STATE OF NEW MEXICO
COUNTY OF SANTA FE
FIRST JUDICIAL DISTRICT

LUCIAN ORSINGER,
MARK BAKER-SANCHEZ and
CALVIN AMBROSE TAYLOR,

Plaintiffs,

v. Case No. D-101-CV-2017-01175

SANTA FE UNIVERSITY OF ART AND DESIGN, LLC, a New Mexico Limited Liability Company, LAUREATE EDUCATION, INC., a Delaware Corporation, LAUREATE EDUCATION INTERNATIONAL LTD., a Delaware Corporation, and WENGEN ALBERTA, LIMITED PARTNERSHIP, an Alberta Limited Partnership,

Case assigned to Ortiz, Raymond Z.

Defendants.

**COMPLAINT FOR BREACH OF CONTRACT,
VIOLATION OF THE UNFAIR PRACTICES ACT,
BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING,
FRAUD, NEGLIGENT MISREPRESENTATION, AND UNJUST ENRICHMENT**

Plaintiffs Lucian Orsinger, Mark Baker-Sanchez, and Calvin Ambrose Taylor, by and through their undersigned counsel, bring this action against Defendants Santa Fe University of Art and Design, LLC, Laureate Education, Inc., Laureate Education International Ltd., and Wengen Alberta, Limited Partnership (collectively Laureate or Defendants). Plaintiffs allege, upon personal knowledge as to themselves and upon information and belief as to other matters, as follows:

PARTIES, VENUE, AND JURISDICTION

1. Plaintiffs Lucian Orsinger, Mark Baker-Sanchez, and Calvin Ambrose Taylor are students at Santa Fe University of Art and Design.

2. Santa Fe University of Art and Design, LLC (the "University" or "SFUAD"), is a New Mexico limited liability company with its principal place of business located in Santa Fe, Santa Fe County, New Mexico.

3. Laureate Education, Inc. is a Delaware corporation with its principal place of business located in Baltimore, Maryland.

4. Laureate Education International Ltd. is a Delaware corporation with its principal place of business in Baltimore, Maryland.

5. Upon information and belief, Laureate Education International Ltd. is a subsidiary of Laureate Education, Inc. Upon information and belief, Laureate Education Inc. and Laureate Education International Ltd. operate and control Santa Fe University of Art and Design, LLC as a part of what is designated the Laureate International Universities system.

6. Wengen Alberta, Limited Partnership (Wengen), is an Alberta, Canada limited partnership with its principal place of business located in New York, New York. Upon information and belief, Wengen controls Laureate Education Inc. and controls, operates, and owns the Santa Fe University of Art and Design, LLC.

7. The events giving rise to this action occurred in Santa Fe County, New Mexico.

8. Pursuant to NMSA 1978, § 38-3-1, jurisdiction and venue are proper in this Court.

GENERAL ALLEGATIONS

Laureate and the Business of For-Profit Higher Education

9. Laureate operates more than 70 for-profit colleges or education institutions in 25 countries around the world. In 2007 Laureate was bought for $3.8 billion and became a private company. Its revenue in 2015 was more than $4 billion. In 2016 it went public with an initial public offering that raised approximately $490 million.

10. Laureate is under investigation in several countries. These include regulatory investigations in Chile on charges of deceptive trade practices and false claims; IRS and SEC investigations in the United States over an alleged pay-to-play scheme in the United States and possible bribes in Turkey in violation of the U.S. Foreign Corrupt Practices Act; and assessments in Spain for millions of dollars in taxes.

11. Laureate's ideal is reflected by the dramatic expansion of Walden University, a Laureate institution in Minneapolis, Minnesota, which grew from 2,082 students in the fall of 2001 to 47,456 students in the fall of 2010. Walden's growth in enrollment was paralleled by a striking growth in revenue: the school collected $190.7 million in revenue in 2006, a figure which grew only three years later to $377 million.

12. Walden also burdens its students with the second highest debt load of any United States college.

13. The for-profit college economic model relies on student volume for increasing profits. The recruiting process is essentially a sales process. Investor demand for growth and profits is satisfied only by dramatically increasing enrollment. Enrollees are attracted by many representations regarding the value and stability of the program, the time in which programs can

be completed, the availability of federal financial aid, the job placement rate upon graduation, transferability of credits, and the reputation and accreditation of the schools.

14. For-profit schools derive the majority of their revenues from federal financial aid programs. Between 2001 and 2010, the share of Title IV financial aid funds collected by for-profit schools increased from $5.4 billion to $32.2 billion. In 2010, the for-profit schools examined by the U.S. Senate Committee on Health, Education, Labor, and Pensions derived 79% of their revenues from federal financial aid. Federal financial aid is intended to support educational opportunities for students, but for-profit education companies direct much of the revenue to marketing and recruiting new students from whom to profit.

15. Laureate Education Inc. is a public benefit corporation. A public benefit corporation is intended "to produce a public benefit or public benefits and to operate in a responsible and sustainable manner;" it is required to consider the "best interests of those materially affected by the corporation's conduct, and the specific public benefit or public benefits identified in its certificate of incorporation." Del. Code Ann., Tit. 8, Ch. 1 § 362. The business and affairs of a public benefit corporation must be managed "in a manner that balances the pecuniary interests of the stockholders, the best interests of those materially affected by the corporation's conduct, and the specific public benefit or public benefits identified in its certificate of incorporation." *Id.* Maryland law has similar requirements: the corporation must "consider the effects of any action, or decision not to act, on . . . the interests of customers as beneficiaries of the general or specific public benefit purposes of the benefit corporation; [and] community and societal considerations, including those of any community in which offices or facilities of the benefit corporation or the subsidiaries or suppliers of the benefit corporation are located." Md. Code, Corps. & Ass'ns § 5-6C-07(a)(1).

16. Laureate touts its status as a public benefit corporation to distinguish itself from competitors and to market itself to students. In its recent initial public offering, Laureate claimed it "has a mission to create a positive impact on society" and "considers the impact of its business on workers, the community and the environment." Laureate self-describes its public benefit as "to produce a positive effect for society and persons by offering diverse education programs delivered online and on premises operated in the communities that we serve."

17. In the words of Laureate's founder, chairman, and executive officer Douglas Becker:

> We recognize the enormous importance that society places on education as a public good or even a civil right, and we respect the role that government plays in ensuring quality and access to education. As a leader in this field, we are required to operate with the highest integrity and the deepest commitment to social responsibility. This has always caused us to have a culture that combines the 'head' of a business enterprise – scalable, efficient and accountable for measurable results – with the 'heart' of a non-profit organization – dedicated to improving lives and benefitting society. We reconcile these two concepts by delivering measurable results for our students, recognizing that when our students succeed, countries prosper and societies benefit. This means that we have always asked our stockholders and employees to recognize our commitment to put the needs of our students first.

18. Laureate has acted contrary to its stated purpose, contrary to law, and contrary to the best interests of those materially affected by its actions, including SFUAD students, faculty, and the city of Santa Fe. Laureate has betrayed these interests in favor of the pecuniary interests of its stockholders.

19. Laureate's various interrelated and connected entities symbiotically feed each other. SFUAD, for example, pays Laureate Education, Inc. large sums in management, consulting, legal, accounting, and human resource fees. Upon information and belief, the fund transfers totaled more than $4 million in 2015 and almost $3.5 million in 2016.

20. Laureate's financial management practices have brought the company's schools under repeated scrutiny by the federal government. Three of Laureate's American institutions have been placed on the Department of Education's "heightened cash monitoring" list, calling for additional oversight of financial and compliance issues by the Federal Student Aid office.

Laureate's Failure in Santa Fe

21. Laureate's application of its for-profit business model in Santa Fe failed to achieve similar success. In the summer of 2008 Laureate devised a plan to take over New Mexico's oldest chartered college, the College of Santa Fe, founded by the De La Salle Christian Brothers in 1859. Preying on the College of Santa Fe's financial vulnerability, Laureate first convinced the College of Santa Fe that Laureate would contract to provide substantial capital to allow the continuing operation of the college. Laureate had no intention of completing the agreement, however, planning instead to ensure the financial collapse of the College and to acquire control of the College's assets without also assuming its liabilities. Laureate then backed out of the initial deal, leaving the College in desperate financial condition and with no option other than to go into bankruptcy and close. When the College closed in spring 2009, Laureate returned and designed an agreement with the new owner of the property, the City of Santa Fe, in which Laureate would lease all the property and assets it needed to operate its own for-profit college within the City of Santa Fe.

22. Laureate intended to trade on the College of Santa Fe's cherished reputation and important role in the community to lure students to Santa Fe, New Mexico with the promise of a prestigious degree in art and design. Laureate expected enrollment to grow and its profits to increase commensurate with enrollment growth. Ignoring the school's historically limited enrollment numbers—the College of Santa Fe had always maintained a relatively small student

population—Laureate projected enrollment at the school to increase to 1,500 and perhaps as many as 3,000 students.

23. Only 650 students are enrolled at SFUAD for the 2016-17 school year. Because of the school's failure to expand quickly enough, the school, SFUAD would not generate the profits it wanted as quickly as it wanted them.

24. Consistent with its plan to operate an arts and design university in Santa Fe virtually risk free, Laureate did not hesitate to place profits above students and promptly moved to eliminate SFUAD from its business portfolio.

25. In February 2016, Laureate removed President Laurence Hinz and replaced him with an absentee President and corporate representative, Maria Puzziferro.

26. Ms. Puzziferro's task was to oversee Laureate's divestment from SFUAD. Ms. Puzziferro previously presided over a similar dismantling of Laureate's Rocky Mountain School of Art and Design in Denver, Colorado.

27. In May 2016, Laureate announced a planned sale to Raffles Education Corp. (Raffles), a for-profit education company based in Singapore with no presence in the United States. Raffles, like Laureate, has run afoul of government regulators in three other countries.

28. When the sale was announced, Laureate promised its students and faculty that SFUAD would continue to provide the same quality education after the sale as before.

29. Laureate continued to aggressively market the school for the 2016-17 school year, attracting incoming freshmen and returning students with an unrestrained sales process that promoted SFUAD's high quality education, range of art and design programs, and valuable degrees. Students were assured that SFUAD would not close. Freshmen arrived on campus, some

staking everything they had on the opportunity to attend SFUAD, expecting to receive what they had been promised.

30. Laureate also represented to students and faculty that if the sale was not completed, the school would continue to carry on as it was. Students were led to believe that whether under new ownership or the same ownership, they would receive the same educational opportunities as promised and would still have the opportunity to complete their degrees. Returning students continued to pay tuition relying on Laureate's assurances that SFUAD would maintain its high standards.

31. Faculty and students were not consulted about the sale. Department chairs were not given the opportunity to plan for the impact of a sale on SFUAD programs. Academic leadership was not permitted meaningful participation at any stage of the process.

The Collapse of the Sale to
Raffles and Laureate's Undisclosed Plan to Close the University

32. Laureate's sale to Raffles was a convenient escape plan but was fraught from the beginning with problems of Laureate's making.

33. Laureate maintained a public façade that the sale was on track, but knew long before announcing it that the sale would not succeed. In October 2016, the Higher Learning Commission (HLC), the accrediting body in the central United States, and the federal Department of Education (ED) deferred a decision on the sale. The HLC and ED deferred decision again in December 2016 and February 2017.

34. In January 2017, Maria Puzziferro, SFUAD's interim president and a Laureate representative, let it slip to limited faculty that the HLC would not approve the acquisition, which she blamed on Raffles' failure to produce the required documents for approval. Ms.

Puzziferro's knowledge regarding the futility of the sale negotiations was withheld from the rest of the faculty and students.

35. Despite this knowledge, Laureate continued to misrepresent to students, faculty, and the public that the entities were working toward completing the sale and that SFUAD would continue its operations. The HLC was expected to meet in June 2017. Ms. Puzziferro stated that the parties were working towards approval at that time.

36. When announcing the collapse of the sale, Laureate continued to blame others for the turmoil, saying that "recent indications from our regulators of further delays to the transfer of ownership process" necessitated Laureate's decision to cancel the sale and suspend enrollment of students for the fall 2017 semester.

37. What Laureate failed to disclose, however, was that the acquisition agreement between Laureate and Raffles provided that if the sale was not completed by April 3, 2017, the parties' escrow money would be returned and they could walk away from the agreement. Thus, Laureate knew beforehand that it would terminate the "sale" and Laureate's stated intention to work towards HLC approval in June 2017 was a misrepresentation. Laureate had no true intention of continuing the school's operations or acting in the best interest of its students.

Laureate's Willful Failure to Act in the Interests of Students and Faculty

38. Immediately after termination of the sale, Laureate cancelled new enrollment, locked the enrollment portal, and announced plans for what it claimed would be a "thoughtful, phased teach-out and transfer process," ostensibly providing a skeleton program to allow students on course to graduate by spring 2018 to complete their degrees.

39. But Laureate had no plan in place to provide for the students' welfare when the sale fell through. There was no "Plan B." And the school's actions belie its words. Instead of

taking steps that would allow students to finish their degrees with a semblance of stability and continuing quality of education, Laureate has actively engaged in conduct that appears designed to sabotage the process.

40. On April 10, 2017, Laureate abruptly terminated its Provost, Debra Tervala. Ms. Tervala, as the administrator in charge of academic affairs and the advocate for students and faculty, was the person most capable of developing and implementing a Teach-out plan with a chance of accommodating the needs and interests of students and faculty. The Provost is the key academic leader who coordinates every academic program. Without the Provost, Laureate's professed intention to serve the interests of students is hollow.

41. Other critical staff are being systematically terminated. Ms. Tervala's executive assistant, Sharon Russel, was fired on April 11, 2017. A financial aid officer trusted by students and essential to helping students understand their financial aid options in the new circumstances was fired shortly thereafter. Susanne Miller, administrator for the Creative Writing and Literature, Contemporary Music, and Liberal Arts departments, was fired on April 18, 2017.

42. Upon information and belief, the terminations are part of a "phased" plan, in which during Phase 1 Laureate intends to systematically gut the school of staff critical to its continued operations. Upon information and belief, Laureate devised the phased plan well before it told students what its true intentions were.

43. Students and faculty are in limbo. Laureate has given no assurances to students or faculty that faculty will be employed in the fall of 2017, nor any indication of what classes they would teach. Instead, faculty have been directed to be "creative" in suggesting solutions to accomplish the teach-out, including the suggestion that distinct classes be combined into one.

44. With only a fraction of a senior class in the teach-out, the collaborative benefits of collegial education would be eviscerated. Students who have no option other than to return will suffer because of the greatly diminished faculty, skeleton staff, limited classes, no interaction with juniors, sophomores, and freshmen, limited facilities, and a fractured social life.

45. For this shadow of an educational experience, Laureate intends to charge students full tuition, further harming students and massively increasing its profits in its last actions in Santa Fe.

46. By withholding information about the collapse of the sale and closure of the school, Laureate intentionally placed faculty and students in a vulnerable position. Laureate's actions have left students and faculty frightened, worried, misinformed, and angry.

47. The application deadline for most schools is January, so it is too late for students to apply for acceptance to other schools, meaning that opportunities to continue their education elsewhere are limited.

48. The window for faculty hiring at other colleges and universities is also closed, meaning that faculty have no reasonable chance of finding employment elsewhere for the next academic year.

49. Department chairs, faculty, and staff were told that Laureate would offer an enhanced summer semester, with additional classes and credits available for students close to graduation which could be applied to complete their degree requirements before the school closes. But Laureate has not developed an "enhanced summer semester," and has not developed the curriculum or provided for the faculty to teach it. Laureate has forbidden department chairs to add classes to the summer semester to enable students to complete their degree programs.

50. Upon information and belief, the school cafeteria will be closed, only housing with kitchen facilities will remain open, and classes may be held in a single building.

51. The speed with which Laureate has terminated employees and crippled academic governance indicates that Laureate knew before the termination of the sale that it intended to close the school and deprive students of the opportunities Laureate had held out to them. Laureate deceived the students and faculty by withholding this information and instead misleading students and faculty with assurances that the school would continue to operate with the same quality education and students would have an uninterrupted path to graduation and a valuable degree.

52. Laureate has no intention of conducting a proper teach-out. Instead, Laureate seeks to funnel students into similar for-profit educational institutions, some run by Laureate, that will accept the students outside of the usual application and acceptance process in order to increase enrollment at other for-profit institutions.

53. Laureate has offered students a $2,500 transfer grant, which is little more than an illusory buyout. The transfer grant will not be paid directly to students but may be applied only to balances owed to SFUAD or tuition at certain other schools, subject to a number of conditions. The transfer grant will not come close to compensating students for the costs associated with transferring schools. For example, other schools have no obligation to match the financial aid that students have at SFUAD. The Robert Redford scholarship, the largest scholarship available at SFUAD, will not transfer to any out-of-state school. In addition, many SFUAD courses will not be accepted for credits at other institutions because of varying accreditation standards. Even credits that will transfer may not carry the same weight towards degree programs at new schools.

Students simply cannot seamlessly transfer from SFUAD to another school, and the transfer grant will not come close to compensating students for the losses they will suffer.

54. Laureate's actions show premeditated efforts to protect its bottom line and cut losses without regard for the interests of its students or the promises made to them, in advance of the proposed sale to Raffles and the announcement of the decision to close.

55. Before the fall 2016 semester, for example, each student was charged an additional $1,000 program fee which Laureate stated would be used to purchase equipment and materials for the benefit of students: the Contemporary Music department could spend the money on instruments; Digital Arts on computers; Photography on cameras. Department chairs were asked for input regarding where the program fees should be applied. But the promised books, instruments, tools, and equipment never materialized. Department chairs were instructed not to spend the money. The program fees were never used for the students' benefit, and were not returned to students.

56. Laureate also froze capital expenditures and failed to make infrastructure improvements necessary to maintain the quality of the education programs offered at SFUAD. Department chairs prepared budgets in October 2016, but were told by management, for a variety of pretextual reasons, that expenditures could not be made. For example, the Contemporary Music Department was promised and SFUAD budgeted for a state of the art recording console. Although the deposit for the console was paid, SFUAD never paid the balance.

57. Upon information and belief, the failure to make infrastructure investments was an intentional decision made with knowledge of SFUAD's future sale or closure; knowledge that was withheld from students and faculty.

The Impact of Laureate's Misconduct on Plaintiffs

58. Mr. Orsinger is from Eugene, Oregon and is a sophomore in SFUAD's film department. Mr. Baker-Sanchez is from Antioch, California and is a sophomore/junior in the Communication Design Department at SFUAD. Mr. Ambrose is from Louisa, Virginia and is a junior in the Contemporary Music Department at SFUAD.

59. Plaintiffs enrolled at SFUAD in reliance on Laureate's marketing and admissions process, including assurances of SFUAD's existence and stability, curriculum offerings, high quality faculty, and the opportunity to obtain a reputable degree. Plaintiffs continued to re-enroll at SFUAD and stay through each semester in reliance on Laureate's assurances of continued viability with or without a sale. Without these assurances, Plaintiffs would not have enrolled or stayed at SFUAD.

60. Plaintiffs receive financial aid, including both SFUAD and New Mexico specific scholarships and federal financial aid. While Laureate has made minimal efforts to provide a list of colleges to which students may transfer, scholarships and other benefits do not transfer, further harming the students and jeopardizing Plaintiffs ability to continue their education. The list of available transfer schools does not allow students to receive an education equivalent to what students signed up for at SFUAD.

61. The options available to Plaintiffs—including either to transfer or submit to the teach-out—both fail to deliver what Laureate promised. By the time Laureate revealed its decision to close, the application deadline at most other schools had passed. Many schools will no longer accept transfers for the fall 2017 semester or even spring 2018, further harming Plaintiffs. Many schools are not of the same quality as SFUAD and certain of its programs. Many schools are more expensive than SFUAD and do not offer equivalent financial aid. If

students choose to stay and participate in SFUAD's teach-out, any degree they receive will have been devalued by Laureate's behavior and SFUAD's closure.

62. Plaintiffs do not know if or where they will be able to continue their education. Because of Laureate's actions, Plaintiffs have suffered and will suffer substantial harm that will have dramatic and continuing effects on their lives, careers, and earning potential. Examples of harm include costs associated with applying to a different school, relocating from New Mexico, repeating classes for which they cannot transfer credits, increased tuition, decreased financial aid, and other harms, including additional loans, a greater debt load, and corresponding lack of freedom in occupational choices.

COUNT I
BREACH OF CONTRACT

63. Plaintiffs incorporate herein by reference all other allegations in this Complaint.

64. Plaintiffs and Defendants entered into a contract in which Plaintiffs paid tuition in return for Defendants providing a high-quality university education and granting a degree to Plaintiffs on the condition that Plaintiffs remain in good standing and fulfill the necessary academic requirements.

65. Defendants breached the contract by failing to provide the high-quality education and programs they offered, including by engaging in all of the conduct set forth above.

66. Defendants' actions and omissions caused Plaintiffs harm.

67. The actions and omissions by Defendant were willful, wanton, reckless, malicious, oppressive, grossly negligent, and in bad faith, thereby entitling Plaintiffs to punitive damages.

COUNT II
VIOLATION OF THE UNFAIR PRACTICES ACT

68. Plaintiffs incorporate herein by reference all other allegations in this Complaint.

69. Defendants made false and misleading representations and oral and written statements to Plaintiffs regarding the educational goods and services provided by Defendants.

70. Plaintiffs were misled by the false and misleading representations and oral and written statements made by Defendants.

71. Defendants' unfair or deceptive trade practices include, but are not limited to, the following:

a. Representing that goods and services had characteristics, uses, or benefits that they did not have;

b. Representing that goods and services were of a particular standard, quality, or grade when they were of another;

c. Using exaggeration, innuendo, or ambiguity as to a material fact or failing to state a material fact and that doing so deceived or tended to deceive; and

d. Failing to deliver the quality of goods and services contracted for.

72. Defendants engaged in acts or practices in connection with their sale and offering for sale of educational goods and services, including by engaging in all of the conduct set forth above, that took advantage of Plaintiffs' lack of knowledge, ability, and experience to a grossly unfair degree and resulted in a gross disparity between the valued received by Plaintiffs and the price paid.

73. Defendants' violations of the Unfair Practices Act were willful, thereby entitling Plaintiffs to treble damages for the harm caused by Defendants.

COUNT III
BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING

74. Plaintiffs incorporate herein by reference all other allegations in this Complaint.

75. Plaintiffs and Defendants entered into a contract in which Plaintiffs paid tuition in return for Defendants providing a high-quality university education and granting a degree to Plaintiffs on the condition that Plaintiffs remain in good standing and fulfill the necessary academic requirements.

76. Implied in Plaintiffs' contract with Defendants was a covenant of good faith and fair dealing, which imposed upon Defendants a duty to deal with Plaintiffs fairly and in good faith.

77. Defendants wrongfully withheld the benefit of the contract from Plaintiffs, to their detriment, with deliberate disregard for the potential harm to Plaintiffs, and without just cause or excuse.

78. Defendants breached the covenant of good faith and fair dealing by committing the aforesaid misconduct in bad faith, resulting in damages suffered by Plaintiffs, including, but not limited to emotional distress.

79. The actions and omissions of Defendants were willful, wanton, reckless, malicious, oppressive, grossly negligent, and in bad faith, thereby entitling Plaintiffs to punitive damages.

COUNT IV
NEGLIGENT MISREPRESENTATION

80. Plaintiffs incorporate herein by reference all other allegations in this Complaint.

81. Laureate made negligent and material misrepresentations regarding the high-quality SFUAD education promised to Plaintiffs, consisting of untrue representations and

failures of disclosure which Laureate intended the Plaintiffs to rely on and upon which the Plaintiffs did in fact rely, including by engaging in all of the conduct set forth above.

82. Defendants' actions and omissions caused Plaintiffs to suffer harm.

83. The actions and omissions of Defendants were willful, wanton, reckless, malicious, oppressive, grossly negligent, and in bad faith, thereby entitling Plaintiffs to punitive damages.

COUNT V
FRAUD

84. Plaintiffs incorporate herein by reference all other allegations in this Complaint.

85. There exists a special relationship between Plaintiffs and Defendants, which Defendants created by inviting Plaintiffs into a university-student relationship described by its mission statement, marketing representations, catalog, and other written and verbal promises to the students regarding the quality of education to be provided by Laureate.

86. Because of the special relationship, Laureate had a duty to disclose information to the students, which it failed to do, and a duty not to misrepresent information it did provide to the students, which it also violated.

87. Laureate's failure to disclose includes, but is not limited to, the following:

a. Failure to disclose its intent to close SFUAD as soon as that intent was known;

b. Failure to disclose the termination of the Raffles acquisition as soon as that was known; and

c. Failure to disclose the closure of SFUAD in time for students to avoid suffering harm from the closure.

88. Laureate's misrepresentations include, but are not limited to, the following:

a. Representing that the quality of education would remain at the level promised, when Laureate knew it would not; and

b. Marketing the sale of educational goods and services to students enrolling in the 2016-17 school year, while knowing that the high quality of education would not be maintained and that students entering or returning in 2016 would not get a degree.

89. Laureate's misrepresentations were not true.

90. Laureate's misrepresentations were known by Laureate not to be true.

91. Laureate's misrepresentations were made with the intent to deceive and to induce Plaintiffs to rely on the misrepresentations; and

92. Plaintiffs did in fact rely on the misrepresentations.

93. Defendants' actions and omissions caused Plaintiffs to suffer harm, including but not limited to emotional distress.

94. The actions and omissions of Defendants were willful, wanton, reckless, fraudulent, malicious, oppressive, grossly negligent, and in bad faith, thereby entitling Plaintiffs to punitive damages.

COUNT VI
UNJUST ENRICHMENT

95. Plaintiffs incorporate herein by reference all other allegations in this Complaint.

96. By accepting Plaintiffs' tuition payments, including program fees, and failing to deliver a quality education, the opportunity to obtain a degree, or promised services, goods, or materials necessary to obtain the quality education promised, Defendants knowingly benefitted at Plaintiffs' expense.

97. Allowing Defendants to retain the benefit they received, given the circumstances alleged in this Complaint, would be unjust.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for relief as follows:

1. All compensatory damages suffered by the Plaintiffs, including economic damages, emotional distress, and any other applicable damages;

2. All exemplary and punitive damages in an amount commensurate with Defendants' ability to pay and to deter future conduct; and

3. Costs and expenses incurred in this action, including attorneys' fees, to the extent allowed by law.

Respectfully submitted,

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