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[EXEMPT FROM FILING FEES  
PURSUANT TO GOVERNMENT  
CODE SECTION 6103]

**ENDORSED  
FILED  
ALAMEDA COUNTY**  
NOV 29 2017  
CLERK OF THE SUPERIOR COURT  
By: ERICA BAKER, Deputy

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF ALAMEDA

**THE PEOPLE OF THE STATE OF CALIFORNIA,**  
  
Plaintiff,  
  
v.  
  
**ASHFORD UNIVERSITY, LLC, a  
California limited liability company;  
BRIDGEPOINT EDUCATION, INC., a  
Delaware corporation; and DOES 1 through  
50, INCLUSIVE**  
  
Defendants

Case No. **RG17883963**

**COMPLAINT FOR CIVIL PENALTIES,  
PERMANENT INJUNCTION, AND  
OTHER EQUITABLE RELIEF**

Verified answer required pursuant to Code of  
Civil Procedure section 446

1           The People of the State of California (“the People”), by and through Xavier Becerra,  
2 Attorney General, allege as follows:

3           1.    The People bring this action to hold Ashford University, LLC (“Ashford University”)  
4 and its parent company Bridgepoint Education, Inc. (“Bridgepoint,” and, collectively “Ashford”  
5 or “Defendants”) accountable for violating California law.

6           2.    Twelve years ago, Ashford purchased Franciscan University of the Prairies, a small,  
7 Catholic, non-profit university in Clinton, Iowa with an enrollment of about 300 students. With  
8 the school came its valuable accreditation, which unlocked access to federal financial aid funds.  
9 Ashford quickly leveraged those funds to transform tiny Franciscan into an online for-profit  
10 educational empire. By 2012, Ashford University enrolled over 80,000 online students, powering  
11 Bridgepoint to profits of over \$120 million that year. To accomplish this feat, Ashford employed  
12 an army of sales representatives who worked in boiler-room conditions. Under intense pressure  
13 to meet unrealistic enrollment quotas, these employees frequently enticed prospective students to  
14 enroll using false promises and faulty information. For example, Ashford made myriad  
15 misrepresentations regarding prospective students’ ability to get financial aid; the costs of  
16 attendance; the likelihood that academic credits would transfer into and out of the school; and the  
17 ability of Ashford programs to prepare its students for careers in certain professions. Ashford  
18 also misled investors and the public by inflating the percentage of working alumni who reported  
19 that their Ashford degree prepared them for their current occupation.

20           3.    Ashford’s misrepresentations were not the actions of rogue employees but the  
21 consequence of the extreme pressure that Ashford exerted on its “Enrollment Advisors,” also  
22 known as “University Advisors” or “Admissions Counselors” (hereinafter, “Admissions  
23 Counselors”). Admissions Counselors were actually salespeople subject to daily, weekly,  
24 monthly and quarterly numerical targets measuring, among other things, how many calls they  
25 made, how many referrals to prospective students they had secured from current students, how  
26 many applications they brought in, and how many students actually started attending. Ashford  
27 constantly disciplined and terminated Admissions Counselors for failure to meet their enrollment  
28 expectations. Managers goaded their reports to increase their forecast figures and then berated

1 them for falling short, forced Admissions Counselors to stand at their desk when they missed  
2 enrollment targets or until they could get a prospective student on the line, prodded them to make  
3 bets with one another about their numbers, and publicly displayed Admissions Counselors'  
4 numbers. One Admissions manager even saved the key cards of terminated Admissions staff on a  
5 keyring, which she rattled in front of reports to remind them of their obligations to hit their  
6 metrics or else.

7 4. A supervisor in the Admissions department recalled, "I had worked in the sales  
8 industry for many years. But Ashford had the most aggressive sales floor I have ever seen. . . .  
9 [Admissions Counselors] were pushed hard to make close to one thousand cold calls each week.  
10 Teams had different ways of celebrating whenever a new student was enrolled. Some teams rang  
11 cowbells. Other had plastic hand clappers. In short, the sales floor had a true boiler-room  
12 atmosphere, which reminds me in many ways of the boiler rooms portrayed in the movie *The*  
13 *Wolf of Wall Street*."

14 5. Ashford was aware that its cutthroat sales culture resulted in a troubling frequency of  
15 misconduct. Ashford's own internal reports reveal that the company identified  
16 misrepresentations at a rate of hundreds per month, or thousands per year, based on audits of less  
17 than five percent of each Admission's Counselor's calls. Those audit results suggest that  
18 Admissions Counselors likely engaged in tens of thousands of misrepresentations in a given year.  
19 Ashford failed to address this systemic problem and was lax in disciplining offenders. For  
20 example, one Admissions Counselor was flagged for 25 violations over an eight-month period,  
21 including repeated misrepresentations regarding financial aid and costs of attendance and the  
22 transferability of credits, and never received more than a written warning or "discussion memo"  
23 in that time period. And even when Ashford identified a clear misrepresentation, such as  
24 "guarantee[ing a] student's credits will transfer in to their program," it often treated the offense as  
25 a "coachable" moment rather than a formal violation.

26 6. Prizing profits over accurate advisement, Ashford also failed to implement any policy  
27 to ensure that its staff followed up with students and prospective students to correct whatever  
28 misrepresentations it happened to catch its Admissions Counselors making.



1 transacted and continues to transact business throughout California, including in Alameda  
2 County. Ashford University is a wholly-owned subsidiary of Bridgepoint.

3 13. The true names and capacities, whether individual, corporate, associate or otherwise,  
4 of defendants sued herein as Does 1 through 50, inclusive, presently are unknown to the People,  
5 who therefore sue these defendants by their fictitious names. The People will seek leave to  
6 amend this Complaint to allege the true names of Does 1 through 50 once they have been  
7 ascertained. Does 1 through 50 participated in some or all of the acts alleged herein.

8 14. Does 1 through 50, their agents, employees, officers, and others acting on its behalf,  
9 as well as subsidiaries, affiliates, and other entities controlled by Does 1 through 50, are referred  
10 to collectively herein as "DOE Defendants 1 to 50."

11 15. Bridgepoint, Ashford University, and DOE Defendants 1 to 50 are referred to  
12 collectively in this complaint as "Ashford" and/or "Defendants." Whenever reference is made in  
13 this Complaint to any act of "Ashford" and/or "Defendants," that allegation shall mean that each  
14 Defendant acted individually and jointly with the other Defendants named in that cause of action.

15 16. At all times mentioned herein, each of the Defendants acted as the principal, agent, or  
16 representative of each of the other Defendants, and in doing the acts herein alleged, each  
17 Defendant was acting within the course and scope of the agency relationship with each of the  
18 other Defendants, and with the permission and ratification of each of the other Defendants.

19 17. At all relevant times, Defendants have controlled, directed, formulated, known,  
20 approved of, and/or agreed to the various acts and practices of each of the Defendants.

21 18. Whenever reference is made in this Complaint to any act of any Defendant or  
22 Defendants, the allegation shall mean that the Defendant or Defendants did the acts alleged in this  
23 Complaint either personally or through the Defendant's or Defendants' officers, directors,  
24 employees, agents and/or representatives acting within the actual or ostensible scope of their  
25 authority.

26 19. Each Defendant is a "person" as defined in Business and Professions Code section  
27 17201.

28



1 the school's affiliation with the Church, rechristened it Ashford University, and transformed it  
2 into a for-profit institution.

3 27. Ashford inherited Franciscan University of the Prairies' accreditation from the Higher  
4 Learning Commission of the North Central Association of Colleges and Schools ("HLC"). HLC  
5 is a regional accrediting agency that accredits higher education institutions in 19 states, which  
6 include Iowa and cover a geographic span stretching from Arizona to Ohio.

7 28. Because HLC is an accrediting agency recognized by the United States Department of  
8 Education, acquiring Franciscan's HLC accreditation enabled Ashford to access federal financial  
9 aid programs under Title IV of the Higher Education Act. The Title IV financial aid program  
10 includes loans and grants, such as Direct Subsidized and Unsubsidized Loans, Direct Graduate  
11 PLUS Loans, Direct PLUS Loans, Federal Pell Grants, Federal Supplemental Educational  
12 Opportunity Grants, and the Federal Perkins Loan.

13 29. After obtaining access to federal Title IV funds, Ashford aggressively pursued rapid  
14 enrollment growth in Ashford University's online programs. At the time that Bridgepoint  
15 purchased it in 2005, Franciscan University of the Prairies had about 332 students, only about 20  
16 of whom were enrolled in the school's recently-launched online program. By the end of 2011,  
17 just six years later, Ashford University enrolled 83,774 online students, and ranked as the second  
18 largest degree-granting college or university in the country. During that same timeframe,  
19 Bridgepoint's annual revenue skyrocketed over one hundred-fold, from \$7.9 million in 2005 to  
20 over \$968 million in 2012.

21 30. The vast majority of Ashford's earnings have come from federally-subsidized Title  
22 IV loans and grants. According to Bridgepoint's public filings, between 2009 and 2016, Ashford  
23 University derived between 80.9 percent and 86.8 percent of its revenues from Title IV funds.

24 31. After its experience with Ashford, HLC became warier of attempts by for-profit  
25 entities to acquire the accreditation of non-profit schools. HLC's then-President, Sylvia Manning,  
26 testified at a 2011 hearing of the United States Senate's Committee on Health, Education, Labor  
27 and Pensions: "Now what was wrong in our process and what we have changed is that . . . when  
28 [Franciscan University of the Prairies] was acquired by Bridgepoint, suddenly, Bridgepoint was

1 accredited, and it grew this enormous superstructure of this enormous online institution. And  
2 because we had pretty much not seen that kind of thing before, we didn't have the tools that we  
3 now have either to predict that or control that." Because of its experience with Ashford, HLC  
4 implemented changes to its accreditation process, and, according to Manning, "[w]hat happened  
5 in 2005 [i.e. the acquisition of Franciscan University of the Prairies] and then culminated in  
6 growth by 2009 simply could not happen today."

7 32. Ashford University eventually obtained accreditation from the Western Association  
8 Accrediting Commission for Senior Colleges and Universities (WASC), a regional accrediting  
9 agency for schools based in California and other western states. In its initial review of the  
10 school's application in 2012, WASC noted that Ashford University failed to meet WASC's  
11 standards in half a dozen areas, including student retention and completion, support for student  
12 success, and assuring academic rigor. WASC found, for example, that between about 2007 and  
13 2012, roughly 240,000 new students enrolled, yet 128,000 dropped out in the same period; that  
14 spending on recruitment was "well above" spending for instructional costs and services, that  
15 Ashford University's academic structure was "inadequate;" that coursework was not always  
16 adequately rigorous; and that "faculty responses to required student posts were often limited to a  
17 few words of encouragement and lacking in substantive exchange between student and teacher."

18 33. Ashford ultimately closed the Iowa ground campus it had acquired from Franciscan  
19 University of Prairies. Ashford University now enrolls new students in online programs. Its  
20 current student body numbers about 43,000.

### 21 **Ashford University's Costs, Student Population, and Outcomes**

22 34. Though Ashford touts its affordability when recruiting prospective students, Ashford  
23 University's online programs in fact cost far more than many alternatives, including many  
24 community colleges and public universities. Online Bachelors degrees at Ashford are currently  
25 expected to cost about \$60,390, including tuition and fees, and books and supplies. By contrast,  
26 as examples, the cost of in-state tuition and fees, and books and supplies, for a four-year degree,  
27 based on present rates, is under \$36,000 at San Diego State University, and under \$33,000 at  
28 California State University-East Bay.



1           35. About 68 percent of Ashford students received federal aid in the form of Pell Grants  
2 as of 2016, and many students were the first in their family to attend college. As Ashford  
3 University’s accreditor noted in 2015, the university’s students in the aggregate “exhibit five of  
4 the seven student risk factors” the United States Department of Education has identified as  
5 increasing the chances a student will ultimately drop out: working full-time while enrolled, being  
6 a single parent, having dependents, being financially independent, and having delayed college  
7 enrollment.

8           36. Most Ashford University students do not graduate. For example, of Bachelor’s  
9 Degree students who started attending Ashford University between July 1, 2009 and June 30,  
10 2010, 73 percent did not graduate within six years. More recent figures continue the trend: of  
11 Bachelor’s Degree students who started attending Ashford University between July 1, 2014 and  
12 June 30, 2015, only 26 percent are either actively pursuing their degree or have graduated.

13           37. The perception that a degree can lead to a better job and wages is one of the main  
14 reasons why students enroll at Ashford University, yet its alumni frequently do not work in the  
15 fields for which they trained at Ashford. According to alumni surveys Ashford conducted in  
16 2009 and 2010, over half of respondents reported being either unemployed or not employed in a  
17 field related to their degree. Yet for a time during the same period, Ashford brazenly stated on its  
18 website, “How does my degree from Ashford compare to degrees from other schools? Your  
19 degree from Ashford University is equally valuable, accepted, and honorable as any equivalent  
20 degree you could earn from another accredited school or university, whether on a traditional  
21 campus or online. The only difference between a degree from Ashford University and a degree  
22 from another school is the money and time you’ll save through Ashford University.”

23 **Ashford’s High-Pressure Sales Culture**

24           38. To grow and sustain enrollment, Ashford built a sales department—disguised as an  
25 admissions office—that exerted extreme pressure on employees to meet enrollment targets and  
26 verbally and psychologically abused those who fell short.

27           39. Until approximately 2011, Ashford compensated Admissions Counselors based on  
28 how many students they enrolled. Those who succeeded in meeting the highest enrollment quotas

1 earned up to six figures. Due to changes in the United States Department of Education's  
2 regulations, Ashford ceased this practice but ramped up pressure on Admissions Counselors,  
3 threatening them with criticism, write-ups, demotion, and termination for poor enrollment  
4 numbers.

5 40. One Admissions Counselor described her department in an email to Bridgepoint's  
6 Chief Executive Officer, Andrew Clark, as a place where employees were "made to feel  
7 disposable and 'only as good as your last NUMBER enrollment,'" and driven to "just get  
8 [students] in to fulfill [the] high pressured need to enroll so many #s of students per week and  
9 month."

10 41. Other Admissions Counselors and their supervisors describe Ashford's sales  
11 department as "toxic," a "money grab," a "numbers game," "grimy," "brutal," a place where  
12 "people were just getting emotionally abused," "ruthless," and one in which people were  
13 constantly "fighting for their jobs." As a result of the "churn and burn" operation, employees  
14 often left the company within months, either because they were fired for failing to enroll enough  
15 students, or because they resigned due to the pressure and humiliation that permeated the  
16 department. It was also common for Admissions Counselors to cry, suffer mental breakdowns, or  
17 experience stress-related injuries.

18 42. During Ashford's highest-growth years, the school typically expected each  
19 Admissions Counselor to make at least 100 calls per day to sales leads. Admissions Counselors  
20 were also expected to enroll at least four to six students in their first month at Ashford, and at  
21 least eight students per month after that.

22 43. One Admissions manager required her staff to stand at their cubicles as punishment  
23 for failing to meet enrollment targets. Yet Ashford promoted her to higher level management  
24 positions in the Admissions department.

25 44. Another Admissions manager, known by the nickname "Tough Love," had a keyring  
26 on which she accumulated the key cards of Admissions employees that Ashford fired. She would  
27 rattle the keyring in front of those she supervised to remind them of their obligations to hit  
28 enrollment metrics or else be fired. One of "Tough Love's" reports recalls that when she asked to

1 take time off from work to see a sick relative, “Tough Love” began “laying into [her],” telling  
2 her, “I don’t think you should go,” and causing her to break down into tears.

3 45. To meet enrollment targets, Ashford also utilized peer pressure. For years, each  
4 Admissions team prominently displayed a white board near employee cubicles with the names of  
5 each Admissions Counselor and his or her performance metrics, such as the numbers of  
6 prospective student appointments, applications, and enrollments they had made over a period of  
7 time. Ashford used the white boards as another way to embarrass employees with low numbers.

8 46. Ashford managers also relied on various forms of competition to keep Admissions  
9 Counselors focused on their numbers. For example, one ran an “Olympic Games” week in which  
10 she awarded points to her team members based on how many referrals and appointments they  
11 secured from students and prospective students. She also held “referral raffles” in which an  
12 employee’s chances of winning depended on how many referrals he obtained. She also ran a  
13 “Guess Who” game in which she displayed her team’s metrics and asked them to guess who had  
14 achieved which numbers. Other Admissions managers goaded Admissions Counselors on their  
15 teams to make bets with one another about their enrollment figures.

16 47. To foster the sales culture, Ashford had a practice of holding group meetings at the  
17 beginning of each week in which mid-level Admissions managers, known as “Directors of  
18 Admissions,” had to forecast their teams’ enrollments for the week for their bosses, who were  
19 titled “Divisional Vice Presidents.” During these meetings, the Divisional Vice Presidents often  
20 pressured their Directors of Admissions to increase their goals, cheering and giving high-fives  
21 when the Directors of Admissions gave in and agreed to meet inflated targets. The Divisional  
22 Vice Presidents then mocked Directors of Admissions who fell short of the unrealistic goals,  
23 questioning their competence and telling them to spend the weekend thinking about whether they  
24 were “cut out for the job.” According to one former Director of Admissions, because of  
25 Ashford’s pressure tactics, “you stop thinking of these students as people, you start putting  
26 numbers on people,” and “[y]our entire day was consumed with a number so that you wouldn’t  
27 get into trouble.”

28

1 **False or Misleading Statements Concerning Financial Aid and Costs of Attendance**

2 48. In its efforts to lure in prospective students, Ashford systematically made false or  
3 misleading statements about students' ability to obtain federal financial aid and the school's costs  
4 of attendance. For example, Admissions Counselors commonly told consumers that federal  
5 financial aid would cover all of their costs of attending Ashford University, or that they would  
6 receive certain kinds or amounts of federal financial aid, when the Counselors either had no basis,  
7 or had an insufficient basis, for making those promises. At the same time, Ashford  
8 misrepresented to consumers that it could not determine final financial aid awards until after  
9 enrollment, and then it failed to issue the final awards until it was too late for students to  
10 withdraw without liability. This led many to incur unexpected debts for tuition and fees they  
11 owed due to a shortfall in their final award. In another repeated tactic, Admissions Counselors  
12 enticed consumers by telling them that they could use federal financial aid for non-educational  
13 expenses, even though federal law prohibits this conduct. Admissions Counselors also made  
14 numerous other misrepresentations concerning various aspects of financial aid eligibility, a  
15 complex topic on which they were unprepared to provide guidance, as well as the costs of  
16 attending Ashford.

17 Federal Financial Aid

18 49. To apply for federal financial aid, a student must complete a "Free Application for  
19 Federal Student Aid" (FAFSA) and submit it to the United States Department of Education. The  
20 Department of Education uses information on a student's FAFSA, including information about  
21 the income and assets of a student and perhaps his family members, to assess the student's ability  
22 to pay for his educational costs in a given school year. In addition to income and asset  
23 information, however, a host of federal rules affect whether a student will receive financial aid  
24 and how much he will receive. For example, there are limits to the amount of federal financial  
25 aid that a student may receive in a given school year that depends on the student's seniority in  
26 school, and there are also limits to the total amount of federal financial aid that a student may  
27 receive in his or her lifetime.

1           50. Based on the data in a student’s completed FAFSA and the various federal rules,  
2 Ashford determines how much federal financial aid to offer a student. Ashford notifies its  
3 students of the official amounts of federal loans, federal grants, and other financial aid that they  
4 are offered by sending them “financial aid award letters.” Unlike other schools, Ashford does not  
5 send financial aid award letters until after a student enrolls, giving Admissions Counselors ample  
6 opportunity to make false forecasts about financial aid in their sales pitches to consumers.

7           Misrepresentations Regarding Likelihood of Receiving, and Extent of, Financial Aid

8           51. In one common form of misrepresentation, Ashford told prospective students who  
9 had not yet filled out a FAFSA or received a financial aid award letter that they would not have to  
10 pay any “out-of-pocket costs,” i.e., that they would receive enough financial aid to cover all costs  
11 of attendance, or all costs except books. For example, as documented in one of Ashford’s  
12 “incident reports,” which recorded some of the improper statements made by Admissions  
13 Counselors, one Admissions Counselor falsely told her prospective student, “You won’t be  
14 enrolled here at Ashford unless your Financial Aid package covers everything. Does that make  
15 sense? We don’t enroll students if they have a shortfall, meaning extra money that they have to  
16 come up with. Does that make sense? We won’t enroll you unless you get a Financial Aid  
17 package that can guarantee you that you’re going to get at least loans or Pell Grant. Does that  
18 make sense to you? So you won’t be given a bill at the end of the year.”

19           52. Similarly, Admissions Counselors frequently made unwarranted assurances to  
20 consumers that they would receive specific forms of financial aid, including Pell Grants or a  
21 particular amount of aid, before the student had filled out a FAFSA or received his or her  
22 financial aid award letter.

23           53. For example, one Admissions Counselor told a prospective student, “Currently right  
24 now, you’re a single mother and you haven’t been working, so you would be, based on that, on  
25 that criteria, full Pell eligible.” The associated incident report shows that Ashford was aware that  
26 this Admissions Counselor had made similar improper promises in the past. He also repeatedly  
27 promised students, incorrectly, that financial aid would cover their entire costs of attending  
28

1 Ashford University. This employee was a “Lead Admissions Counselor” responsible for training  
2 others in the department.

3 54. For many consumers, these kinds of misrepresentations made Ashford University  
4 seem more affordable than it actually was. For example, many who were promised Pell Grants  
5 by their Admissions Counselors later learned that they would receive no grant money, or a grant  
6 much smaller than what their Admissions Counselors had indicated. Students ended up owing  
7 Ashford unanticipated out-of-pocket balances, or had to take out more loans than they had  
8 expected.

9 Misrepresentations Regarding Timing of Financial Aid

10 55. Ashford also told students and prospective students that final determinations about  
11 financial aid could not be made until after the student enrolled, and it required students to enroll  
12 without first receiving a final financial aid award letter. Ashford then waited until students were  
13 well into their coursework to send the financial aid award letters. In reality, it was possible for  
14 Ashford to make final financial aid determinations prior to enrollment, just as many other  
15 colleges and universities do. Waiting to process financial aid until after enrollment allowed  
16 Ashford to prevent prospective students’ financial concerns from getting in the way of  
17 Admissions Counselors’ quests to close their sales.

18 56. Even when students completed all of their financial aid paperwork before they  
19 enrolled, Ashford frequently did not send such students a financial aid award letter until two to  
20 three months after they started classes. Many Ashford University students discovered, upon  
21 finally receiving their financial aid award letters months after enrolling, and contrary to what  
22 Admissions Counselors had represented, that they were not eligible for enough federal financial  
23 aid to cover their entire costs of attending, and that they were liable to Ashford for these  
24 shortfalls. By that point, a student’s options were to withdraw and remain liable for the surprise  
25 shortfalls, or to stay enrolled in Ashford University. As a former Ashford vice president of  
26 financial aid admits, it was often the case that “you don’t know what you are going to owe until  
27 you’re a quarter of the way through” your classes for the year.

28

1           Misrepresentations Regarding Use of Financial Aid Funds

2           57. Admissions Counselors also courted consumers by telling them that if they received  
3 financial aid in an amount greater than Ashford’s costs and fees, they could spend the excess  
4 money on non-educational expenses, like a car or a vacation. Such tactics violate federal law.  
5 For example, one incident report shows that an Admissions Counselor told a prospective student:  
6 “[Y]ou know if all goes well, you might be look[ing] at . . . getting some money back. Right? I  
7 spent my Pell money, my excess money, on things I didn’t need, but it was OK. I went ahead and  
8 got myself a car. You know, I’ll be honest with you. I’m not going to lie. I kind of blew my  
9 money. I didn’t put it back towards my student loans, but I didn’t care at the time. I was like,  
10 ‘You know what, I deserve to treat myself.’ You know, it’s up to you. It’s kind of there for you  
11 and the government’s offering to pay for it.”

12           58. Another Admissions Counselor told a prospective student: “Once you get that check .  
13 . . . [i]t’s totally yours. When I was in school, that’s what I did, back when I was in [a] 4-year  
14 school, I would get my stipend check and I would set that aside for my summer vacation . . . I was  
15 taking vacations every year and just using my loan money.” Another Admissions Counselor  
16 emailed his student, “the pell [sic] will leave you a lot of money left over for you to do what you  
17 want. You are golden!”

18           59. According to another incident report, an Admissions Counselor “advised his student .  
19 . . that it was acceptable to use . . . Title IV funds for clearly non educational expenses.” The  
20 Admissions Counselor told his student, “the rest of your money, the \$4,200-4,300, that’s your  
21 money. You can do whatever you want to do with it. Like when I went to school, I fixed my car,  
22 I paid rent in advance. I know California rent is kind of expensive, but if you want, you can use  
23 the money to pay off the loans you have now. . . . you can use that money to finish paying off  
24 your loans from the previous loans, or if you have something to do with it, go ahead and do with  
25 it.”

26           60. Still another Admissions Counselor, according to Ashford’s internal findings, referred  
27 to the prospect of receiving excess Title IV funds “as the primary enticement for enrollment.”  
28 She told a prospective student, “if you were eligible for the Pell Grant, then what happens is you .

1 . . . are eligible [to] receive funding more than what we would use, so there would be excess funds  
2 available to you that could get sent to you. So by going to school, you could actually get some  
3 money in return. You know what I mean? That would help you out, right now especially.” Just  
4 a few months earlier, that same Admissions Counselor made a similar misrepresentation to  
5 another prospective student, stating, “Did you know that if you are Pell Grant eligible and you  
6 take out your loans, you don’t have to get anything out of pocket here and you would get money  
7 in your pocket? . . . Do you think this is something that you would rather try? I mean you could  
8 potential [sic] put up to \$2,000 in your pocket.”

9 Other Misrepresentations Regarding Financial Aid and Costs of Attending

10 61. Ashford also made various other kinds of misrepresentations relating to financial aid  
11 and costs of attending. For example, one incident report shows that an Admissions Counselor  
12 “advised . . . that Ashford University has the lowest tuition among all online universities” and  
13 “stat[ed] that Ashford is the most affordable online school,” assertions that Ashford recognized  
14 were “not accurate.”

15 62. Admissions Counselors also encouraged consumers to enroll even when they knew  
16 the prospective students had “overlapping loan period[s]” that impaired their ability to secure  
17 federal financial aid for use at Ashford University. In these circumstances, prospective students  
18 had recently used federal financial aid to attend a different school from which they had  
19 withdrawn, which decreased the amount of federal aid they could otherwise obtain for their first  
20 academic year at Ashford University. For a prospective student in this situation, federal aid  
21 would be insufficient to cover all the student’s costs of attending Ashford University for that  
22 academic year. Admissions Counselors knew that students with overlapping loan periods would  
23 be saddled with debt to Ashford. As Ashford’s former vice president of financial aid put it, “The  
24 student is going to have a gap and we’re knowingly enrolling a student with a gap and  
25 encouraging that.” Even when financial aid employees at Ashford informed the students of such  
26 shortfalls, Admissions Counselors would “play[] it down like its not a big deal,” “de-disclosing  
27 it” by saying, “let’s just get you in a couple courses.” That former vice president of financial aid  
28



1 believed this practice resulted in students incurring debt they would be unable to repay to  
2 Ashford, and was “ridiculous,” “a big issue,” and “an ethical issue.”

### 3 **Misrepresentations Concerning Transferability of Credits**

4 63. Ashford systematically misrepresented prospective students’ ability to transfer credits  
5 from other schools into Ashford University as well as from Ashford University to other schools.

#### 6 Transfer of Credits into Ashford University

7 64. Ashford falsely told consumers that their prior credits would transfer into Ashford  
8 University. These representations are important to Ashford’s target market, since many of  
9 Ashford University’s bachelor’s degree students have prior college experience. The number of  
10 credits they can transfer into Ashford University affects the number of credits they must complete  
11 in order to graduate, the amount of federal financial aid for which they are eligible in a given  
12 year, and thus both the time and expense required to earn a degree.

13 65. For example, Ashford University has advertised that it accepts “up to 90”—or, during  
14 certain periods, “up to 99”—transfer credits into its bachelor’s degree programs, without any  
15 qualifying information. Other advertisements maintain that Ashford accepts an exceptionally high  
16 number of transfer credits compared to other institutions. Still others make statements such as,  
17 “You can transfer 90 community college credits to Ashford . . . which means that *all your past*  
18 *hard work will not be wasted*” (emphasis added), as shown below. Yet Ashford’s articulation  
19 agreements—listings of coursework that Ashford accepts from other schools—reveal that such  
20 advertisements were misleading. For example, articulation agreements with several California  
21 schools clearly list a maximum number of transfer credits that is well below the 90 or 99 that  
22 Ashford advertises.

23 //

24 //

25 //

26 //

27 //


28 //

FOUNDED 1918

Programs Online

Home > online programs > Transfer 99 credits

## Transfer up to 99 credits at AU



You'll be glad to know that you can now transfer a maximum of 99 semester credits (149.5 quarter credits) to put towards your degree at Ashford. Most educational institutions only accept 60 credits in transfer, but Ashford University accepts 99 credits in transfer, allowing you to achieve your educational and career goals faster than you ever thought possible.

Your past college work is of great value, and at Ashford, that work is recognized. You can use previous coursework credits or combine coursework with up to 75 non-traditional credits for a maximum total of 99 semester credits that you can transfer to Ashford University. Learn about the different ways you can transfer in credits:

- [Community College](#)
- [Regionally or Approved Nationally Accredited Coursework](#)
- [National Testing Programs](#)
- [Military](#)
- [Prior Learning Assessment](#)

**Community College:**  
 Finish your education and earn your degree online from Ashford University thanks to the innovative 3+1 partnership. Put your community college credits to work at Ashford! You can transfer 90 community college credits to Ashford including AAS credits which means all your past hard work will not be wasted. Your AA degree may automatically fulfill general education requirements at Ashford. Your lower division work may be equivalent to Ashford's upper division so you won't have to repeat courses you have already taken.

The transferability of credits is subject to Ashford University transfer credit policies, and requires the submission of official transcripts. The official transcripts will be evaluated to determine the credits that will officially apply toward an Ashford University degree program.

66. Consistent with Ashford's written marketing materials, its Admissions Counselors also routinely implied that all or most of a prospective student's accumulated credits would transfer. For example, counselors would tell students that their credits would "more than likely transfer," or even outright promise that a specific range of credits or most credits will transfer, often adding statements like Ashford University "accept[s] the most credits of any online university." Such assurances were often wrong, and Admissions Counselors often knew that they would very likely be wrong. As one former Admissions Counselor at Ashford explains, Admissions Counselors did not receive any training regarding how the university evaluated transfer credits, but Ashford still expected them to make assurances to prospective students about transfer credits. This Admissions Counselor estimates that eighty to ninety percent of Ashford's students received fewer transfer credits upon Ashford's official determination than what students were told at the time of enrollment.

67. In reality, Ashford's own policies gave only its Registrar's Office the authority to determine what credits transfer into Ashford. Moreover, the decision about whether particular

1 prior credits will apply to a student's degree at Ashford is affected by a number of factors that  
2 Admissions Counselors would be unable to assess on the phone with a prospective student.  
3 According to one employee in Ashford's Registrar's Office, it was frustrating that the Admissions  
4 department would "make false promises to the students and we are stuck cleaning it up and  
5 apologizing for the lies."

6 68. Nevertheless, Ashford assured consumers that their credits would transfer well before  
7 it had the information required to make that determination. One Ashford Admissions Counselor  
8 told a prospective student whose prior credits had not yet been evaluated that "you have an  
9 Associate's degree, okay, from . . . an accredited school, so we're looking at no less than sixty  
10 credits, okay? . . . [J]ust know that . . . no less than sixty because you have an Associate's  
11 degree from a community college."

12 69. According to an incident report, an Admissions Counselor "incorrectly advised his  
13 student . . . that her transfer credits will be accepted, and therefore only has 30 credits left to earn.  
14 The student's credits have not yet been evaluated by Ashford." This Admissions Counselor told  
15 his prospective student, "honestly, um . . . I'm looking at your file . . . you're looking at less than  
16 a year. Actually, about a year, because you're looking at 30 credits to get your degree. By taking  
17 10 classes here at Ashford, that's 30 credits right there. You're only ten classes away . . . That's  
18 it."

19 70. Another Admissions Counselor told a prospective student, "I know that you have at  
20 least 96 credits that will transfer into [the B.A. in Organizational Management] program for sure."

21 71. In a related tactic, Admissions Counselors created graphs for prospective students  
22 showing the costs of attending Ashford University. These graphs assumed that all of a  
23 prospective student's previous credits would transfer. As a result, they often drastically  
24 understated the student's total costs.

25 72. Ashford marketed itself as a school that accepted a high number of transfer credits  
26 and sought to appeal to consumers who had many credits from prior schools. In practice, not only  
27 did Ashford accept fewer credits than promised, but it also delayed making that decision until  
28 after enrollment, ensuring that its prior misrepresentations were not revealed until much later.

1           73. Ashford Admissions Counselors frequently told consumers that they could not obtain  
2 a final credit transfer determination until after they enrolled at the school. Ashford's website  
3 similarly suggests that final transfer credit evaluations cannot take place before a prospective  
4 student enrolls. In reality, Ashford can accurately assess the number of credits that will transfer  
5 before enrollment, so long as prospective students provide accurate unofficial transcripts.  
6 Admissions Counselors, however, were trained to avoid disclosing this fact to prospective  
7 students whenever possible—closing the sale took precedence over ensuring accurate  
8 expectations.

9           74. Many students discovered weeks or months into their education that many fewer  
10 credits transferred than they expected. Ashford's official determinations on what transfer credits  
11 to accept routinely chopped a student's prior credits in half, or worse, contrary to what  
12 Admissions Counselors portrayed to students.

13           75. One student, R.B., was repeatedly assured by his Admissions Counselor that, due to  
14 his previous coursework from other schools, he would likely have to take only ten classes, or, in  
15 the worst case scenario, certainly no more than 12 classes — i.e., 36 credits — to complete a  
16 degree at Ashford. Ashford then failed to send R.B. a final transfer credit determination until  
17 about seven weeks after he enrolled. Only then did he learn that he would need to take 17 classes  
18 to graduate from Ashford, at significant additional cost. When R.B. tried to complain, his  
19 Admissions Counselor, who had been readily available before his enrollment, would not respond  
20 to his calls, nor would other Admissions employees that R.B. attempted to contact.

21           76. Another student, K.G., was told by her Ashford Admissions Counselor that Ashford  
22 University had the most liberal policy of accepting credits of any school, and that she could  
23 guarantee K.G. that she could not get a better deal on credits anywhere else. K.G.'s Admissions  
24 Counselor told her numerous times that Ashford would accept most of her over 100 credits from  
25 the University of Minnesota, so that she could graduate from Ashford University within a year.  
26 Moreover, the Admissions Counselor pressured her into enrolling by claiming that she could not  
27 get a financial aid determination until she was enrolled, and telling K.G. that she should trust her  
28 word on the transfer credits. Despite making repeated requests to have a final transfer credit

1 determination as soon as possible, K.G. did not receive her final determination until four weeks  
2 after enrolling. Only then did she learn that Ashford University had accepted only 40 of her  
3 transfer credits.

4 77. Another student, M.D., was asked by his Ashford Admissions Counselor to send in  
5 his unofficial transcripts from prior schools so that the Admissions Counselor could inform him  
6 how many of those credits would transfer into Ashford University. Based on those unofficial  
7 transcripts, M.D.'s Ashford Admissions Counselor told him that Ashford University would accept  
8 approximately 80 credits. Despite M.D.'s repeated requests to Ashford to complete an official  
9 determination for his transfer credits, Ashford informed him over three months after he enrolled  
10 that his transcripts were still "pending review" because the registrar's office was "running behind  
11 as the workflow is very heavy right now." Ashford informed him that its "ultimate deadline" for  
12 completing an official credit determination was not until the end of a student's fourth course.  
13 When Ashford finally did complete M.D.'s official transfer credit determination, it accepted only  
14 60 of his previously earned credits. After M.D. appealed this determination, Ashford accepted an  
15 additional three credits, leaving M.D. still far short of the approximately 80 that his Admissions  
16 Counselor had promised.

17 78. Ashford also made misrepresentations regarding the transfer of credits from ongoing  
18 and future coursework. Ashford University student and Army Reserve veteran P.M. was  
19 deceived by false promises that credits he earned at a community college while attending Ashford  
20 University would transfer to Ashford. Under the Post-9/11 G.I. Bill, a veteran typically receives a  
21 higher monthly housing allowance when he attends a ground campus college or university than  
22 when he attends an online program. But P.M.'s Ashford Admissions Counselor told him that he  
23 could take advantage of the higher monthly housing allowance rate under his G.I. Bill benefits by  
24 attending courses at a local community college and Ashford University simultaneously, and that  
25 Ashford would accept the credits from the community college. As P.M. approached graduation at  
26 Ashford, he was alarmed to discover that Ashford had capped the amount of credits he could  
27 transfer from his community college and refused to accept some of the courses he had already  
28 completed at the college. P.M. was harmed in at least two ways in addition to the harm of being

1 lied to in the first place. First, because Ashford broke its promise to accept all of the community  
2 college credits, P.M. had to spend additional time in school at Ashford University to make up for  
3 the lost credits under the lower housing allowance. As a result, he also fell behind on his rent,  
4 had to take on another job to keep up with his bills, and his credit score suffered. Second,  
5 because G.I. Bill benefits are not unlimited, he wasted some of his veterans' benefits by spending  
6 them on coursework that he was unable to put toward a degree.

7 79. Ashford's exaggerations about the number of transfer credits that it accepts meant  
8 that students like R.B., K.G., M.D., and P.M. must take significantly more courses at Ashford  
9 than they expected to earn their degree.

10 80. This practice was lucrative for Ashford, but harmed students, who owed more for  
11 their education than they had expected at enrollment, and who may not have enrolled had they  
12 known the truth. As a former Admissions Counselor explained it, they knew that if students  
13 enrolled based on exaggerated numbers of transfer credits, they could lock the students in at least  
14 through the first course, and then when Ashford made its decision denying some of those transfer  
15 credits at a later time, the problem was the academic advisor's and not the Admissions  
16 Counselor's.

17 Transfer of Credits out of Ashford University

18 81. Ashford also systematically misrepresented the extent to which Ashford University  
19 credits can transfer to other universities. Ashford's Admissions Counselors routinely enticed  
20 prospective students with the promise that Ashford University offers them the flexibility to study  
21 online at a pace convenient to them, earning credits that they can later apply to other, less  
22 flexible, schools that the student was considering. These representations appeal to prospective  
23 Ashford University students because they may view enrollment at Ashford as a convenient way to  
24 further their educational goals until their schedule can accommodate a program with on-campus  
25 or other in-person requirements.

1           82. For years, Ashford falsely stated on its webpage that “Credits earned at one regionally  
2 accredited university or college” — such as Ashford University— “can readily be transferred to  
3 another regionally accredited university or college,” as shown below. As Ashford admitted in an  
4 internal document, “When evaluating student’s previous credits/degree for transferability,  
5 accreditation . . . [is] only [one] of many criteria needed to accept classes into a program.”

6  
7 **Is Ashford University an accredited school? What is the difference between regional and national accreditation?**  
8 **Yes, Ashford University is regionally accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools**  
9 **(www.ncahlc.org). Whereas national accreditation is limited only to vocational or trade schools, regional accreditation denotes a traditional**  
10 **university that prepares students for advanced degrees. Regional accreditation is important to anyone seeking a degree, because it serves as**  
11 **the recognized standard used to identify quality in American higher education. Credits earned at one regionally accredited university or college**  
12 **can readily be transferred to another regionally accredited university or college.**

13           83. Similarly, Ashford’s sales team also told consumers that because Ashford University  
14 is regionally accredited, its credits were certain or likely to transfer to other schools. Sometimes  
15 Admissions Counselors assured students that credits generally will transfer to any other school  
16 with regional accreditation. In other instances, Admissions Counselors have stated that Ashford  
17 University credits are accepted at specific schools, such as University of Southern California,  
18 UCLA, UC Berkeley, UC San Diego, and Harvard. One Admissions Counselor told a  
19 prospective student, “We are a regionally accredited university. We have the same accreditation  
20 as all the local community colleges in your area, as well as Fresno and San Diego State. So any  
21 credits you earn can be transferred to them, or even vice versa.” Another stated, “I went to UC  
22 Irvine... all of the classes that I took for my general eds there, they’re the same classes that we  
23 have here. So you can be confident that . . . if you want to transfer your degree elsewhere, or if  
24 you want to go and get your Master’s after you pursue your bachelor’s, that your credits are going  
25 to transfer with you.” Yet in one internal document, Ashford stated that these representations are  
26 “inaccurate because it is up to the Registrar’s department of each individual institution to  
27 determine the applicability of transfer credits.”

28           84. In fact, students who have attempted to transfer their Ashford University credits to  
other schools have often found that the other schools will not accept many, or any, of their  
Ashford credits. Many students invested a significant amount of time to take courses at Ashford  
University and incurred substantial expense or used up some of their Title IV or military

1 educational benefits based at least in part on Ashford's representations that its credits would  
2 transfer. They then discovered that they must repeat classes, taking additional time and incurring  
3 additional expense at the school to which they transfer, because that school does not recognize  
4 Ashford credit.

5 85. One student, P.J., an Army veteran, was told by his Ashford Admissions Counselor  
6 that Ashford would accept most of the over 140 credits he had earned at other institutions, that he  
7 could expect to graduate within about 18 months, and that he would be able to transfer most of his  
8 classes at Ashford to a community college. Instead, P.J. learned while he was taking his second  
9 course at Ashford that Ashford had recognized only about 20 to 30 credits based on his military  
10 experience, and it had accepted none of his credits from other schools. P.J. later tried to transfer  
11 his Ashford University credits to two other schools, only to learn that neither of them would  
12 accept any of those credits.

13 **Misrepresentations Regarding Employment Prospects**

14 86. Ashford also made misrepresentations to consumers about careers that Ashford  
15 University degrees would allow them to access. Ashford University's students and prospective  
16 students typically seek to enhance their employment prospects by attending college. When  
17 Ashford first communicates with a prospective student, he or she often already has a specific  
18 career field in mind. Because it knows that prospective students are often interested in particular  
19 career fields, Ashford seeks information about their professional goals and represents that courses  
20 of study will help prepare students to achieve those goals, even when they will not. Ashford  
21 representatives were instructed to find a way to fit a prospective student's aspirations into the  
22 school's programs, even if that program was not a good fit, and Ashford disciplined them if they  
23 failed to do so. Admissions Counselors also often falsely told prospective students that a degree  
24 would qualify them for employment, falsely informed them that they could transfer Ashford  
25 University credits into a credentialing program, or otherwise misrepresented that an Ashford  
26 University degree would help them advance along a certain career path.



1           87. One Admissions Counselor, for example, falsely told a prospective student interested  
2 in a culinary career that “a lot of culinary schools require like [sic] an associate's or bachelor's  
3 degree first.”

4           88. Another Admissions Counselor told a prospective student that he could become a  
5 biochemist with Ashford University’s Complementary & Alternative Health Degree. This degree  
6 does not require a single course in biology or chemistry, but, rather, involves the study of “the  
7 history and delivery of major non-allopathic health systems including but not limited to the  
8 following: Chinese medicine, Ayurveda, naturopathic medicine, biofeedback, herbal medicines,  
9 chiropractic, acupuncture, acupressure, reiki, reflexology, energy systems, and transpersonal  
10 health such as meditation, hypnosis, and prayer.”

11           89. When prospective students were under the mistaken impression that a degree would  
12 lead to qualification for particular employment, Ashford’s Admissions Counselors would attempt  
13 to avoid discouraging the notion, but rather to build on it and thus further mislead the student.

14           90. It was particularly common for Ashford Admissions Counselors to misrepresent that  
15 the school’s programs were suitable for careers in the fields of social work, teaching, nursing, and  
16 medical billing and coding.

17           Careers in Social Work

18           91. In California, professionals must hold a clinical social work license if they wish to  
19 direct “special knowledge of social resources, human capabilities, and the part that unconscious  
20 motivation plays in determining behavior” to “helping people to achieve more adequate,  
21 satisfying, and productive social adjustments.” Bus. & Prof. Code §§ 4996(b), 4996.9. The  
22 prerequisites of the license in clinical social work include obtaining a master’s degree in social  
23 work accredited by the Council on Social Work Education (“CSWE”), performing two years of  
24 supervised work in the field, and passing a credentialing examination. Bus. & Prof. Code  
25 § 4996.2. Unlicensed practice of clinical social work is unlawful. Bus. & Prof. Code § 4996(b).  
26 For non-clinical social work positions, a bachelor’s degree in social work is the most common  
27 minimum educational requirement for entry-level positions. In addition, several states prohibit or  
28



1 psychology, cognitive studies, or early childhood development programs. Admissions  
2 Counselors were not trained on the need for clinical licensure or the fact that those social work  
3 positions not requiring a license typically require a bachelor's degree in social work, and  
4 consequently failed to disclose these facts to prospective students. Admissions Counselors  
5 instead focused on closing the sale by attempting to steer students into degrees offered by  
6 Ashford University.

7 Careers in Nursing and Medical Billing

8 95. Ashford makes similar untrue and misleading claims regarding qualification for  
9 careers in nursing. Admissions staff have told prospective students interested in nursing that  
10 Ashford University programs would help them become nurses when they would not, or attempted  
11 to steer them in the direction of coursework that they said would transfer to nursing programs,  
12 when the courses would not.

13 96. For example, one incident report noted that an Admissions Counselor improperly told  
14 a prospective "student that Ashford's general education curriculum satisfies the general education  
15 requirements and prerequisites to continue onto a nursing program." Another Admissions  
16 Counselor improperly "advised her student . . . that the curriculum for [Ashford University's]  
17 Health Care Studies would work for her student's interest in being a Nurse." When the student  
18 asked, "Do you all offer like [sic] Nursing curriculum?," the Admissions Counselor responded,  
19 "You can't do it online but we offer the curriculum, which is in Health Care, which is the Health  
20 Care Studies."

21 97. Another Admissions Counselor suggested that a prospective student interested in  
22 earning a phlebotomy certificate consider nursing instead, and then claimed misleadingly that  
23 general education credits from Ashford University would later apply to a nursing program. An  
24 internal document about the incident admits that "the number of classes that can actually transfer  
25 in to another school's Nursing program is strictly dependent on that school's transfer policy. The  
26 truth of the matter is that most Nursing programs will only accept 4-7 of [Ashford]'s Gen Ed  
27 courses for transfer credit. This fact often results in students spending more time/money at  
28 [Ashford] without any benefit to their larger academic goals."

1           98. Similarly, Admissions Counselors told consumers interested in a career in medical  
2 billing and coding that its health informatics degree will help them achieve that career, despite the  
3 fact that the school's own internal reports indicate that "medical coding and billing is not an  
4 outcome of any of Ashford's programs."

5           Careers in Teaching

6           99. Ashford has also misrepresented to consumers that Ashford University's online  
7 degrees would enable them to be teachers. Nearly 90 percent of elementary and secondary school  
8 teaching positions are in public schools, and in all 50 states, a teaching certification from the state  
9 is required to teach in public schools in that state, absent exceptional circumstances. While the  
10 requirements for obtaining a teaching certification vary from state to state, most states require the  
11 completion of a state-approved teacher-preparation program. Furthermore, even though private  
12 elementary and secondary school teachers typically are not required by law to hold a certification,  
13 many private school teaching positions require a certification as a matter of school policy.

14           100. At all relevant times, none of Ashford University's online degrees have ever been a  
15 state-approved teaching program. Yet Ashford failed to properly disclose this fact to prospective  
16 students and also made misleading statements designed to make students believe that an Ashford  
17 University degree would be sufficient to work as a teacher. For example, in one advertisement,  
18 Ashford claimed that students who enrolled in its Bachelor of Arts in Organizational Management  
19 coupled with a "concentration in Elementary Education" "will possess many of the skills required  
20 to be successful as a professional educator," with no mention of the fact that the program did not  
21 result in teacher certification.

22           101. Ashford stated in another advertisement that a "popular degree program at Ashford  
23 University is Education. As another generation of teachers prepare for retirement, Ashford is  
24 eager to prepare new educators through their degree concentration. At Ashford, education majors  
25 learn planning of classroom activities, educational psychology, school health and safety, as well  
26 as classroom management. A career as a teacher is one of the most rewarding careers out there,  
27 and that must be why it is such a popular degree at Ashford!" This ad, too, fails to mention that  
28 no Ashford University degree was a state-approved teacher preparation program.

1           102. Ashford’s Admissions Counselors were taught to skirt and avoid the fact that Ashford  
2 University offered no state approved teacher preparation programs when speaking to prospective  
3 students who were interested in becoming teachers. At best, they would only inform prospective  
4 students that a further credentialing program would be required in addition to the Ashford  
5 University degree if the prospective student specifically asked. One former Ashford Admissions  
6 Counselor calls the representations that Ashford made about its teaching program “bogus.”

7           103. Ashford also made misleading statements and material omissions in its  
8 advertisements about consumers’ ability to become teachers through the “Educational  
9 Partnership” that Ashford University had between 2009 to 2012 with Rio Salado College, a  
10 community college in Tempe, Arizona. In one online advertisement for the program, for  
11 example, Ashford stated that through this partnership, a student could earn an online Bachelor of  
12 Arts degree at Ashford, and then complete an online teacher preparation program at Rio Salado,  
13 resulting in a “BA and teacher certification in as few as 2 and a half years.” That advertisement,  
14 however, fails to disclose the material fact that the teacher certification available through the Rio  
15 Salado teacher preparation program was specific to Arizona.

16           104. Mystery shoppers that Ashford hired to test its Admissions Counselors’ responses to  
17 questions about the Rio Salado partnership confirm that the school frequently misrepresented the  
18 program. Out of 50 calls in which a shopper posing as a prospective student asked whether the  
19 Rio Salado certification would be valid in his or her state, identifying states other than Arizona,  
20 24 of the calls contained misrepresentations about the ability of the certification to transfer to that  
21 state. For example, when one shopper asked about using the Arizona certification in Connecticut,  
22 the Admissions Counselor “told the caller not to worry about that” and that “it would be best to  
23 find out her state requirements for licensing closer to graduation because the regulations change  
24 often.” When another shopper asked about using the Arizona certification in Pennsylvania, the  
25 Admissions Counselor told the caller that Rio Salado would “provide an Arizona license and their  
26 staff would assist in converting the certification for the caller’s state,” and that “Arizona’s  
27 certificates are accepted in most states or there would be minimal requirements for the change  
28 over.” When another shopper asked about using the Arizona certification in Wisconsin, the

1 Admissions Counselor responded “that Rio Salado was a partner school” and the “caller would be  
2 able to obtain a teaching certification for the state of Arizona and would then be able to transfer it  
3 to the callers [sic] state.” Another Admissions Counselor told a shopper posing as a Rhode Island  
4 resident that she could transfer the Arizona teaching certificate to her state, “similar to having  
5 your driver’s license transferred when you moved to another state.”

6 105. Students enrolled under the mistaken belief, based on these false and misleading  
7 claims, that Ashford University’s programs would allow them to teach. These students incurred  
8 expenses and wasted valuable time taking courses at Ashford, only to find out later that Ashford  
9 University’s programs could not lead to a teaching credential and that they would need to pursue  
10 a credential elsewhere.

11 Job & Salary Outcomes

12 106. Ashford’s Admissions Counselors were trained to make representations about  
13 nationwide job and salary prospects, using data from sources like O\*NET Resource Center and  
14 the Bureau of Labor Statistics, without disclosing that actual prospects of Ashford enrollees are  
15 often poor compared to aggregate nationwide statistics.

16 107. According to the United States Department of Education’s most recent statistics, just  
17 16 percent of enrolled first-time, full-time undergraduate students at Ashford University graduate  
18 within 150% of the anticipated completion time, less than half the national average. Ashford’s  
19 own statistics include those who are not first-time students, but the statistics are little better: for  
20 bachelor’s degree seekers, the most recent six-year graduation rate by Ashford’s methodology is  
21 27%, and the three-year graduation rate for associate’s degree seekers is 10%. For the students  
22 who do graduate, employment prospects are uncertain. In an internal alumni survey conducted in  
23 2010, just 36 percent of alumni agreed that “I am earning a higher compensation as a direct result  
24 of my Ashford degree,” and 38 percent agreed that “The degree I received from Ashford has  
25 directly contributed to me getting a better job or promotion.” Students who graduated in the year  
26 of the survey reported that their incomes had increased only \$4,546 since enrollment at Ashford  
27 University; the equivalent figure in 2011 was \$4,660, and \$3,768 in 2012. Meanwhile, the typical  
28 Ashford University student borrower graduates with \$34,375 in federal debt, and a monthly loan

1 payment of \$355, or \$4,260 per year. Just 23% of Ashford University’s student borrowers have  
2 managed to pay even one dollar toward the principal balance of their federal loans within three  
3 years of exiting the school.

4 108. In another internal survey of Ashford University alumni, 223 (18.7 percent) of 1,191  
5 respondents indicated they were unemployed. Of the 968 employed respondents, 417 (43.1  
6 percent) reported that their current occupation was not in an area related to their Ashford  
7 University degree.

### 8 **Misrepresentations about Ashford’s Iowa Campus**

9 109. During the time that Ashford maintained its ground campus in Clinton, Iowa, much of  
10 Ashford’s marketing to prospective online students—on its website, in print, and during  
11 telephone sales conversations—emphasized that Ashford University was a traditional four-year,  
12 “brick and mortar” college with a storied history. The result was a coordinated effort to graft the  
13 pedigree of a tiny Catholic university, Franciscan University of the Prairies, onto the brand-new  
14 online behemoth that purchased it. Ashford’s representations concerning the former Franciscan  
15 University of the Prairies campus were false and misleading to prospective students, because in  
16 reality the online university enrolled 99% of all students and was a wholly separate institution  
17 with no history to speak of, separate faculty and staff, and minimal real-world connections to the  
18 Clinton campus.

19 110. Admissions Counselors themselves believed that emphasizing the ground campus to  
20 prospective online students was “a façade,” “total b---s---,” and that “99 percent of the school had  
21 nothing to do with the historical, accredited school.” Indeed, one former Divisional Vice  
22 President admits that discussing Ashford’s ground campus was “not pertinent” and “not germane”  
23 to prospective online students. Nevertheless, according to former Admissions Counselors, they  
24 would “play up the brick and mortar campus all the time,” using it to distinguish Ashford  
25 University from other for-profit schools, and this sales approach “worked on people.”

26 111. By conflating its predominantly online operations with its relatively miniscule  
27 campus offerings, Ashford aimed to give prospective online students the false impression that  
28 they would receive just as rich an education as campus students did. Indeed, an FAQ page on

1 Ashford's website stated, "Is the online education degree any different than the one that is earned  
2 on-campus at Ashford University? No. You will receive the same degree and your diploma is  
3 the same as an on-campus student[']s."

4 112. In other marketing materials, Ashford proclaimed that: "Founded in 1918 as Mount  
5 St. Clare College, Ashford University's campus is located in Clinton, Iowa, with students who  
6 live in residence halls and support 17 collegiate teams. *Students can count on the same high-*  
7 *quality instruction whether they take their courses on campus or online*" (emphases added), as  
8 shown below. Yet around the same time Ashford was disseminating such advertisements, WASC  
9 rejected Ashford University's initial application for accreditation, citing numerous ways in which  
10 the academic rigor and quality of the university's online programs fell short of those at the ground  
11 campus.

12

13 "Founded in 1918 as Mount St. Clare College, Ashford University's campus is located in Clinton, Iowa, with students who live in residence halls and support 17 collegiate teams. Students can count on the same high-quality instruction whether they take their courses on campus or online."

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113. Sales personnel were taught to emphasize Ashford's dormitories and sports teams and tell consumers they could attend commencement exercises at the Iowa campus. Admissions Counselors and marketing materials stated that Ashford University has existed since 1918 and has been accredited since 1950.



1           114. Furthermore, training materials instructed Admissions Counselors *not* to tell  
2 consumers that “Ashford University is an online university” and instead directed them to state  
3 that “Ashford University is a traditional university with online degree programs.” In practice,  
4 Admissions Counselors often went even further and told prospective students that Ashford  
5 University is “*not an online school*,” but a “real,” “brick and mortar” college with an online  
6 offshoot, and they often contrasted Ashford University with competitor institutions by pointing  
7 out that the competitors lacked traditional physical campuses and long histories.

8           115. The representations were systematic — they were developed and refined by Ashford  
9 through consumer testing. Indeed, the school conducted market surveys to test these  
10 representations, asking respondents which of the following three statements was the most  
11 important to them: “Even though it’s online, I feel that I’m ‘living’ a part of the traditional  
12 college experience,” “Ashford University was established in 1918,” and “Ashford has a  
13 traditional campus with sports teams.”

14           116. In reality, there were few connections or similarities between Ashford University’s  
15 ground campus programs and those online. Indeed, findings by Ashford University’s accreditor  
16 highlighted dramatic disparities between the two. In 2012, WASC found that “while relationships  
17 between the Clinton [Iowa] and San Diego operations are cordial, the integration of the traditional  
18 and non-traditional instructional systems . . . is not yet fully developed. In many crucial ways the  
19 two quite different models operate largely independent of one another.” In the autumn of 2011,  
20 the Iowa campus employed 56 full-time faculty for its 973 students, whereas the online division  
21 employed just seven full-time faculty for 73,623 students. There was “variability in expectations  
22 for student attainment and rigor between online and on-ground delivery,” and the “qualifications  
23 and workload activities for on-ground vs. online faculty members appear to be inconsistent.”  
24 While ground campus courses stated their “program learning outcomes” in their syllabi, online  
25 course syllabi did not do so. The ground campus relied on a “robust advising system” in which  
26 each faculty member had about 30 advisees and had to approve their advisees’ course  
27 enrollments. Online students, by contrast, had no such faculty advisor, and online faculty  
28 complained that they were subject to rubrics that “do not allow for instructor deviation or

1 innovation using individual talents or judgement in the class,” and “reduce[] the role of faculty to  
2 technician and heavily restrain[] the ability of faculty to react to individual student/class needs.”

### 3 **Misrepresentations in Securities Filings About Job Preparation**

4 117. In its securities filings and other investor communications, Bridgepoint materially  
5 misrepresented the results of surveys assessing how well Ashford University’s programs prepared  
6 its graduates for jobs.

7 118. In the company’s 2009 Form 10-K filed with the Securities and Exchange  
8 Commission, Bridgepoint misrepresented the results of a survey of Ashford alumni. The  
9 company reported that “99% of working alumni participating in the survey felt their education  
10 prepared them for their current occupation.” These statements dramatically inflated the true  
11 results of the survey. As the below excerpts from the survey demonstrate, of the 968 respondents  
12 who reported they were employed at least part-time, only a little more than half were working in a  
13 field related to their degree. And it is only that subset of alumni *working in a field related to their*  
14 *degree* that Ashford asked to respond to the question of how well Ashford prepared them for their  
15 occupations, with 99 percent of *that subset* reporting their education did prepare them for their  
16 current employment (though about half of them indicated only “moderately” or “slightly” so).  
17 But that 99 percent figure represents only approximately 57 percent of *all* “working alumni” that  
18 were surveyed (551 out of 968), many of whom worked in fields unrelated to their degrees. In  
19 other words, while Bridgepoint claimed that almost all of its working alumni believed that  
20 Ashford University prepared them for their current occupations, in fact, only approximately 57  
21 percent of such working alumni (i.e., those working in fields related to their degrees) reported that  
22 their education at least *slightly* prepared them for their current occupations.

23 119. In addition, in a 2009 Annual Report published to investors, Bridgepoint dropped the  
24 “working” qualifier from the above claims and stated in two places that “99% of alumni state that  
25 Ashford University prepared them for their current job” and that “In Ashford University’s most  
26 recent alumni survey, 99% of alumni felt their Ashford University program prepared them for  
27 their current job” (emphasis added). In reality, accounting for the fact that some respondents  
28

1 were unemployed and others worked in fields unrelated to their degrees, only 46 percent of *all*  
 2 alumni surveyed—nowhere close to the 99 percent claimed by Ashford—reported that their  
 3 education at Ashford prepared them for their current occupations.

4 **4: Which of the following best describes your current employment status?**  
 (Respondents could only choose a **single** response)

Response	20%	40%	60%	80%	100%	Frequency	Count
Employed full-time (35 or more hours per week)						72.3%	861
Employed part-time						9.0%	107
Not employed						18.7%	223
						Mean	1.464
						Standard Deviation	0.790
						Valid Responses	1191
						Total Responses	1191

10 \* \* \*

11 **10: Is your current occupation in an area that is related to your Ashford degree?**  
 (Respondents could only choose a **single** response)

Response	20%	40%	60%	80%	100%	Frequency	Count
Yes						56.9%	551
No						43.1%	417
						Mean	1.431
						Standard Deviation	0.495
						Valid Responses	968
						Total Responses	968

16 \* \* \*

17 **10a: How well do you feel your Ashford program prepared you for your current occupation?**  
 (Respondents could only choose a **single** response)

Response	20%	40%	60%	80%	100%	Frequency	Count
Very well prepared						50.5%	278
Moderately well prepared						39.6%	218
Slightly prepared						9.4%	52
Unprepared						0.5%	3
						Mean	3.399
						Standard Deviation	0.550
						Valid Responses	551
						Total Responses	551

25 120. Bridgepoint again misrepresented an alumni survey in the company’s 2010 Form 10-  
 26 K filed the following year, in which Bridgepoint stated, “in an alumni survey which we  
 27 conducted, 99% of working alumni participating in the survey felt their education prepared them  
 28 for their current occupation[.]” This claim was false for the same reason the claim in

1 Bridgepoint's 2009 10-K was false: before calculating the percentage it reported to investors, BPI  
2 excluded a significant percentage of working alumni who reported that their work was unrelated  
3 to their degree.

4 121. Bridgepoint's false statements about the surveys are material to investors, students  
5 and prospective students, and the public. A reasonable investor would consider statistics related  
6 to job preparation important in reaching an investment decision with respect to an educational  
7 institution, particularly here where Admissions Counselors often touted Ashford's online  
8 programs as a way for students to improve their career prospects.

### 9 **Ashford's Unfair, Unlawful, and Fraudulent Billing and Collection Practices**

10 122. Ashford not only surprised many students with out-of-pocket liabilities, but also  
11 employed unlawful methods of collecting those liabilities, including by threatening, assessing,  
12 and collecting unlawful collection fees.

#### 13 Excessive Collection Fees

14 123. From at least 2009 through 2013, Ashford threatened, assessed, and collected  
15 unlawful debt collection fees from students who owed debt balances to Ashford.

16 124. During that period, Ashford sent students with delinquent accounts "final notice"  
17 emails threatening to refer their accounts to a collections agency imminently. The emails  
18 informed students that unless payment was immediately forthcoming, the account would be  
19 assigned to a collection agency, and students would "incur collection agency fees up to 33 1/3  
20 percent of [their] balance." Many students whose accounts were referred to debt collectors found  
21 their balances augmented with the threatened fee, and a significant number of those students paid  
22 their entire balance, including a collections fee equal to up to one-third of their balance.

23 125. By imposing a collections fee that was a pre-determined fraction of a student's  
24 account, often one-third, Ashford passed the contingency fee charged by its third-party debt  
25 collectors onto its students. The fixed percentage collections fee structure was calculated to  
26 reimburse the collectors for their efforts to collect on *all* the accounts that Ashford assigned to it,  
27 including the large majority of accounts where collections efforts were unsuccessful. It was  
28 unlawful for Ashford to impose such collections fees on any student because the fees bore no

1 relationship to the efforts required to collect that particular student's debt, or to Ashford's likely  
2 losses due to that particular student's default. Ashford made no attempt to determine the extent of  
3 those costs or losses on an individualized basis.

4 126. Ashford University's enrollment agreements also purported to bind their students to  
5 paying the unlawful collection fees, stating: "If the University deems it necessary to engage the  
6 services of a collection agency or attorney to collect, or to settle any dispute in connection with,  
7 an unpaid balance on a student account, the student will be liable for all collection agency and/or  
8 attorney fees, reasonable expenses and costs incurred." By representing to students that their  
9 enrollment in Ashford University made them liable for unlawful collections fees in the event their  
10 accounts ended up in collections, Ashford further violated California law.

#### 11 Excessive Fees for Bounced Checks

12 127. Until at least May 2015, Ashford further saddled its students with unlawful liabilities  
13 by imposing excessive bounced check fees. Its enrollment agreements required students to pay an  
14 "Insufficient Funds Fee" of \$30 if they paid Ashford with a check from a bank account with  
15 insufficient funds. California law capped such charges at \$25.

16 128. By charging students more than \$25 for passing checks on insufficient funds, and  
17 representing to students that their enrollment in Ashford University made them liable for unlawful  
18 bounced check fees, Ashford violated California law.

#### 19 Other Illegal Collections Tactics

20 129. Ashford also employed other illegal tactics to coerce students to pay their balances to  
21 the school. For example, in 2014, M.W. had withdrawn from Ashford University without  
22 completing a degree, and because Ashford did not timely withdraw her, it attributed several  
23 thousand dollars of outstanding debt to her account. A couple of years later, an Ashford  
24 Admissions Counselor approached M.W. and encouraged her to re-enroll, telling her that "The  
25 balance you had before with Ashford has been placed with an outside collection agency and the  
26 hold that was preventing you from coming back to school can now be lifted. You still owe the  
27 money but to the collection agency. This way you can get back into school *without paying for it*  
28 *up front* and you can finish your degree" (emphasis added). In reliance on the Admissions

1 Counselor's promises M.W. re-enrolled at Ashford, after re-iterating that she "cannot afford to  
2 pay cash" for her studies. After M.W. started class, and contrary to the representations that her  
3 Admissions Counselor had made prior to enrollment, Ashford demanded that she pay out-of-  
4 pocket for her graduation fee and for transfer credits she received based on Ashford's evaluation  
5 of her prior life experiences. Furthermore, Ashford also demanded that she use her current  
6 financial aid award to pay down her balance from 2014, in violation of federal financial aid rules.  
7 Because M.W. could not afford to pay out-of-pocket for her transfer credits and graduation fee,  
8 Ashford refused to release her diploma and official transcripts to her.

9 **FIRST CAUSE OF ACTION AGAINST DEFENDANTS**

10 **VIOLATIONS OF BUSINESS AND PROFESSIONS CODE SECTION 17500 (FALSE OR**  
11 **MISLEADING STATEMENTS)**

12 130. The People reallege all paragraphs set forth above and incorporate them by reference  
13 as though they were fully set forth in this cause of action.

14 131. From a date unknown to the People and continuing to the present, Defendants have  
15 engaged in and continue to engage in, aided and abetted and continue to aid and abet, and  
16 conspired to and continue to conspire to engage in acts or practices that constitute violations of  
17 Business and Professions Code section 17500 et seq., by making or causing to be made untrue or  
18 misleading statements with the intent to induce members of the public to purchase Defendants'  
19 services, as described in Paragraphs 1-129. Defendants' untrue or misleading representations  
20 include, but are not limited to, the following:

21 a) Defendants' statements regarding consumers' ability to obtain federal financial  
22 aid, including but not limited to Pell Grants;

23 b) Defendants' statements regarding the costs of attending Ashford University,  
24 including but not limited to the extent to which costs can be covered by financial aid;

25 c) Defendants' statements regarding the likelihood that credits can be transferred  
26 from other schools into Ashford University, and the likelihood that credits from Ashford  
27 University can be transferred to other schools;

28

1 d) Defendants' statements regarding the ability of Ashford University programs to  
2 prepare students for careers, including in social work, teaching, nursing, and medical  
3 billing and coding;

4 e) Defendants' statements regarding its students' employment and salary  
5 prospects;

6 f) Defendants' statements regarding the relationship between Ashford's former  
7 ground campus in Clinton, Iowa and its online programs; and

8 g) Defendants' statements regarding the results of alumni surveys in its filings  
9 with the Securities and Exchange Commission and other investor communications.

10 132. At the time the representations set forth in Paragraphs 1-129 were made, Defendants  
11 knew or by the exercise of reasonable care should have known that the representations were  
12 untrue or misleading.

13 **SECOND CAUSE OF ACTION AGAINST DEFENDANTS**

14 **VIOLATION OF BUSINESS AND PROFESSIONS CODE SECTION 17200**  
15 **(UNLAWFUL, UNFAIR AND FRAUDULENT BUSINESS PRACTICES)**

16 133. The People reallege all paragraphs set forth above and incorporate them by reference  
17 as though they were fully set forth in this cause of action.

18 134. From a date unknown to the People and continuing to the present, Defendants have  
19 engaged, and continue to engage in, aided and abetted and continue to aid and abet, and conspired  
20 and continue to conspire to, engage in unlawful, unfair, or fraudulent acts or practices, which  
21 constitute unfair competition within the meaning of Section 17200 of the Business and  
22 Professions Code, as described in Paragraphs 1-129. Defendants' acts or practices include, but  
23 are not limited to, the following:

24 a) Defendants have violated Business and Professions Code section 17500 et seq.,  
25 as alleged above in the First Cause of Action.

26 b) Defendants engaged in fraudulent acts or practices, including but not limited to  
27 making the statements alleged in Paragraph 131 of the first cause of action above.  
28

1 c) Defendants have violated the Consumer Legal Remedies Act, Civil Code  
2 section 1770 et seq., by, without limitation, misrepresenting students' ability to transfer  
3 credits into and out of Ashford University, misrepresenting the relationship between  
4 Ashford's ground campus and online programs, misrepresenting the results of alumni  
5 surveys in Bridgepoint's securities filings, threatening to charge collection fees of up to 33  
6 1/3 percent from students, and threatening to charge fees of \$30 for each check drawn on  
7 insufficient funds;

8 d) Defendants have violated Civil Code section 1671, and the Rosenthal Act, Civil  
9 code section 1788 et seq., by actually charging collections fees of up to 33 1/3 percent from  
10 students;

11 e) Defendants have violated Civil Code section 1719 by actually charging fees of  
12 \$30 for each check drawn on insufficient funds; and

13 f) Defendants have violated Business and Professions Code section 17500 et seq.,  
14 and Corporations Code section 25400, subdivision (d), and section 25401, by falsely  
15 representing the results of alumni surveys in its filings with the Securities and Exchange  
16 Commission and other investor communications.

17 **PRAYER FOR RELIEF**

18 WHEREFORE, the People respectfully request that the Court enter judgment in favor of the  
19 People and against Defendants, jointly and severally, as follows:

20 1. That Defendants, their successors, agents, representatives, employees, assigns and all  
21 persons who act in concert with Defendants be permanently enjoined from making any untrue or  
22 misleading statements in violation of Business and Professions Code section 17500, including,  
23 but not limited to, the untrue or misleading statements alleged in this Complaint, under the  
24 authority of Business and Professions Code section 17535;

25 2. That Defendants, their successors, agents, representatives, employees, assigns and all  
26 persons who act in concert with Defendants be permanently enjoined from engaging in unfair  
27 competition as defined in Business and Professions Code section 17200, including, but not  
28



1 limited to, the acts and practices alleged in this Complaint, under the authority of Business and  
2 Professions Code section 17203;

3 3. That the Court make such orders or judgments as may be necessary, including  
4 preliminary injunctive and ancillary relief, to prevent the use or employment by any Defendant of  
5 any practice which violates Business and Professions Code section 17500, or which may be  
6 necessary to restore to any person in interest any money or property, real or personal, which may  
7 have been acquired by means of any such practice, under the authority of Business and  
8 Professions Code section 17535;

9 4. That the Court make such orders or judgments as may be necessary, including  
10 preliminary injunctive and ancillary relief, to prevent the use or employment by any Defendant of  
11 any practice which constitutes unfair competition or as may be necessary to restore to any person  
12 in interest any money or property, real or personal, which may have been acquired by means of  
13 such unfair competition, under the authority of Business and Professions Code section 17203;

14 5. That the Court assess a civil penalty of \$2,500 against each Defendant for each  
15 violation of Business and Professions Code section 17500, in an amount according to proof,  
16 under the authority of Business and Professions Code section 17536;

17 6. That the Court assess a civil penalty of \$2,500 against each Defendant for each  
18 violation of Business and Professions Code section 17200, in an amount according to proof,  
19 under the authority of Business and Professions Code section 17206;

20 7. That the Court assess an additional civil penalty of \$2,500 against each Defendant for  
21 each violation of Business and Professions Code section 17200, in an amount according to proof,  
22 under the authority of Business and Professions Code section 17206.1 for each violation against  
23 one or more senior citizens or disabled persons as described therein;

24 8. That the People recover their costs of suit, including costs of investigation;

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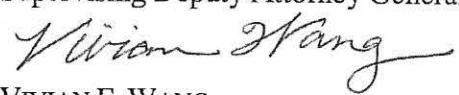
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- 9. That the People receive all other relief to which they are legally entitled; and
- 10. That the Court award such other relief that it deems just, proper, and equitable.

Dated: November 29, 2017

Respectfully Submitted,  
  
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