not recent graduates. If such people contacted Career Services
23 and got any response at all, it was simply to look at a job board. Neither did
24 Mr. Shumate disclose any of the Concealed Facts.

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26 c. Reliance. Ms. Mohs relied on CCA's advertisements and omissions, on Mr.
27 Shumate's affirmative misrepresentations and omissions regarding the
28 admissions process, and on the very high placement rate set forth in the

1 catalog addendum, in deciding to attend CCA in August 2006. Had CCA
2 disclosed any of the Concealed Facts applicable to the Baking & Pastry
3 Class, she would not have attended.

4 d. Damages. Ms. Mohs took out student loans to attend CCA. Through these
5 loans, she paid at least \$27,000 to CCA. She has incurred, continues to
6 incur, has paid, and continues to pay substantial interest on these loans.
7 After graduating from CCA, she was unable to find a job in the culinary
8 field that paid enough to repay her loans, or that paid anything on the order
9 of what she had previously made. She was economically forced to go back
10 to a job outside of the culinary industry.

11 7. Emily Journey graduated from high school in 2002 in Etna, California. After
12 graduating, she attended junior college in Reading and then Temecula, California. While in
13 Temecula, she had the idea that if she combined her junior college education with a culinary
14 education, she could open her own shop. She had a lifelong love for baking and had heard of
15 CCA through a friend. In early 2004, she did some online research regarding culinary schools,
16 and was impressed with CCA's online presentation. She filled out an online information request
17 form and promptly received a video, catalog, and catalog addendum, each of which she reviewed
18 carefully. She then received a call from Jennifer D'Ambrosio, a CCA admission representative,
19 who setup a telephone interview and began selling right away.
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21 a. Written misrepresentations/omissions. The high placement rates she
22 received were fraudulent. When defendants calculated them, they included
23 placements that could not legally be counted under the MWA because they
24 were not jobs to which CCA training was represented to lead. The catalog
25 also represented lifelong Career Services assistance. In fact, Career
26 Services was unable to provide any assistance in getting jobs that wasn't
27 publicly available to Ms. Journey herself. Neither the catalog nor the
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1 addendum disclosed the Concealed Facts applicable to the Baking & Pastry
2 Class.

3 b. Scripted oral misrepresentations/omissions. In the interview, as required by
4 CEC scripts, the representative lied that CCA was a selective institution and
5 that it had an excellent reputation in the food service industry. In fact, CCA
6 was not selective and had a poor reputation in the food service industry.
7 The representative further represented that CCA was "committed" to career
8 services, and would provide career services support for graduates
9 throughout their careers. This, too was false: career services did little more
10 than direct graduates to websites with job listings that they could find
11 themselves, such as Craig's List. The representative did not disclose any of
12 the Concealed Facts.

13 c. Reliance. Ms. Journey relied on CCA's advertisements and omissions, on
14 her representative's affirmative misrepresentations and omissions regarding
15 the admissions process, and on the very high placement rate set forth in the
16 catalog addendum, in deciding to attend CCA in September 2004. Had
17 CCA disclosed any of the Concealed Facts applicable to the Baking &
18 Pastry Class, she would not have attended.

19 d. Damages. Ms. Journey took out student loans to attend CCA. Through
20 these loans, she paid at least \$27,000 to CCA. She has incurred, continues
21 to incur, has paid, and continues to pay substantial interest on these loans.
22 After graduating from CCA, she was unable to find a job in the culinary
23 field that paid enough to repay her loans. She was economically forced to
24 take multiple jobs, including jobs outside of the culinary industry.
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C. Defendants

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2 8. Defendant CCA is a California corporation that operates a for-profit culinary
3 school in the City and County of San Francisco. It is wholly owned and operated by Defendant
4 Career Education Corporation ("CEC").

5 9. Defendant CEC is a Delaware corporation that does business in the City and
6 County of San Francisco by and through its wholly owned and controlled subsidiary CCA.
7 Plaintiffs are informed and believe that CEC exercises complete dominion and control over CCA,
8 enjoys the full benefit of all moneys and profits earned by CCA, and benefits in other direct and
9 indirect ways from CCA. CEC directed and prescribed the wrongful actions of CCA alleged in
10 this complaint and, as a consequence, is in possession of moneys rightfully belonging to Plaintiffs.
11 Plaintiffs are informed and believe that CEC develops and oversees the implementation of all
12 policies and procedures at CCA, including without limitation policies and procedures concerning
13 "admissions" (sales) and recruiting practices, financial aid practices, marketing and advertising
14 practices, curriculum, and job placement. Defendant CCA then implements and carries out the
15 policies and procedures developed by CEC.
16

17 10. Each of DOES 1-1000 is the agent, servant, partner, joint-venturer, co-venturer,
18 principal, director, officer, manager, employee, or shareholder of one or more of its co-defendants
19 who aided, abetted, controlled, and directed or conspired with and acted in furtherance of said
20 conspiracy with one or more of its co-defendants in said co-defendant(s) performance of the acts
21 and omissions described below and for the fraudulent purposes described below. Plaintiffs sue
22 each of these DOE Defendants by these fictitious names because Plaintiffs do not now know these
23 Defendants' true names and capacities. Plaintiffs will amend their complaint to name these
24 individuals when their identities are ascertained.
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Allegations Common to All Causes of Action

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2 11. This action arises out of a fraudulent and/or misleading scheme conceived and
3 operated by Defendants in connection with the recruitment of students to attend CCA (the
4 “Fraudulent Recruiting Program”).

5 12. As part of and in furtherance of the scheme, CCA offers the following programs to
6 students, among others: (1) a sixty week program leading to an “Associate of Occupational
7 Studies Degree in Le Cordon Bleu Culinary Arts” (the “Culinary Arts Program”); and (2) a thirty
8 week program leading to a “Baking and Pastry Arts Certificate” (the “Baking and Pastry
9 Program”) (collectively, the “Programs”).

10
11 13. Defendants marketed the Programs to Plaintiffs and other prospective students
12 through an extensive advertising campaign that included but were not limited to television, radio,
13 print, world wide web, and direct mail advertisements and in-person recruitment at high school
14 campuses. Defendants deliberately saturated the internet with paid information regarding CCA
15 and other CEC cooking schools, thereby making it difficult for prospective applicants to find
16 independent, unbiased information regarding these schools.

17 14. All CCA applicants were required to have an “interview,” either in person or by
18 phone, with a CCA salesperson. CCA presented these interviews as being what interviews
19 normally are—opportunities for the interviewer (here CCA) to screen out unsuitable or less
20 desirable applicants. But this was a subterfuge. Instead, these “interviews” were carefully
21 scripted sales presentations. The intent was not to determine whether the applicant was “good
22 enough for CCA,” as CCA represented it to be. The real intent was to enroll the student in any of
23 the available Programs at the earliest possible time.

24 15. Salespeople were required to conduct the “interviews” in accordance with scripts
25 and practices dictated and imposed by CEC. The scripts were highly manipulative, not only of
26 applicants but of applicants’ families as well. The “interviews” were specifically and carefully
27 designed to require each Salesperson to mislead each prospective student into believing the school
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1 was selective, that admissions were competitive, and that CCA was a highly respected institution
2 which the applicant would be lucky to attend. None of this was true. In stark contrast, the truth
3 was that CCA salespeople were under great pressure to fill classes, which started relentlessly
4 every six weeks. If Salespeople could not fill their quotas in these classes, they were terminated.

5 16. During and throughout the statutory claims period, it was Defendants' pattern and
6 practice to induce Plaintiffs and other Class Members to apply to and attend CCA by making the
7 following false and misleading representations, among others: (a) CCA has a selective admissions
8 process; (b) CCA had an excellent reputation in the food service industry; and (c) CCA students
9 have specific, extremely high rates of job placement in the jobs to which the CCA education was
10 represented to lead. Defendants further represented that CCA was "committed" to career
11 services, and would provide career services support for graduates throughout their careers.

12 17. It was the pattern and practice of Defendants to make each of these representations
13 to each prospective applicant to induce them to attend CCA. It was also the pattern and practice of
14 defendants not to disclose any of the Concealed Facts to any applicant.

15 18. The representations were each materially false and/or misleading. Defendants
16 knew the representations were false and/or misleading, and/or had no reasonable grounds for
17 believing them to be true. Moreover, by affirmatively making these representations, defendants
18 assumed the legal duty, under applicable law, to disclose those additional facts that applicants
19 needed to know in order not be deceived by Defendants' representations..

20 19. The true facts, which defendants had a duty to disclose, are as follows:

- 21 a. Admission to CCA is not at all selective but is open to anyone or virtually
22 anyone with a high school diploma or GED certificate who can pay the
23 charges (and almost all applicants can pay via student loans that CCA
24 arranges for "admittees"). Admissions representatives did not advocate
25 candidates' applications to an admissions committee; in fact, there was no
26 admissions committee. The so-called admissions representatives at CCA
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1 were sales people who would lose their jobs if they did not meet the
2 crushing enrollment quotas CEC sets.

3 b. CCA has and had a poor reputation in the food service industry. Because
4 CCA graduated students without due regard for whether they had mastered
5 the skills CCA purportedly teaches, many graduates of CCA had few or
6 none of the skills a cooking degree should guarantee. Accordingly, a
7 degree from CCA did not inspire confidence in the minds of prospective
8 employers. To the contrary, it denoted an unlikelihood rather than a
9 likelihood of capability, and was frequently a detriment to graduates
10 seeking employment—including those who had mastered the appropriate
11 skills.

12 c. The job placement rates published by Defendants in writing to Plaintiffs and
13 all prospective applicants were materially inflated, inaccurate, false, and/or
14 misleading for the following reasons, among others: 1) the placement
15 statistics included non-professional entry level jobs like prep cooks, line
16 cooks and Starbucks baristas; 2) the placement rates included jobs for which
17 a culinary degree was not a pre-requisite or even relevant; (3) the placement
18 rates included jobs paying \$12/hour or less; (4) that while years of
19 experience might qualify someone for a Chef job, a CCA degree would not;
20 or (5) that a very small percentage of CCA culinary arts graduates would
21 ever become Chefs.

22 d. CCA's career services personnel who compiled the numbers were under
23 extreme pressure to record placements, and resolved any doubt in favor of
24 recording a placement. In certain cases, these personnel manipulated the
25 facts to record as a placement a job which they knew did not so qualify. By
26 way of example and not limitation, CCA recorded Gloria Barrientos as a
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1 placement at the Fifth Floor restaurant in San Francisco, when in fact she
2 had not – and still has not – ever worked there.

3 e. CCA was not committed to Career Services and did not provide lifetime
4 Career Services support. Career Services personnel did little more than
5 direct graduates to websites with job listings that they could find
6 themselves, such as Craig's List. Career Services personnel simply had no
7 time to devote to students who were not recent graduates. If such people
8 contacted Career Services and got any response at all, it was simply to look
9 at a job board.

10 20. Through various media, and from the beginning of the Class Period until some time
11 in 2006, Defendants marketed the Programs in catalogs and catalog addenda that were sent or
12 given to all persons who expressed an interest in attending CCA. The catalogs and addenda were
13 the first written materials Defendants provided to potential students. The catalog addenda
14 included placement rates presented for the purpose of inducing students to enroll at CCA.
15 Contrary to the MWA and to CEC's internal requirements, the placement rates were presented in
16 the catalog addenda without any substantiating information or explanation as to how they were
17 calculated.
18

19 21. When students enrolled, Defendants presented them with a document entitled
20 "How Our Students Are Doing" ("HOSAD"). Defendants were required by law to provide
21 HOSADs, and unlike the catalog addenda, the HOSADs included qualifying language regarding
22 the placement rates. The placement rates set forth in the HOSADS were uniformly lower than the
23 corresponding rates in the catalog addenda.

24 22. Since the catalogs and addenda were Defendants' first written contact with
25 potential students, it appears that Defendants deliberately inflated the catalog rates between the
26 beginning of the Class Period and 2006 as a means of baiting applications.
27
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1 23. If plaintiffs and the class had known the true facts, they would not have purchased
2 what CCA sold to them or borrowed money to purchase it. If defendants had disclosed the
3 Concealed Facts to keep their partial representations from being misleading, plaintiffs would not
4 have purchased what CCA sold to them or borrowed money to purchase it.

5 24. In truth, a CCA degree is and at all relevant times was worth no more, and probably
6 less, than a culinary arts degree from City College of San Francisco, for which tuition is less than
7 \$2,500.

8 25. As a result of Defendants' unlawful conduct, including the misrepresentations and
9 omissions of material fact alleged above as part of the Fraudulent Recruiting Program, Plaintiffs
10 have been damaged by, among other things: (1) paying tuition to Defendants; (2) paying costs and
11 fees to Defendants, including costs for uniforms, equipment, living and other expenses attendant
12 to attending CCA; and (3) paying interest on student loans that Defendants had induced them to
13 take out in order to pay tuition. Plaintiffs have been damaged in other and further ways subject to
14 proof at trial. In this action, plaintiffs do not seek recovery of non-economic damages such as
15 emotional distress.
16

17 **First Cause of Action for**
18 **Fraudulent Misrepresentation**
19 **(Against all Defendants)**

20 26. Plaintiffs incorporate the foregoing paragraphs above as though repeated here.

21 27. As part of the Fraudulent Recruiting Program, Defendants engaged in a pattern and
22 practice of knowingly and intentionally making numerous false representations of material fact
23 with the intent to deceive and/or induce reliance by Plaintiffs; Plaintiffs did in fact justifiably rely
24 on these misrepresentations, resulting in substantial damages to Plaintiffs.

25 28. Defendants induced Plaintiffs and the class to apply to and attend CCA by making
26 one or more, and in many cases all, of the following false and fraudulent material representations
27 of fact to Plaintiffs:
28

1 a. CCA has a selective admissions process.

2 i. Each admissions representative made this representation to each of
3 his or her "leads," including each plaintiff, and on information and
4 belief, all Class Members. The admissions representatives made the
5 representation at or around the time they first made contact with
6 each potential student. These statements were part of a script that
7 CCA admissions representatives were required to follow.

8 b. CCA has an excellent reputation in the food service industry, and students
9 will benefit by this reputation.

10 i. CCA's admissions representatives made this representation to all
11 plaintiffs, and on information and belief, to all Class Members.
12 They made the representation both in letters they wrote to
13 prospective students, on the internet, and orally in the initial
14 conference with them. These statements were part of a script that
15 CCA admissions representatives were required to follow.

16 c. CCA students have an extremely high rate of job placement in the jobs for
17 which the students seek to be trained.

18 i. These job placement statistics were written and published to
19 plaintiffs and all class members during the recruitment and
20 admissions process, in both catalog addenda and HOSADs, as set
21 forth more specifically above.

22 d. CCA was committed to Career Services, and provided lifetime Career
23 Services support.

24 i. This statement appeared in the CCA catalogs and was part of the
25 scripts CCA representatives were required to follow.
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1 29. In reality, as set forth more fully above, Defendants' representations were
2 materially false and misleading when made in that:

3 a. "Admission" to CCA was not selective. There was no "admissions committee"
4 or "selection committee." The only requirement for admission was a high school diploma or
5 equivalent and the ability to pay the charges. Prospective students are sold, not "admitted."

6 b. CCA's reputation in the industry is poor.

7 c. The job placement rates represented by CCA were falsely inflated, misleading,
8 and unsubstantiated for the reasons discussed more fully above.

9 d. CCA did not provide lifetime Career Services to graduates, or any Career
10 Services that an individual could not have secured on his or her own.

11 30. The representations set forth above were part of a common scheme or plan and a
12 pattern or practice conceived and executed by Defendants, over the course of the entire statutory
13 period and prior, through their individual employees, including without limitation admissions,
14 financial aid, and career services personnel.

15 31. Defendants knew that these misrepresentations were false when made. By greatly
16 increasing CCA's enrollment, and reducing the requirements for admission, defendants diluted
17 both the quality of CCA's education and reputation, as well as of its graduates, all but
18 guaranteeing that there would be no market for them upon graduation.

19 32. Defendants made these misrepresentations with the intent to induce Plaintiffs to
20 rely upon them.

21 33. Plaintiffs were ignorant of the true facts and relied upon Defendants'
22 misrepresentations in deciding to buy what Defendants sold to them.

23 34. Accordingly, each Plaintiff has been damaged in a sum in excess of the
24 jurisdictional limits of this Court.

1 35. Defendants' herein-alleged wrongful acts and omissions, and each of them, were
2 knowingly, willfully, intentionally, maliciously, oppressively, and fraudulently undertaken with
3 the express purpose and intention of defrauding Plaintiffs, and each of them, all to the substantial
4 financial benefit of Defendants, and each of them.

5 **Second Cause of Action for Fraudulent Concealment/Omission**

6 **(Against All Defendants)**

7
8 36. Plaintiffs incorporate the foregoing paragraphs as though repeated here.

9 37. Each time Defendants published their placement rates, they knew but did not
10 disclose the Concealed Facts.

11 38. The Concealed Facts were in the exclusive knowledge of Defendants, who
12 generated the placement rates and kept their backup secret. Plaintiffs had neither knowledge of
13 the Concealed Facts nor reasonable means to learn of them.

14 39. Defendants actively concealed these facts from plaintiffs. Admissions
15 representatives were specifically instructed either to affirmatively misrepresent the true facts (as,
16 for example, by representing that CCA had a selective admissions process) or to deflect questions
17 that might reveal the Concealed Facts (as, for example, by avoiding discussions regarding the
18 amount potential students could earn upon graduation from CCA, a rule many representatives
19 flouted by affirmatively misrepresenting likely wages).

20
21 40. Defendants made the affirmative misrepresentations noted above, but intentionally
22 failed to disclose the Concealed Facts. Defendants' non-disclosures rendered their partial
23 disclosures deceptive and misleading.

24 41. Defendants failed to disclose the Concealed Facts with the intent that plaintiffs and
25 Class Members would rely on Defendants' partial representations on the related subjects and
26 thereby be deceived.
27
28

1 42. Plaintiffs and class members reasonably relied on Defendants' partial
2 representations. Plaintiffs and Class Members would not have enrolled in CCA had Defendants'
3 disclosed the Concealed Facts.

4 43. Plaintiffs were ignorant of the true facts.

5 44. Plaintiffs and class members have been damaged as a result of Defendants' failure
6 to disclose the Concealed Facts.

7 45. Defendants' failure to disclose the Concealed Facts was undertaken knowingly,
8 willfully, intentionally, maliciously, oppressively, and fraudulently, with the express purpose and
9 intention of defrauding Plaintiffs, and each of them, all to the substantial financial benefit of
10 Defendants, and each of them.
11

12 **Third Cause of Action for**
13 **Violation of Business and Professions Code Section 17200, *et seq.***
14 **[The Unfair Competition Law]**
(Against All Defendants)

15 46. Plaintiffs incorporate the foregoing paragraphs as though repeated here.

16 47. The material misrepresentations and non-disclosures by Defendants CCA, CEC,
17 and DOES 1-1000, as part of the Fraudulent Recruiting Program and within the four years
18 preceding the filing of the Complaint are unlawful, unfair, and fraudulent business practices
19 prohibited by the UCL.
20

21 48. Defendants violated the UCL by engaging in the following *unlawful* business acts
22 and practices, among others:

23 A. Committing fraud in carrying out the Fraudulent Recruiting Program
24 in connection with the operation of their business, as set forth more fully above.

25 B. Violating the Consumer Legal Remedies Act, California Civil Code
26 § 1770, *et seq.*, as set forth more fully below.
27
28

1 C. Violating the following provisions of the California Education Code,
2 which were in effect and governed Defendants' conduct at all times relevant to this complaint):
3 Ed. Code §§94831(f); 94832(a); 94832(b); 94816(a).

4 D. Violating 20 U.S.C. §1094(a)(8), by failing to provide information
5 substantiating the truthfulness of published placement statistics at or before the time of the
6 potential student's application.

7 E. Violating 16 CFR 254.4(d), by misrepresenting graduates' career
8 success and salaries.

9 F. Violating 34 CFR 668.8, by including jobs in placement statistics
10 that were not in the recognized occupation for which students were trained or in a related
11 comparable recognized occupation.

12 G. Violating 34 CFR 668.14(b)(10) by failing to provide information
13 substantiating the truthfulness of published placement statistics at or before the time of the
14 potential student's enrollment.

15
16 49. Defendants' actions further constituted *unfair* business acts and practices since the
17 actions were deceptive, sharp, immoral, unethical, oppressive, unscrupulous, substantially
18 injurious, and operate to the competitive disadvantage of other culinary schools that do not engage
19 in such practices. Moreover, the injury to Plaintiffs was substantial and outweighs the utility of
20 Defendants' practices.

21 50. Defendants' practices in carrying out the Fraudulent Recruiting Program, as set
22 forth above, were likely to, and did, deceive plaintiffs and class members, and are likely to
23 continue to deceive CCA applicants in the future. Consequently, Defendants' acts and practices
24 were *fraudulent* within the meaning of the UCL.

25
26 51. The fraudulent misrepresentations and advertisements described herein that were
27 part of Defendants' common scheme, the Fraudulent Recruiting Program, were material false
28 statements. A reasonable person would be likely to be, and Plaintiffs and the class were, deceived

1 by the false and misleading statements made by CCA as part of the Fraudulent Recruiting
2 Program.

3 52. Each of Defendants' unlawful, unfair and fraudulent acts and/or omissions have
4 caused plaintiffs and class members injury in fact as well as the loss of money or property.
5 Plaintiffs would not have enrolled in CCA, and paid its exorbitant tuition and fees, but for
6 Defendants' wrongful acts.

7 53. The unlawful, unfair, and fraudulent business practices of Defendants are ongoing
8 and present a continuing threat that members of the public will be misled into applying to and
9 attending CCA pursuant to the Fraudulent Recruiting Program.

10 54. Pursuant to the UCL, Plaintiffs and the class are entitled to preliminary and
11 permanent injunctive relief ordering Defendants to cease this unfair competition, as well as to
12 restitution of all monies they paid to CCA for tuition and fees.

13
14 **Fourth Cause of Action for**
15 **Violation of Civil Code Section 1770, *et seq.***
16 **[The Consumer Legal Remedies Act]**
17 **(Against All Defendants)**

18 55. Plaintiffs incorporate the foregoing paragraphs as though repeated here.

19 56. Defendants committed the following violations of the Consumer Legal Remedies Act
20 ("CLRA"), Civ. Code §1750 *et seq.*, all of which they undertook in transactions intended to result
21 or which did result in the sale of enrollment fees, equipment and educational services to
22 consumers:

- 23 a. In violation of CLRA §1770(a)(5), defendants represented that their
24 educational services had approvals, characteristics, uses, and/or benefits
25 which they did not. Defendants also omitted to disclose to potential
26 students the Concealed Facts regarding these stated approvals,
27 characteristics, uses, and/or benefits.

28

- 1 b. In violation of CLRA §1770(a)(7), defendants represented that their
2 educational services were of a particular standard, quality, or grade, when
3 they were not. Defendants also omitted to disclose to potential students the
4 Concealed Facts regarding these educational services.
- 5 c. In violation of CLRA §1770(a)(9), defendants advertised that their
6 educational services were of a particular grade or quality with the intent to
7 sell them at a lower grade or quality. Defendants also omitted to disclose to
8 potential students the Concealed Facts regarding these educational services.
- 9 d. In violation of CLRA §1770(a)(19), defendants inserted unconscionable
10 provisions in their enrollment contracts, including but not limited to the
11 integration clause concerning prior representations and the arbitration
12 provision (which has already been ruled unconscionable).

13
14 57. Defendants and each of them have violated the foregoing provisions of the CLRA by
15 engaging in the unfair or deceptive acts or practices set forth herein.

16 58. Defendants' unfair and deceptive business practices in carrying out the Fraudulent
17 Recruiting Program and engaging in the acts detailed herein were and are undertaken in
18 transactions with consumers that were and are intended to and did and do result in the purchase of
19 Defendants' services by consumers, including Plaintiffs, in violation of the CLRA. Civil Code
20 Section 1770, *et seq.*

21 59. As a result of Defendants' unfair and/or deceptive business practices, Plaintiffs and
22 all purchasers of a CCA education have suffered damage and lost money in that they paid for
23 services that were not as represented.

24 60. In their initial Complaint, Plaintiffs complied with Section 1782 by expressly not
25 seeking damages for their CLRA claim, but only equitable relief.

26 61. Pursuant to Section 1782, Plaintiffs sent a letter to Defendants on or about November
27 8, 2007, Certified U.S. Mail Return Receipt Requested, notifying Defendants that their conduct
28

1 violates the CLRA, including without limitation Civil Code § 1770(a)(5) and (7). A true and
2 correct copy of the letter was attached to Plaintiffs' Second Amended Complaint. In the letter,
3 Plaintiffs demanded that, among other things, Defendants cease the Fraudulent Recruiting
4 Program as described above, make certain disclosures to all prospective students, and disgorge and
5 restore to all current and former students all tuition and fees paid to CCA as a result of the
6 Fraudulent Recruiting Program, plus interest. Plaintiffs sent said Notice Letter by certified mail,
7 return-receipt requested, to Defendants at their respective principal places of business or to their
8 registered agents as of the filing of this Complaint. A true and correct copy of the Return Receipt
9 was attached to Plaintiffs' Second Amended Complaint.

10
11 62. Defendants failed to respond to Plaintiffs' demands in the November 8, 2007 letter
12 within 30 days, and indeed did not respond to those demands, or the letter, in any way, or at all.
13 Plaintiffs are informed and believe Defendants and each of them took no remedial action in
14 response to it. Accordingly, Plaintiffs now seek damages and all other remedies allowed under the
15 CLRA.

16 63. Plaintiffs have incurred and continue to incur legal expenses and attorneys' fees and
17 seek an award of same in an amount subject to proof at the appropriate time.

18 **CLASS ACTION ALLEGATIONS**

19 54. Plaintiffs will seek certification of a class or classes under Code of Civil Procedure
20 Section 382 and/or Civil Code Section 1781.

- 21 55. This claim is brought on behalf of the following classes:
- 22 a. All persons who enrolled in, and/or graduated from, the culinary arts programs at
 - 23 CCA at any time between September 28, 2003 and September 28, 2007.
 - 24 b. All persons who enrolled in, and/or graduated from, the baking and pastry program
 - 25 at CCA at any time between September 28, 2003 and September 28, 2007.
 - 26
 - 27
 - 28

1 56. The class is so numerous that joinder of individual members is impracticable. The
2 exact number of members of the class as identified above is not known, but can be determined
3 from CCA's records. On information and belief, the class exceeds 1,000 people.

4 57. There are common questions of law and fact in the action that relate to and affect
5 the rights of each member of the class, including but not limited to the following:

- 6 a. Whether CCA had a pattern and practice of misrepresenting its placement statistics.
7 b. Whether CCA had a pattern and practice of misrepresenting the selectivity of its
8 admissions process.
9 c. Whether CCA had a pattern and practice of misrepresenting that it had an excellent
10 reputation.
11 d. Whether CCA had a pattern and practice of misrepresenting the availability of
12 Career Services.
13 e. Whether CCA had a duty to disclose the Concealed Facts.
14 f. Whether CCA intended to mislead Plaintiffs and Class Members by making the
15 subject misrepresentations.
16 g. Whether CCA intended to mislead Plaintiffs and Class Members by failing to
17 disclose the Concealed Facts.
18 h. Whether the misrepresentations and omissions were likely to deceive prospective
19 students.
20 i. Whether Plaintiffs and Class Members suffered injury in fact and the loss of money
21 as a result of Defendants' unfair competition.
22 j. Whether Plaintiffs and Class Members suffered damages as a result of Defendants'
23 omissions.
24 k. Whether Plaintiffs and Class Members suffered damages as a result of Defendants'
25 misrepresentations.
26
27
28

1 58. The relief sought is common to the class. Each affected Plaintiff and class member
2 will be entitled restitution of money that Defendants wrongfully acquired from them through their
3 Fraudulent Recruiting Program. Each affected Plaintiff and class member also will be entitled to a
4 *pro rata* share of all damages imposed upon Defendants in this case.

5 59. The claims of Plaintiffs, who are representatives of the class identified above, are
6 typical of the claims of the class. Plaintiffs' claims arise from the same representations, practices
7 and course of conduct that forms the basis of the class's claims, and are based upon the same legal
8 theories.

9 60. Plaintiffs are adequate representatives of the putative class, as there are no conflicts
10 between them and other members of the class with respect to this action, or with respect to the
11 claims for relief herein set forth. Plaintiffs have retained attorneys who are experienced and
12 capable in the field of consumer protection litigation. They have successfully prosecuted claims in
13 other, similar litigation, and intend to vigorously prosecute the present case.

14 61. Certification of the class is appropriate under applicable law. The questions of law
15 and fact common to the members of the class predominate over any questions affecting only
16 individual members. A class action is superior to other available methods for the fair and efficient
17 adjudication of the controversy, and will create a substantial benefit to both the public and the
18 courts in that:

- 19 • Costs of prosecuting the action individually will vastly exceed the costs for
20 prosecuting the case as a class action;
- 21 • Class certification will obviate the necessity of a multiplicity of claims;
- 22 • It is desirable to concentrate the litigation of these claims in this forum;
- 23 • Unification of common questions of fact and law into a single proceeding
24 before this Court will reduce the likelihood of inconsistent rulings,
25 opinions, and decisions.
- 26
- 27
- 28

1 1. For preliminary and permanent injunctive relief enjoining Defendants, their agents,
2 servants and employees and all persons acting in concert with them from implementing their
3 **Fraudulent Recruiting Program** and from continuing to engage in the unfair, unlawful and/or
4 fraudulent business practices alleged above and that may yet be discovered in the prosecution of
5 this action;

6 2. For restitution and disgorgement of all money or property wrongfully obtained
7 from Plaintiffs and Class Members by Defendants by means of their herein-alleged unlawful,
8 unfair, and fraudulent business practices;

9 3. For attorneys' fees and expenses pursuant to all applicable laws including without
10 limitation, Code of Civil Procedure §1021.5, and the common law private attorney general
11 doctrine;

12 4. For costs of suit; and

13 5. For such other and further relief as the Court deems just and proper.

14 **On the Fourth Cause of Action for Violation of the Consumer Legal Remedies**
15 **Act (Cal. Civil Code § 1770, et seq.):**

16 1. For preliminary and permanent injunctive relief enjoining Defendants, their agents,
17 servants, and employees, and all persons acting in concert with them, from continuing to engage in
18 the unfair and deceptive business practices alleged above and that may yet be discovered in the
19 prosecution of this action;

20 2. For damages caused by the **Fraudulent Recruiting Program**;

21 3. For restitution and disgorgement of all money or property wrongfully obtained by
22 Defendants;

23 4. For attorney's fees and expenses pursuant to Civ. Code §1780(d) and all other
24 applicable law; and

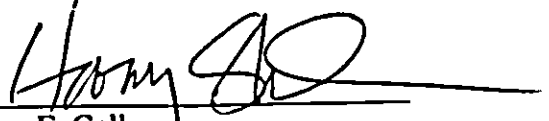
25 5. For such other and further relief as the Court deems just and proper.

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Respectfully submitted,

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2 Date: September 3, 2009.
3

**GALLO & ASSOCIATES
THE MILLS LAW FIRM**

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5 

6 Ray E. Gallo
7 Harry Shulman
8 Attorneys for Plaintiffs Attorneys for Plaintiffs
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