



Date: July 30, 2015

From: Lincoln Educational Services Corporation

Re: Statement on Final Consent Judgment with Massachusetts Attorney General

Lincoln Technical Institute has been providing students with career-oriented skilled training for nearly 70 years. Our mission is clear: to provide a cost-effective quality education for each of our students with the hope that all of our graduates obtain employment in their chosen field of study. We know that perfection does not exist. Yet our 125 employees in the Commonwealth (and nearly 2,500 employees throughout the United States) work hard each and every day to try and fulfill this mission.

While Lincoln denies the allegations brought in this action, we are gratified that the Judgment enables our former students to benefit from the \$850,000 in direct funds to be distributed by the Attorney General as she determines, and \$165,000 in loan forgiveness.

The Attorney General's Office performed an exhaustive review of the placement data for all of our graduates since January 1, 2008. During this period, the country experienced The Great Recession and saw unemployment rates double from 5% to 10%. Employment opportunities were challenging for graduates at all post-secondary institutions, not just at Lincoln. From medical and law schools to community colleges and traditional four-year universities, tens of thousands of graduates were unable to find employment in their field of study upon graduation. Instead they were forced to seek employment wherever possible in order to make a living.

Unfortunately, the "for-profit" schools sector in the U.S. continues to bear both the economic and social burden attendant to that environment. And in an era that demands fuller disclosure and greater transparency, many rules and regulations have been created that apply only to "for-profits."

For example, Massachusetts requires "for-profit" schools to verify the place of employment, the number of hours worked, the status of employment (full or part-time) and the starting salary for each of our graduates. Those who work less than 32 hours per week (including graduates who proactively choose to do so) or are not working in their chosen field of study or working for a temporary agency are not considered a valid placement.

Similarly, if "for-profit" institutions are unable to successfully reach a graduate or if a graduate chooses not to disclose current employment information, they are considered unemployed – and negatively impact overall placement statistics.

The same standards do not apply to community colleges and four-year universities. There are no verification requirements for these institutions. Even when Lincoln graduates continue their education at a traditional four-year university they are considered unemployed – and our

placement statistics are negatively impacted. The opposite is true if the same persons graduated from a community college.

Full disclosure and transparency require a level playing field.

The public has the right to know the job placement statistics for **all** post-secondary institutions. Having a high school senior and her parents know the job placement rates at their favored college or university for English, accounting or journalism majors would be immensely helpful when determining the value proposition of attending that school. Unfortunately, these disclosures are limited to “for-profit” schools and not necessary for community colleges or traditional four-year universities.

We look forward to the day that all post-secondary institutions – from proprietary schools and community colleges to four-year universities and graduate schools – are held to the same standards.

NOTIFY

5

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, ss.

SUPERIOR COURT
CIVIL ACTION NO.

_____))
COMMONWEALTH OF MASSACHUSETTS,))
))
Plaintiff,))
))
v.))
))
LINCOLN TECHNICAL INSTITUTE, INC. and))
LINCOLN EDUCATIONAL SERVICES))
CORPORATION))
))
Defendants.))
_____)

15-2044 C

FINAL JUDGMENT BY CONSENT

Whereas Plaintiff Commonwealth of Massachusetts (the "Commonwealth"), by

*Notarized
7/15/15
TH*

and through its Attorney General, conducted an investigation of, *inter alia*, various enrollment, disclosure, admissions, and educational practices by Lincoln Educational Services Corporation and Lincoln Technical Institute, Inc. (collectively, "Defendants" or "Lincoln"), and filed and served its Complaint on July 8, 2015, in the above-captioned matter pursuant to G.L. c. 93A, § 4, alleging that Defendants committed unfair or deceptive acts or practices in violation of c. 93A, § 2;

Whereas the parties have agreed to resolve this matter in accordance with this Final Judgment by Consent ("Final Judgment");

Whereas Defendants have consented to the entry of this Final Judgment, waiving any right to appeal and without trial or adjudication of any issue of fact or law;

Whereas Defendants acknowledge that this Court has subject matter jurisdiction and personal jurisdiction over Defendants, and that venue is proper in this Court;

JUDGMENT ENTERED ON DOCKET 7/15/2015
PURSUANT TO THE PROVISIONS OF MASS. R. CIV. P. 60(a)
AND NOTICE SEND TO PARTIES PURSUANT TO THE PRO-
VISIONS OF MASS. R. CIV. P. 77(d) AS FOLLOWS

Whereas the Commonwealth acknowledges that Defendants have fully cooperated with the Commonwealth's investigation;

Whereas Defendants deny all allegations of wrongdoing and any liability for the purported claims asserted in the Complaint, but nonetheless consent to the entry of this Final Judgment in order to avoid the time, burden, and expense of contesting such liability; and

Whereas nothing in this Final Judgment constitutes an admission, declaration, or other evidence of any fact or law or, except with respect to the terms provided in this Final Judgment, the rights or liabilities of any person or entity.

NOW THEREFORE, upon Defendants' consent, the Court finding there is good and sufficient cause to enter this Final Judgment, and there being no just reason for delay:

I. IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that this Court has jurisdiction over the subject matter and the Commonwealth and Defendants.

Venue in this Court is proper under G.L. c. 223, § 5. The Attorney General is authorized to bring this action under G.L. c. 93A, § 4.

II. IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendants shall, beginning within thirty (30) days of entry of the Final Judgment, make the disclosures described in section III below, as applicable, (the "Required Disclosures") (i) on Defendants' website on a webpage that prospective students must pass through before obtaining information applicable to any School¹ program

¹ As used herein, "School" refers to the Massachusetts campuses of Lincoln Technical Institute, Inc., including any new campus in Massachusetts that is acquired or started after the date of this consent agreement.

and (ii) in writing to all students of the School at least 72 hours² prior to entering into an enrollment agreement and (iii) in all Massachusetts advertisements or written solicitations made by Defendants for the Schools that refer to any of the topics identified in section III below unless the section's exception applies. The Required Disclosures on Defendants' website shall be clear and conspicuous to consumers viewing information about any School. The Required Disclosures provided in writing pursuant to II(ii) above shall be double-spaced and in 12-point type. When the Required Disclosures are made pursuant to II(ii) above, the prospective student shall be required to sign and date the Required Disclosures, with a copy to be provided to the student and a copy retained by Defendants. Further, no School shall represent to a student or prospective student or to any other person that its credits are or may be transferable to another educational institution without (1) identifying the school(s) with which it has written agreements or other documentation verifying that credits can be transferred to said school(s); and (2) indicating it is aware of no other schools that accept the transfer of its credits.

III. IT IS HEREBY ORDERED, ADJUDGED, AND DECREED, that unless Defendants have entered into an agreement with an employer under which the employer is required to provide employment to Defendants' students, Defendants shall disclose that THE SCHOOL HAS NO EXISTING AGREEMENT WITH EMPLOYERS TO PROVIDE JOBS TO STUDENTS AND DOES NOT GUARANTEE EMPLOYMENT.

² If the Attorney General's regulations are altered to require a different time period or no time period, such altered time period will be deemed to replace the 72 hour time period in section II.

- IV. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that in calculating placement percentages for their Massachusetts programs,
- A. Defendants shall not include the following positions: waitress or waiter, restaurant host or hostess, childcare provider, home health aide, or custodian; or positions in housekeeping, retail, food service, or transportation, except that, with respect to graduates of the criminal justice program, placements in retail may be counted where the students is primarily engaging in security or loss-prevention functions as opposed to general retail duties.
 - B. Defendants shall include only those placements for which it has obtained verification in the form permitted by the applicable accreditor standards or by law. For each of the Schools, such verification shall be provided to the Attorney General's office, together with the last known name, address, and telephone number of the students whose employment has been verified, within ten (10) days of any written request by the Attorney General's office.
 - C. Defendants shall not count as "placed" any student for whom the student's placement is outside the student's field of study.

V. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants shall:

- A. Pay to the Attorney General the sum of \$850,000, which shall be paid within thirty (30) days of entry of the Final Judgment and which shall be distributed by the Attorney General to or on behalf of graduates of the criminal justice program of the Schools at the sole discretion of the

Attorney General. If at least nine months have passed since entry of the Final Judgment and the Attorney General determines in her sole discretion that any portion of the remaining funds is no longer needed for these purposes, the Attorney General may direct the monies to the Commonwealth's general fund.

B. Separately, forgive \$165,000 of debt consisting of unpaid balances owed to Defendants or their affiliates by certain graduates as determined in the sole discretion of the Attorney General. Defendants will provide notice to the graduates at their last known mailing address of the debt forgiveness applicable to them, and provide documentation to the Attorney General of the notices and the amounts of debt forgiven. To the extent that Defendants have made negative reports regarding the forgiven loans to credit reporting agencies, Defendants will provide notice to such agencies that the loans have been forgiven.

VI. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants shall provide, on request by the Attorney General, within a reasonable time but in no event exceeding thirty (30) days after such a request, documents sufficient to demonstrate Defendants' compliance with the terms of this Final Judgment, including but not limited to documents sufficient to verify (i) that all required disclosures have been made, and (ii) that Defendants' placement calculations are being conducted in accordance with this Final Judgment. The Attorney General agrees that, prior to taking any action against Defendants, the Attorney General shall provide written notice of any suspected violations of this

Judgment and thirty (30) calendar day period to address any such suspected violations, within which period the parties shall make good faith efforts to meet and confer regarding the suspected violations. Any efforts by Defendants during the thirty (30) calendar day period to address any such violations shall not bar or limit the Attorney General from taking actions that it deems necessary to protect the public interest. Nor shall any such efforts by Defendants be proffered to establish that Defendants were in alleged violation of this Judgment. Nothing in this section shall affect or apply to any action that might be brought by the Attorney General except actions to enforce this Judgment.

- VII. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the provisions of this Final Judgment shall apply to and are binding upon Defendants, their officers, managers, agents, servants, employees, successors and assigns, and upon any persons or entities in active concert or participation with them.
- VIII. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants shall ensure that each of their current officers, managers, and placement and admissions employees at each School review the Final Judgment in its entirety within fourteen (14) days of entry of the Final Judgment and, within ten (10) days thereafter, provide a list of the names of those recipients. For new employees of any School at the director level or above, review shall occur prior to their assuming their responsibilities until the fourth anniversary of entry of this Final Judgment.

IX. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that by entry of this Final Judgment, the Commonwealth releases and forever discharges Defendants, including any of their current or former employees (relating solely to their conduct during their employment by Defendants), agents, subsidiaries and subdivisions, partners, predecessors, successors, or assigns (the "Released Parties"), from all civil claims, causes of action, *parens patriae* claims, damages, restitution, fines, costs, attorneys' fees, remedies and/or penalties relating to Lincoln's activities that were or could have been asserted against the Released Parties by the Attorney General as of the date of entry of this Final Judgment that are based on or arising from the Attorney General's investigation in this matter or the allegations of the Complaint.

X. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that nothing contained herein, nor any negotiations or transactions connected in any way with this Final Judgment, shall be offered or received in evidence in any proceeding to prove any liability, any wrongdoing, or an admission on the part of Defendants by any individual or entity not a party hereto; provided, however, that nothing herein shall prevent this Final Judgment from being used, offered, or received in evidence in any proceeding to enforce any or all of its terms.

XI. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court retains jurisdiction of this case pursuant to G.L. c. 93A, § 4 for purposes of enforcing this Final Judgment and granting such further relief as the Court deems just and proper.

- XII. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that any material violation of the Final Judgment may be deemed civil contempt.
- XIII. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that nothing herein shall prevent the parties from petitioning the Court for a modification of this Final Judgment in the event that amendments or changes in federal or state law, future changes in accreditation or other standards, or unforeseen events create a conflict with the mandated provisions of this Final Judgment.
- XIV. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants shall comply with all applicable laws and regulations, including, but not limited to, Massachusetts regulations regarding for-profit and occupational schools, 940 CMR 31.00, and that nothing in this Final Judgment shall relieve Defendants of their duty to comply with these laws and regulations.
- XV. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Final Judgment may not be changed, altered, or modified, except by further order of the Court.
- XVI. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that each party shall bear its own attorneys' fees and costs.

SO ORDERED:

(b)(6)

Justice, Superior Court

Date:

July 13, 2015



June 30, 2015

ID Code 15171

VIA E-MAIL ONLY

Francis S. Giglio
Vice President of Compliance and Regulatory Services
Lincoln Educational Services Corporation
200 Executive Drive
West Orange, NJ 07052

Dear Fran:

This letter is a request for updated information regarding the Civil Investigative Demand (CID#12-IFS-115) by the Attorney General of the Commonwealth of Massachusetts to Lincoln regarding its education programs and various aspects of its interactions with students.

Please provide the Council with an update by **July 10, 2015**. Until this matter is resolved, please continue to provide information to the Council as it becomes available.

If you have any questions, please contact me at (202) 336-6781 or abieda@acics.org.

Sincerely,

(b)(6)

Anthony S. Bieda
Vice President of External Affairs



March 13, 2015

VIA E-MAIL ONLY

Mr. Anthony S. Bieda
Vice President of External Affairs
ACICS
750 First Street, NE
Washington, DC 20002-4223

RE: Lincoln Technical Institute Civil Investigative Demand Update

Dear Mr. Bieda:

This correspondence is in response to your letter dated March 11, 2015, requesting updated information on the Civil Investigative Demand (CID) by the Attorney General of the Commonwealth of Massachusetts (AG) issued to Lincoln Technical Institute (LTI).

Our last update was provided to you in correspondence dated November 13, 2014. Since the date of that letter, representatives from LTI and the AG's office have met on several occasions to discuss a resolution to this investigation.

Subsequent to these meetings, the AG provided LTI with a draft resolution to the investigation in January 2015. At this time the content of the draft is confidential. However, when the agreement has been signed by the AG and LTI, I will be communicating the content of the resolution to your agency.

If you have any additional questions, please contact me at (973) 766-9055 or via e-mail at fgiglio@lincolnedu.com.

Sincerely,

(b)(6)



Francis S. Giglio
Vice President of Compliance and Regulatory Services



March 11, 2015

ID Code 15171

VIA E-MAIL ONLY

Francis S. Giglio
Vice President of Compliance and Regulatory Services
Lincoln Educational Services Corporation
200 Executive Drive
West Orange, NJ 07052

Dear Fran:

This letter is a request for updated information regarding the Civil Investigative Demand (CID#12-IFS-115) by the Attorney General of the Commonwealth of Massachusetts to Lincoln regarding its education programs and various aspects of its interactions with students.

Please provide the Council with an update by **March 24, 2015**. Until this matter is resolved, please continue to provide information to the Council as it becomes available.

If you have any questions, please contact me at (202) 336-6781 or abieda@acics.org.

Sincerely,

(b)(6)

Anthony S. Bieda
Vice President of External Affairs



November 13, 2014

VIA E-MAIL ONLY

Mr. Anthony S. Bieda
Vice President of External Affairs
ACICS
750 First Street, NE
Washington, DC 20002-4223

RE: Lincoln Technical Institute Civil Investigative Demand Update

Dear Mr. Bieda:

This correspondence is in response to your letter dated November 10, 2014, requesting updated information on the Civil Investigative Demand (CID) by the Attorney General of the Commonwealth of Massachusetts (AG) issued to Lincoln Technical Institute (LTI).

Our last update was provided to you in correspondence dated July 17, 2014. Since the date of that letter, representatives from LTI and the AG's office have met on several occasions to discuss a resolution to this investigation. However, as you may know, the current Attorney General of the Commonwealth ran for the position of Governor and lost. Therefore, the decision regarding the investigation may be transitioned to the staff of the new Attorney General which could further delay its completion.

In the meantime, LTI will continue to provide information to the AG's office upon request and will inform you when a resolution has been reached.

If you have any additional questions, please contact me at (973) 766-9055 or via e-mail at fgiglio@lincolnedu.com.

Sincerely,

(b)(6)



Francis S. Giglio
Vice President of Compliance and Regulatory Services



November 10, 2014

ID Code 15171

VIA E-MAIL ONLY

Francis S. Giglio
Vice President of Compliance and Regulatory Services
Lincoln Educational Services Corporation
200 Executive Drive
West Orange, NJ 07052

Dear Fran:

This letter is a request for updated information regarding the Civil Investigative Demand (CID#12-IFS-115) by the Attorney General of the Commonwealth of Massachusetts to Lincoln regarding its education programs and various aspects of its interactions with students.

Please provide the Council with an update by **November 21, 2014**. Until this matter is resolved, please continue to provide information to the Council as it becomes available.

If you have any questions, please contact me at (202) 336-6781 or abieda@acics.org.

Sincerely,

(b)(6)

Anthony S. Bieda
Vice President of External Affairs



July 17, 2014

VIA E-MAIL ONLY

Mr. Anthony S. Bieda
Vice President of External Affairs
ACICS
750 First Street, NE
Washington, DC 20002-4223

RE: Lincoln Technical Institute Civil Investigative Demand Letter

Dear Mr. Bieda:

This correspondence is in response to your letter dated July 15, 2014, requesting updated information on the Civil Investigative Demand (CID) by the Attorney General of the Commonwealth of Massachusetts (AG) issued to Lincoln Technical Institute (LTI).

Our last update was provided to you in correspondence dated March 14, 2014, which described the oral testimony provided by Lincoln Technical Institute staff to the AG's office on October 24, 2013. Since the October 2013 testimony, our institution has provided timely responses to any of the requests made by the AG's office. Unfortunately, at this time, it would be difficult to provide your agency with a timeframe for completion of the investigation.

However, if the AG's office completes its investigation prior to the December 2014 Council meeting, our institution will provide you with notification of closure.

Please let me know if you need any additional information. I can be reached at (973) 766-9055 or via e-mail at fgiglio@lincolnedu.com.

Sincerely,

(b)(6)

Francis Giglio
Vice President of Compliance and Regulatory Services



July 15, 2014

ID Code 15171

VIA E-MAIL ONLY

Francis S. Giglio
Vice President of Compliance and Regulatory Services
Lincoln Educational Services Corporation
200 Executive Drive
West Orange, NJ 07052

Dear Fran:

This letter is a request for updated information regarding the Civil Investigative Demand (CID#12-IFS-115) by the Attorney General of the Commonwealth of Massachusetts to Lincoln regarding its education programs and various aspects of its interactions with students.

Please provide the Council with an update by **July 25, 2014**. Until this matter is resolved, please continue to provide information to the Council as it becomes available.

If you have any questions, please contact me at (202) 336-6781 or abieda@acics.org.

Sincerely,

(b)(6)

Anthony S. Bieda
Vice President of External Affairs



LINCOLN

EDUCATIONAL SERVICES

March 14, 2014

VIA E-MAIL ONLY

Mr. Anthony S. Bieda
Vice President of External Affairs
ACICS
750 First Street, NE
Washington, DC 20002-4223

RE: Lincoln Technical Institute Civil Investigative Demand Update

Dear Mr. Bieda:

This correspondence is in response to your letter dated March 7, 2014, requesting updated information on the Civil Investigative Demand (CID) by the Attorney General of the Commonwealth of Massachusetts (AG) issued to Lincoln Technical Institute (LTI).

Our last update was provided to you in correspondence dated October 29, 2013, which included information on our oral testimony before the AG's office on October 24, 2013. Since that oral testimony to the AG's office in October 2013, LTI has continued to communicate with AG staff in order to satisfy their requests. At this point in the investigative process it would be difficult to provide your agency with a timeframe for its completion. However, LTI will continue to provide any information to the AG's office upon request.

If you have any additional questions, please contact me at (973) 766-9055 or via e-mail at fgiglio@lincolnedu.com.

Sincerely,

(b)(6)

Francis S. Giglio *F*
Vice President of Compliance and Regulatory Services



March 7, 2014

VIA E-MAIL ONLY

Francis S. Giglio
Vice President of Compliance and Regulatory Services
Lincoln Educational Services Corporation
200 Executive Drive
West Orange, NJ 07052

Dear Fran:

This letter is a request for updated information regarding the Civil Investigative Demand (CID#12-IFS-115) by the Attorney General of the Commonwealth of Massachusetts to Lincoln regarding its education programs and various aspects of its interactions with students.

Please provide the Council with an update by **March 21, 2014**. Until this matter is resolved, please continue to provide information to the Council as it becomes available.

If you have any questions, please contact me at (202) 336-6781 or abieda@acics.org.

Sincerely,

(b)(6)

Anthony S. Bieda
Director of External Affairs



October 29, 2013

VIA E-MAIL ONLY

Mr. Anthony Beida
Vice President of External Affairs
ACICS
750 First Street, NE
Suite 980
Washington, DC 20002-4241

Dear Mr. Beida:

This correspondence is in response to your letter dated October 23, 2013, requesting updated information on the Civil Investigative Demand (CID) by the Attorney General of the Commonwealth of Massachusetts (AG) issued to Lincoln Technical Institute (LTI).

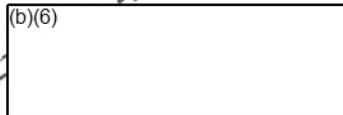
As you know, the original CID was sent to LTI on November 21, 2012, requesting information on our operations in the Commonwealth. LTI provided timely responses to all requests in the original CID.

Subsequently, on July 29, 2013, a letter was sent from the AG to LTI requesting documents in five specific areas. In addition, the correspondence from the AG requested a representative of LTI provide oral testimony before AG staff members. On October 24, 2013, a representative of LTI testified before the AG and provided answers to all questions. LTI will continue to work with the AG's office to provide any additional information if requested.

If you have any additional questions, please contact me at (973) 766-9055 or via e-mail at fgiglio@lincolnedu.com.

Sincerely,

(b)(6)



Francis S. Giglio
Vice President of Compliance and Regulatory Services



October 23, 2013

VIA E-MAIL ONLY

Francis S. Giglio
Vice President of Compliance and Regulatory Services
Lincoln Educational Services Corporation
200 Executive Drive
West Orange, NJ 07052

Dear Fran:

This letter is a request for updated information regarding the Civil Investigative Demand (CID#12-IFS-115) by the Attorney General of the Commonwealth of Massachusetts to Lincoln regarding education and student loan business.

Please provide the Council with an update by **November 8, 2013**. Until this matter is resolved, please continue to provide information to the Council as it becomes available.

If you have any questions, please contact me at (202) 336-6781 or abieda@acics.org.

Sincerely,

(b)(6)

Anthony S. Bieda
Director of External Affairs



September 16, 2013

ID Code 00011316

VIA E-MAIL ONLY

Mr. Jason Horton
Executive Director
Lincoln College of Technology
111 West First Street
Dayton, OH 45402

acicsdayton@swcollege.net

Dear Mr. Horton:

The Council is in receipt of a letter from the Chicago/Denver School Participation Division (SPD) regarding the failure of Lincoln College of Technology (LCT) Dayton, Ohio to meet the non-Title IV revenue requirement (90/10) for the fiscal year ended December 31, 2012. As a result, the institution is provisionally certified effective September 30, 2013.

The institution is reminded that in the event of two consecutive fiscal year failures, the institution is subject to a loss of Title IV eligibility for at least two consecutive fiscal years thereafter.

Please provide a copy of the institution's Provisional Participation Agreement and a narrative explanation of how the institution plans to remedy this situation no later than **September 30, 2013**.

We appreciate your continued attention to this matter. If you have any questions, please contact me at catkinson@acics.org.

Sincerely,

(b)(6)



Carl Atkinson
Institutional Finance Specialist

c: Mr. Elford Davis, ACICS



July 31, 2013

VIA E-MAIL ONLY

Mr. Anthony Bieda
Vice President of External Affairs
ACICS
750 First Street, NE
Suite 980
Washington, DC 20002-4241

Dear Mr. Bieda:

This correspondence is in response to your July 16, 2013, letter requesting updated information on the Civil Investigative Demand (CID) issued to Lincoln Technical Institute (Lincoln) by the Massachusetts Office of the Attorney General (AGO).

As you know, Lincoln provided its initial response to the AGO on January 30, 2013. Based on subsequent telephone conversations and e-mail correspondence with the AGO, Lincoln provided responses on March 5, 2013 and June 21, 2013.

Recently, Lincoln received a request for information from the AGO in correspondence dated July 29, 2013. The information requested from the AGO in this most recent correspondence has been provided in Lincoln's prior responses and it would appear as though the AGO needs more clarification from Lincoln. The response for this request is due 21 days from the date of receipt of the July 29, 2013, AGO correspondence.

If you have any further questions, please contact me at (973) 766-9055 or via e-mail at fgiglio@lincolnedu.com.

Sincerely,

(b)(6)

Francis S. Giglio
Vice President of Compliance and Regulatory Services





July 16, 2013

VIA E-MAIL ONLY

Francis S. Giglio
Vice President of Compliance and Regulatory Services
Lincoln Educational Services Corporation
200 Executive Drive
West Orange, NJ 07052

Dear Fran:

This letter is a request for updated information regarding the Civil Investigative Demand (CID#12-IFS-115) by the Attorney General of the Commonwealth of Massachusetts to Lincoln regarding education and student lending practices. The information you provided in January regarding the scope and basis for the litigation was helpful.

If any additional information about the CID has come to light, please provide the Council with an update regarding the CID by **July 26, 2013**. Until this matter is resolved, please continue to provide information to the Council as it becomes available.

If you have any questions, please contact me at (202) 336-6781 or abieda@acics.org.

Sincerely,

(b)(6)

Anthony S. Bieda
Vice President of External Affairs



March 12, 2013

VIA E-MAIL ONLY

Francis S. Giglio
Vice President of Compliance and Regulatory Services
Lincoln Educational Services Corporation
200 Executive Drive
West Orange, NJ 07052

Dear Fran:

This letter is a request for updated information regarding the Civil Investigative Demand (CID#12-IFS-115) by the Attorney General of the Commonwealth of Massachusetts to Lincoln regarding education and student loan business. The information you provided in January regarding the scope and basis for the litigation was helpful.

If any additional information about the CID has come to light, please provide the Council with an update by **March 22, 2013**. Until this matter is resolved, please continue to provide information to the Council as it becomes available.

If you have any questions, please contact me at (202) 336-6781 or abieda@acics.org.

Sincerely,

(b)(6)

Anthony S. Bieda
Director of External Affairs



December 19, 2012

ID Code 15171

VIA E-MAIL ONLY

Francis S. Giglio
Vice President of Compliance and Regulatory Services
Lincoln Educational Services Corporation
200 Executive Drive
West Orange, NJ 07052

Dear Fran:

ACICS appreciates the notification by Lincoln Educational Services Corporation that the Office of the Attorney General for the Commonwealth of Massachusetts has issued a Civil Investigative Demand (CID) number 12-IFS-115 to Lincoln in connection with Lincoln's education and student loan businesses in Massachusetts, including recruiting, financing of education, placement and other representations to students, accreditors and the Commonwealth. The AGO is investigating allegations that Lincoln may have violated Chapter 93A, Section 2(a) by engaging in unfair or deceptive acts or practices in connection with marketing and advertising job placement and student outcomes, the recruitment of students, and the financing of education. The Council is required to review any adverse information regarding an institution once such information becomes known.

Please provide this office Lincoln's written response to this information, including copies of appropriate materials to support your statements, your response to the office of the Attorney General, a narrative describing the origin of the investigation, an update on the current status of the investigation, and any further correspondence received from the office of the Attorney General. The Council will expect your response on or before January 9, 2012.

Your immediate attention to this matter is appreciated. If you have any questions, please contact me at (202) 336-6781 or abieda@acics.org.

Sincerely,

Anthony S. Bieda
Director of External Affairs



December 18, 2012

ID Code 15171

VIA E-MAIL ONLY

Shawn McAlmont
Chief Executive Officer
Lincoln Educational Services
200 Executive Drive
Suite 340
West Orange, NJ 07052

Dear Ms. McAlmont:

The Council has been informed that the Office of the Attorney General for the Commonwealth of Massachusetts has issued a Civil Investigative Demand (CID) number 12-IFS-115 to Lincoln Educational Services Corporation, Lincoln Technical Institute, and Lincoln College of New England (collectively, "Lincoln"), in connection with Lincoln's education and student loan businesses in Massachusetts, including recruiting, financing of education, placement and other representations to students, accreditors and the Commonwealth. The AGO is investigating allegations that Lincoln may have violated Chapter 93A, Section 2(a) by engaging in unfair or deceptive acts or practices in connection with marketing and advertising job placement and student outcomes, the recruitment of students, and the financing of education. The Council is required to review any adverse information regarding an institution once such information becomes known.

Please provide this office with a written response to this information, including copies of appropriate materials to support your statements, and copies of your response to the Office of The Attorney General for the Commonwealth of Massachusetts. The Council will expect your response on or before January 4, 2012.

Your immediate attention to this matter is appreciated. If you have any questions, please contact me at (202) 336-6781 or abieda@acics.org.

Sincerely,

Anthony S. Bieda
Director of External Affairs



THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE ATTORNEY GENERAL

ONE ASHBURTON PLACE
BOSTON, MASSACHUSETTS 02108

MARTHA COAKLEY
ATTORNEY GENERAL

(617) 727-2200
www.mass.gov/ago

November 21, 2012

RECEIVED
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Shawn McAlmont
Chief Executive Officer
Lincoln Educational Services
200 Executive Drive
Suite 340
West Orange, NJ 07052

BY:

Re: Civil Investigative Demand 12-IFS-115

Dear Mr. McAlmont:

Enclosed with this letter, please find Civil Investigative Demand (CID) number 12-IFS-115. This CID is issued to Lincoln Educational Services Corporation, Lincoln Technical Institute, and Lincoln College of New England (collectively, "Lincoln"), pursuant to Massachusetts General Laws, c. 93A, § 6, which authorizes the Office of the Attorney General for the Commonwealth of Massachusetts to investigate alleged unfair and deceptive acts and practices which may violate M.G.L. c. 93A, § 2. This CID is being issued to Lincoln in connection with Lincoln's education and student loan businesses in Massachusetts, including recruiting, financing of education, placement and other representations to students, accreditors, and the Commonwealth.

This CID requires Lincoln to produce documents within thirty (30) days of receipt of this demand. If you have questions or concerns about this CID, please do not hesitate to contact me at (617) 963-2547 or jenny.wojewoda@state.ma.us.

Sincerely,

(b)(6)

Jenny L. Wojewoda
Assistant Attorney General
Insurance & Financial Services Division

Enclosure





MARTHA COAKLEY
ATTORNEY GENERAL

THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE ATTORNEY GENERAL

ONE ASHBURTON PLACE
BOSTON, MASSACHUSETTS 02108

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CIVIL INVESTIGATIVE DEMAND

Demand No.: 12-IFS-115

Date Issued: November 21, 2012

To: Lincoln Educational Services Corporation, Lincoln Technical Institute, and
Lincoln College of New England

You are hereby required to produce and deliver to the Office of the Attorney General (“AGO”), for examination and copying, the documentary material in your possession, custody or control as described herein in accordance with the following definitions and instructions. You must produce the requested documents within thirty (30) days of your receipt of this Civil Investigative Demand, by delivering them to Jenny Wojewoda, Assistant Attorney General, Office of the Attorney General, One Ashburton Place, Boston, MA 02108. The documents will be reviewed by AAG Wojewoda, Assistant Attorney General Peter Leight, and other employees and experts of the Office of the Attorney General.

The AGO makes this Civil Investigative Demand pursuant to Massachusetts General Laws, Chapter 93A, Section 6, which authorizes the AGO to investigate possible unfair or deceptive methods, acts, or practices in violation of Chapter 93A, Section 2(a). This office is investigating allegations that you may have violated Chapter 93A, Section 2(a) by engaging in unfair or deceptive acts or practices in connection with marketing and advertising job placement



and student outcomes, the recruitment of students, and the financing of education.

The AGO directs your attention to Section 7 of Chapter 93A, which makes obstruction of this investigation punishable by civil penalties.

DEFINITIONS

- A. “You” or “your” or “Lincoln” means Lincoln Technical Institute, Lincoln College of New England, and Lincoln Educational Services Corporation, each subsidiary and division thereof, and any past or present officers, directors, employees, agents, or representatives thereof.
- B. “Document(s)” means any written, printed, typed, drawn, recorded, graphic, electronic or photographic matter, any sound reproduction and any other documentary material or tangible item of any kind in the possession, custody or control of Lincoln or of any agent, employee or representative of Lincoln. Document(s) includes without limitation all correspondence, letters, telecopies, computer files, compact discs, electronic storage devices, electronic mail transmissions or other computer messages, telegrams, notes, memoranda or notations of telephone conversations, conferences or meetings, reports, minutes or records of meetings or conferences, files, diaries, photographs, manuals, manuscripts, policies, contracts or agreements including all modifications thereof, accounting and financial records, invoices, bills, canceled checks, check stubs or check registers, sketches, calculations, test results, computer printouts, tables, graphs, charts, schedules and any drafts or non-identical copies of any of the foregoing.
- C. “ACICS” means the Accrediting Council for Independent Colleges and Schools, a national accrediting agency recognized by the United States Department of Education.
- D. “Analyses” means discussion, quantification, explanation, consideration, study, report, presentation, internal audit or investigation, and includes communication from or to any person

or entity.

E. “Cohort default rates” means the percentage of students who graduate in a base year with outstanding loans and default on these loans within a) one year, b) two years, c) three years, d) four years, e) the lifetime of the loans.

F. “Cohort graduation rates” means the percentage of students who enroll in a base year and graduate with a degree or certificate in the program.

G. “Complaints” means documents related to complaints made by a student or a third party concerning the student’s experience at Lincoln.

H. “Default” or “defaulted” means the student has failed to make nine (9) or more monthly required student loan payments or is otherwise characterized as in default by the lender or loan program.

I. “Degree program” means the degree or certificate expected to be received on the graduation date.

J. “Delinquent” or “delinquency” means the student has failed to make fewer than nine (9) monthly required student loan payments or is otherwise behind on payments but not yet characterized as in default by the lender or loan program.

K. “Drop out” means a student stopped attending classes and/or notified Lincoln that the student would no longer participate in the program, whichever occurred earlier.

L. “Duration of loan” means the term of the loan from the origination date until the required repayment date.

- M. “Duration of program” means expected length of the program in months from the start date to the expected graduation date.
- N. “Enrolled” means attended any class at Lincoln and/or received a Financial Aid Award Letter from the Financial Aid Office of Lincoln.
- O. “Federally guaranteed student loans” means the total amount of all loans authorized by the Higher Education Act of 1965 and reauthorized by the Higher Education Opportunity Act of 2008, including, but not limited to, Stafford (both subsidized and unsubsidized), Perkins, and PLUS loans.
- P. “Graduation date” means the date on which the student received a degree or certificate indicating satisfactory completion of the degree or certificate program.
- Q. “Grants or scholarships” means money paid to the school for the benefit of the student’s account with the school which the student does not have to repay.
- R. “High school diploma” means whether the student graduated from high school, including proof of graduation from the school.
- S. “Lincoln Tech” means any of the three Lincoln Technical Institute campuses located in Brockton, Lowell and Somerville, Massachusetts or any Lincoln Technical Institute campus located anywhere in the Commonwealth of Massachusetts.
- T. “Lincoln College” means the Lincoln College of New England, with locations in Southington and Hartford Connecticut.
- U. “Loan reduction or forgiveness” means any decrease in the principal amount of any

student loan as a result of drop out or other circumstance.

V. “Monthly required student loan payments” means the principal and interest required to be repaid under the terms of all student loans on a monthly basis after the graduation date.

W. “NEASC” means the New England Association of Schools and Colleges, Inc., a regional accrediting agency, recognized by the U.S. Department of Education.

X. “Number of months required student loan payments have been made” means the total number of months during which the student has made the monthly required student loan payments.

Y. “Placement” means (1) whether the student obtained employment after graduation within the timeframe set by the institution’s accreditor, and if the student obtained employment, (2) the name, address, and telephone number of the employer, (3) the title or description of the first job obtained by the student after the graduation date, and (4) whether Lincoln considers this to be employment in the student’s field of study.

Z. “Pre-enrollment packages” means any information provided to students or prospective students prior to or during the enrollment process.

AA. “Program of study” means the principal subject or subjects taken by the student and/or the skill or occupation for which the student is prepared.

BB. “Recruit” means provide any information concerning Lincoln to students.

CC. “Recruiting manuals” means any instructions, scripts, explanations, or other written materials provided to individuals who recruit or meet with students at Lincoln or any other

location prior to or during the enrollment process for the purpose of signing up such students or prospective students to attend Lincoln.

DD. “Refund” means any payment from Lincoln to the student or to a lender or grant provider on the student’s behalf.

EE. “Start date” means the original date on which the student starts classes and any re-entry date for students suspending study. It also means the date on which Lincoln may begin to draw upon Title IV funds, or the commonly called “draw down” date.

FF. “Student” means any person enrolled in a Lincoln program in Massachusetts or a Massachusetts resident enrolled in a program at Lincoln College.

GG. “Student income” means the monthly income actually received by the student as a result of placement in a job.

HH. “Student loans” means the total amount of all financial aid which the student must repay, whether subsidized or unsubsidized, federally backed or private.

II. “Student loans supplied by Lincoln or any affiliate of Lincoln” means all amounts received from any lender or other financing entity owned by Lincoln or any affiliate or subsidiary of Lincoln or any company wholly or partly controlled or owned by Lincoln.

JJ. “Test scores” means the student’s score on a) any standardized test, and/or b) any test or other assessment administered by Lincoln to determine that the student was qualified for the program.

KK. “The enrollment process” means any conversations, meetings, events, or other activities

related to enrollment at Lincoln.

LL. “Total cost of program” means all amounts paid for tuition and fees, together with total estimated expenses for student living off campus (and not with family).

MM. “Total student loan payments” means the sum of monthly required student loan payments made between the graduation date and the date of your response to this Civil Investigative Demand.

NN. “Tuition and fees” means all amounts charged for classes and any enrollment, activity, or other fees paid by a student.

OO. The terms “and” and “or” are terms of inclusion and not of exclusion and shall be construed either disjunctively or conjunctively as necessary to bring within the scope of this subpoena any document or information that might otherwise be construed to be outside its scope.

PP. The term “any” means each and every and one or more.

QQ. The term “relate to” means in whole or in part addressing, discussing, concerning, constituting, evidencing, containing, underlying, incorporating, commenting upon, describing, identifying, stating, pertaining to, or forming the basis of.

RR. All references to the singular include the plural and vice versa.

INSTRUCTIONS

A. If you withhold any requested document under any claim of privilege, please provide a list identifying each document for which you are claiming the privilege, the author(s) and recipient(s) of the document, the subject matter of the document, and the nature and basis of the

privilege.

B. Without limitation on the term “control,” a document is deemed to be in your control if you have the right to secure that document or a copy thereof from another person. If any document requested in this Civil Investigative Demand is no longer in your possession or custody or subject to your control, please identify the document by its author(s), recipient(s) and subject matter, and state whether the document is lost, has been destroyed or has been transferred to others (identify the transferee(s)).

C. If available, all documents shall be submitted in electronic form. Documents unavailable electronically shall be complete and, unless privileged, unredacted, submitted as found in the company’s files (*e.g.*, documents that in their original condition were stapled, clipped or otherwise fastened together or maintained in separate file folders shall be produced in such form). You may submit photocopies (with color photocopies where necessary to reproduce a multi-colored document) in lieu of original documents provided that such copies are true, correct and complete copies of the original documents. Documents submitted shall be produced in the order in which they appear in your files and shall not be shuffled or otherwise rearranged. Each page should be marked with corporate identification and consecutive document control numbers and placed in a file folder marked with the name of the person whose documents are in the folder and the original file label.

D. For electronic mail, please provide all responsive emails, together with any other email contained in the same chain and, if applicable, any email attachments.

E. To the extent your response to requests numbers 1, 2, 3, 7, 10, 11, 12, 13, and 14 may more efficiently be supplied in spreadsheet form, an Excel or similar electronic spreadsheet shall be considered responsive to the request.

F. With respect to request numbers 4 and 5, production of a single set of such documents, excluding all sets of identical copies, shall be considered responsive to the requests.

G. If the production of documents required by this Civil Investigative Demand would be unduly burdensome, or if you require clarification of any request, please contact AAG Wojewoda at 617-963-2547 or jenny.wojewoda@state.ma.us, within five (5) days of receipt thereof.

H. Unless otherwise stated, the time period of these requests is January 1, 2008, through the date of your response to this Civil Investigative Demand.

REQUESTS TO PRODUCE DOCUMENTS

1. For each student who enrolled at a Lincoln Tech or Lincoln College campus on or after January 1, 2007, documents sufficient to provide the following information:

- a. name and address of student
- b. age of student upon enrollment
- c. high school diploma, General Equivalency Diploma (GED) or other status
- d. test or assessment scores
- e. start date
- f. program of study
- g. duration of program
- h. tuition and fees
- i. total cost of program
- j. Federal grants or scholarships, including but not limited to Pell Grants
- k. Massachusetts-administered grants or scholarships, including but not limited to

MASSGrants, GEAR UP funding, and Workforce Investment Act funding administered through any of the Commonwealth's local Workforce Investment Boards

- l. federally guaranteed student loans
- m. Massachusetts no interest loans
- n. student loans supplied by Lincoln or any affiliate of Lincoln
- o. interest rate on and duration of loan for student loans supplied by Lincoln or any affiliate of Lincoln
- p. identification of Lincoln affiliate providing loans
- q. graduation date
- r. for any student who did not graduate, the date on which the student dropped out
- s. for any student who dropped out, the amount of refund or loan reduction or forgiveness, if any
- t. whether student sat for and passed certification exam, if any
- u. placement
- v. student income
- w. monthly required student loan payments
- x. number of months required student loan payments have been made
- y. number of months student has been in repayment status
- z. total student loan payments
- aa. total student loan payments on loans supplied by Lincoln or Lincoln affiliate
- bb. whether the student is delinquent on federal or state loans
- cc. whether the student is delinquent in payment of loans supplied by Lincoln or any affiliate of Lincoln

- dd. whether the student has defaulted on federal or state loans
 - ee. whether the student has defaulted in payment of loans supplied by Lincoln or any affiliate of Lincoln
 - ff. whether the student's pay was garnished
 - gg. whether the student's delinquency or default was reported to a credit agency
 - hh. whether the loans supplied by Lincoln or any Lincoln affiliate were referred to a debt collector or debt buyer and if so identify the debt collector or debt buyer
2. Documents sufficient to identify individuals who recruit at homeless shelters, military bases, or veterans' homes or hospitals in Massachusetts.
 3. Documents sufficient to identify individuals who recruit or meet with students prior to or during the enrollment process for Lincoln Tech and Lincoln College programs.
 4. Documents sufficient to show recruiting and enrollment manuals for Lincoln Tech and Lincoln College programs.
 5. Documents sufficient to show pre-enrollment packages for Lincoln Tech and Lincoln College programs.
 6. Documents that contain complaints from any source related to the operations of Lincoln Tech or Lincoln College.
 7. Documents that contain or relate to analyses of cohort default management, delinquency, default, drop out, refund, loan forgiveness or reduction, placement (including periodic placement

reports, and any documents containing information on placement used to produce placement statistics for marketing, accreditation, or other purposes), student income, and/or any student's ability to repay loans.

8. Documents that discuss or relate to the difficulty of placing graduates or completers of any Lincoln Tech and Lincoln College program in jobs or in externships.

9. Documents that contain communications with the Department of Education, the Department of Labor, investors, or any accrediting body, including ACICS, concerning (i) placement, (ii) retention, (iii) the 90-10 Rule limit, (iv) heightened cash monitoring, (v) show cause or probation status with ACICS, and/or (vi) the cohort default rate.

10. With respect to all students of any Lincoln Tech or Lincoln College program who have received placement, documents sufficient to determine the name, address, and phone number of the employer and the dates of employment.

11. Documents sufficient to identify all bonus payments, gift cards, or other rewards provided to recruiters responsible for enrolling students for any Lincoln Tech or Lincoln College program.

12. Documents sufficient to identify all recruiters, admissions, marketing, or career services personnel who were fired or terminated and the reason for such firing or termination, who enrolled or served students enrolled in a Lincoln Tech or Lincoln College program.

13. Documents that reflect cohort default rates for Lincoln Tech and Lincoln College beginning in 2003.

14. Documents that reflect cohort graduation rates for Lincoln Tech and Lincoln College beginning in 2003.
15. Any subpoenas or requests for information from any state or federal regulatory agency.
16. Complaints or other pleadings in lawsuits or arbitration proceedings relating to recruitment, placement, retention, graduation, or quality of education.
17. All advertisements from 2005 to the present related to Lincoln Tech and Lincoln College.

Dated: Boston, Massachusetts
November 21, 2012

COMMONWEALTH OF MASSACHUSETTS

MARTHA COAKLEY
ATTORNEY GENERAL

(b)(6)

Jenny L. Wojewoda
Assistant Attorney General
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