

Common Statement of Facts – Court Reporting Institute
March 17, 2021

I. Background and History of CRI

1. CRI opened in January 1988 as a court reporting school in Seattle, Washington.¹ It later added other campuses: San Diego, California in 1994;² Boise, Idaho in 1996;³ and Tacoma, Washington in 2005.⁴ It also added additional programs over the years, including various microcomputer programs.⁵
2. For much of its history, CRI operated as a corporation with a single individual as the owner/operator of the corporation.⁶ All four campuses were run and managed by the same individual.⁷ The course catalogs demonstrate how the four campuses were run in a similar fashion. In some years, such as in 1998 and 1999, one course catalog applied to all the campuses.⁸ In other years, such as 2000 and 2001, there were separate course catalogs, but the same language was used in each separate catalog.⁹
3. Between August 1, 1998 and November 30, 2006, at all of its campuses, CRI misrepresented that its court reporting day program could be completed in 2.5 years or fewer and its evening program in four years or fewer.¹⁰ In fact, very few borrowers ever completed the program at all (for instance, the completion rate was as low as two percent during one time period studied) and those who did complete the program typically took much longer than the represented average time.¹¹
4. In August 2006, CRI closed all its campuses¹² and filed for bankruptcy in November 2006.¹³

¹ Exhibit 1 (CRI Course Catalog for Seattle, WA Campus, dated 2003), at 4 [hereinafter 2003 Seattle Catalog].

² Exhibit 1 (2003 Seattle Catalog), at 4.

³ *Id.*

⁴ Exhibit 2 (CRI Course Catalog for Tacoma, WA Campus, dated 2005), at 4 [hereinafter 2005 Tacoma Catalog].

⁵ Exhibit 1 (2003 Seattle Catalog), at 4.

⁶ *Id.*

⁷ *Id.*; see also Exhibit 3 (CRI Course Catalog for Boise, ID Campus, dated 2000), at 4 [hereinafter 2000 Boise Catalog].

⁸ Exhibit 4 (CRI Course Catalog, dated 1998/1999), at 1 [hereinafter 1998/99 Catalog].

⁹ Exhibit 5 (Letter from Washington State Attorney General to Under Secretary of Education (Nov. 21, 2016)) at 23, note 19 [hereinafter WA AG Letter]. Also compare Exhibit 3 (2000 Boise Catalog) to Exhibit 6 (CRI Course Catalog for Seattle, WA Campus, dated 2001) [hereinafter 2001 Seattle Catalog] (BDG is not in possession of catalogs for the different campuses for the same year, but when comparing the Seattle catalog to the Boise catalog in the year prior, the language is very similar).

¹⁰ See discussion, *infra* at § 0(B) “Investigations Resulting from CRI’s Alleged Misconduct.”

¹¹ *Id.*

¹² Exhibit 7 (Letter from Accrediting Council for Independent Colleges and Schools to [REDACTED], President of CRI (Aug. 30, 2006)) [hereinafter ACICS Letter].

¹³ Exhibit 5 (WA AG letter), at 6 (citing *In re Court Reporting Institute, Inc.*, Case No. 06-14202-MLB (Bankruptcy, W.D. Wash.)).

A. The Washington State Attorney General Submitted a Request for Borrower Defense Group Relief for all CRI Court Reporting Borrowers

5. In November 2016, the Washington State Attorney General requested the Department of Education grant borrower defense group relief for all CRI court reporting students who attended CRI's Seattle and Tacoma campuses.¹⁴ In his request, the Attorney General attached numerous exhibits that provide the bulk of the evidence that supports borrower defense relief for CRI borrowers.¹⁵
6. The request was limited to students enrolled in the court reporting program only, but was not limited in any other way.¹⁶ The Attorney General did not include any individual applications or lists of borrower names or provide any specific timeframe.¹⁷ The Attorney General additionally argued that the pervasiveness of illegal conduct at CRI's Washington campuses, together with the single owner and small management structure, made it more probable than not that CRI engaged in the same conduct at its Boise, Idaho and San Diego, California locations.¹⁸
7. In his request, the Attorney General stated that CRI's misrepresentations created claims for negligent misrepresentation and fraud under Washington law.¹⁹ The Attorney General also noted that CRI's deceptive practices were already adjudicated through the administrative process with the Washington State Training and Education Coordinating Board (hereinafter "Workforce Board").²⁰ The Attorney General reiterated that "CRI's misrepresentations were systematic, and took place over many years despite repeated investigations, directives, and admonishments by CRI's state regulator ... before the [regulator] withdrew CRI's license to offer its court reporting program."²¹
8. On multiple occasions, Washington Senator Patty Murray has reiterated and renewed the Washington Attorney General's request for borrower defense relief for all students who attended CRI's Washington locations.²²

B. Investigations Resulting from CRI's Alleged Misconduct

1. Washington State Workforce Board's Investigations and Findings

9. The Workforce Board regulates vocational schools in Washington and investigates complaints about those schools.²³ The Workforce Board received numerous complaints from

¹⁴ Exhibit 5 (WA AG letter).

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *Id.* at 23, note 19.

¹⁹ *Id.* at 17.

²⁰ *Id.* at 12. The Workforce Board is further explained *infra* ¶ 9.

²¹ Exhibit 5 (WA AG letter), at 3.

²² Exhibit 8 (Letters from Senator Patty Murray to the Secretary of Education (Dec. 7, 2016) (Nov. 16, 2017) (Oct. 23, 2019)) [hereinafter Senator Murray Letters].

²³ Exhibit 5 (WA AG letter) at 7.

CRI students over the years, and the Workforce Board investigated and made numerous adverse findings.²⁴ All of the Workforce Board's investigations and findings were in response to student complaints.²⁵

1999 Investigation

10. In October 1999, a student filed a complaint with the Workforce Board alleging that CRI misled the student about the length of time it took to complete the evening court reporting program.²⁶ The Workforce Board investigated and found that CRI knew or should have known that an average student cannot complete the evening court reporting program in the advertised time.²⁷
11. According to the Workforce Board, both the enrollment agreement and course catalog stated a student could complete the program within three years.²⁸ The Workforce Board noted that while the course catalog contained a statement that "individual progress will vary according to ability and practice habits," this statement was "buried in the body of the catalog and [was] by no means emphasized."²⁹ The Workforce Board additionally noted that the enrollment agreement contained no qualifying language.³⁰ The Workforce Board further found that the school's brochures, and the school's oral statements during the enrollment process, emphasized a "self-paced" program that could typically be completed within one to three years.³¹
12. The Workforce Board concluded that 185 students enrolled in the evening program between July 1988 and the time of its investigation in 1999.³² Out of this 185, *only* nineteen students (approximately ten percent) graduated from the program within the advertised timeframe of 3.5 years.³³ Most of the students enrolled were unable to complete the program at all, much

²⁴ *Id.*

²⁵ *See, e.g.*, Exhibit 9 (Letter from Workforce Training and Education Coordinating Board to [REDACTED], President of CRI (Oct. 4, 1999)) [hereinafter 1999 Workforce Board Letter]; Exhibit 10 (WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD, COURT REPORTING INSTITUTE INVESTIGATION dated Oct. 18, 2001) [hereinafter Investigation Conclusions]; Exhibit 11 (Letter from Workforce Training and Education Coordinating Board to [REDACTED], President of CRI (Apr. 12, 2002)) [hereinafter 2002 Workforce Board Letter].

²⁶ Exhibit 9 (1999 Workforce Board Letter).

²⁷ *Id.* at 3.

²⁸ *Id.* at 1. The Department is not in possession of any enrollment agreements from any year or any course catalogs prior to the 1998/1999 catalog issued August 1, 1998. That catalog does differentiate between completion times for evening and day students. *See* Exhibit 4 (1998/99 Catalog), at 40.

²⁹ *Id.* at 3.

³⁰ *Id.* at 2.

³¹ *Id.* The Department is in possession of four CRI brochures, though all are undated, and it is unknown if any were the brochures at issue in the 1999 Workforce Board investigation. Three of the four brochures in the Department's possession, moreover, look to be publications not of CRI but of larger court reporting associations. *See, e.g.*, Exhibit 12 (NATIONAL COURT REPORTERS ASSOCIATION brochure entitled "Court Reporting It's Your Move") [hereinafter Brochure 1] (bearing the stamp of the National Court Reporters Association in Vienna, VA) and Exhibit 13 (STENOGRAPH CORPORATION brochure entitled "From the Classroom to the Courtroom: A Noteworthy Career") [hereinafter Brochure 2] (bearing the stamp of the Stenograph Corporation of Mount Prospect, IL).

³² Exhibit 9 (1999 Workforce Board Letter).

³³ *Id.* at 2–3 (noting that only nine of the nineteen graduates attended CRI from start to finish; the other ten graduates transferred to CRI from another court reporting school).

less complete it within the represented timeframe.³⁴ The Workforce Board did not investigate any outcomes for the day students.³⁵

13. As a result of this 1999 investigation, the Workforce Board ordered CRI to differentiate between evening and day programs when advertising program length and completion and placement rates.³⁶ The Workforce Board further ordered CRI to refund twenty-five percent of the complainant's tuition.³⁷

2001 Investigation

14. In October 2001, the Workforce Board again investigated CRI after nine student complaints were forwarded to the Board by the Washington Governor and other legislators.³⁸ In its 2001 investigation report, the Workforce Board noted that during the 1990s, CRI had a policy to allow students to stay in school as long as necessary to complete their programs without charging additional tuition.³⁹ However, by at least August 1998, CRI was charging additional tuition for students who went beyond the stated program length.⁴⁰
15. The Workforce Board acknowledged that, since its 1999 investigation, CRI revised its course catalog and enrollment agreement to better emphasize the statement: "Graduation Dates May Vary and/or Exceed Program Length According to Practice and Study Habits."⁴¹ However, the statement was still buried in the middle of the catalog.⁴² The Workforce Board found that those changes were not "adequate to ensure potential students have the information necessary to make informed enrollment decisions."⁴³
16. Within the same course catalog, CRI stated that a day student could complete its court reporting program in thirty months and an evening student could complete it within forty-five months.⁴⁴ The Workforce Board found those timeframes to be grossly understated.⁴⁵ Between July 1, 1998 and June 30, 2001, only eleven students (out of 600 enrolled) completed the program.⁴⁶ Only three of the eleven students had completed the program within the time advertised.⁴⁷

³⁴ *Id.* at 3 (noting that eight of the 185 enrollees were still enrolled in the night program and had been there an average of six years; the remaining 158 of the evening students who started the program had dropped out).

³⁵ *Id.*

³⁶ *Id.*

³⁷ *Id.*

³⁸ Exhibit 6 (Investigation Conclusions), at 1.

³⁹ *Id.*

⁴⁰ See Exhibit 4 (1998/19 Catalog), at 43 (stating that "[i]f training...extends past the 3000-hour period, a monthly dictation fee will be charged equivalent to one-half of the monthly tuition"); see also Exhibit 10 (Investigation Conclusions), at 3 (stating that "[t]he school is now charging a dictation fee for students who go beyond the stated program length"). The Department is not in possession of any course catalogs prior to the 1998/1999 catalog that could better inform when exactly the change in tuition policy occurred.

⁴¹ Exhibit 10 (Investigation Conclusions), at 3.

⁴² See, e.g. Exhibit 3 (2000 Boise Catalog), at 12.

⁴³ Exhibit 10 (Investigation Conclusions), at 3.

⁴⁴ See Exhibit 4 (1998/99 Catalog), at 43; see also Exhibit 6 (2001 Seattle Catalog), at 26.

⁴⁵ Exhibit 10 (Investigation Conclusions), at 3.

⁴⁶ *Id.* at 2.

⁴⁷ *Id.* at 3.

Court Reporting Program ⁴⁸	Advertised Completion Time	Number of Students who Completed (Out of 600)	Actual Average Completion Time
Day	30 months (2.5 years)	7	52 months (~4.5 years)
Evening	45 months (3.75 years)	4	63 months (5+ years)

Breaking the above numbers down, fewer than two percent of those enrolled completed their program and only .5% completed in the time advertised.⁴⁹

17. Further, beyond the written representations in the course catalogs, CRI verbally represented to prospective students that the program could be completed within one to four years.⁵⁰ The Workforce Board quoted testimony of numerous students (both day and evening) who enrolled after the 1999 investigation and the day students said they had been told the program could be completed somewhere between 1.5–2.5 years while the evening students said they had been told completion would take four years or fewer, with anecdotes about some completing within one year.⁵¹
18. The Workforce Board ordered CRI to revise all materials to state that average completion times were fifty-two months for the day program and sixty-three months for the evening program.⁵² The Workforce Board also ordered CRI to institute first quarter and midpoint evaluations that would determine how long it would take the student to complete the program at the rate the student was progressing at those points in time.⁵³
19. CRI eventually corrected the written representations about average completion times when it issued the 2003 course catalog in January 2003.⁵⁴ It is unknown whether CRI instituted student progress reports, but unlikely based upon future events.⁵⁵

⁴⁸ *Id.*

⁴⁹ Percentages were obtained from the numbers cited in the Workforce Board Investigation. *See id.* The two percent completion rate (eleven out of 600 students) may include in its denominator students who were still enrolled at the school and may have ultimately completed.

⁵⁰ *Id.* at 2.

⁵¹ *Id.* (quoting Student 1 who “indicated she had been told the program could be completed in as little as a year and a half if she worked really hard”; Student 2 who “had been told the average time it took to complete the program was two and one half years”; and Student 4 who “was told it was possible to finish the program in a year and a half but the average completion time was two years.”).

⁵² *Id.*

⁵³ *Id.*

⁵⁴ *See* Exhibit 1 (2003 Seattle Catalog), at 38. *See also* Exhibit 4 (1998/19 Catalog), at 43; Exhibit 6 (2001 Seattle Catalog), at 26; and Exhibit 14 (CRI Course Catalog for Seattle, WA Campus, dated 2002), at 44 [hereinafter 2002 Seattle Catalog]. The earliest course catalog the Department was provided is the 1998/1999 course catalog with an effective date of August 1, 1998. The 2003 course catalog effective date is January 2003. BDG has selected Feb. 1, 2003 as the date upon which misrepresentations ceased because of the possibility that the old 2002 course catalog was used through the end of January 2003.

⁵⁵ *See, e.g.,* discussion *infra* ¶¶ 24–28.

2002–2005

20. In April 2002, the Workforce Board warned CRI it was concerned that CRI was telling students that the program could be completed in under a year.⁵⁶ The Workforce Board said that it was reopening its investigation.⁵⁷
21. In September 2003, the Workforce Board found that a teacher was unqualified to teach a specific course.⁵⁸ The complaining student alleged that the school did not have competent staff and courses were taught by students or employees who never studied in the field.⁵⁹ The Workforce Board determined that one teacher who had been licensed to teach speed building was also teaching theory, a course for which she was not qualified.⁶⁰ That teacher was a former CRI student and had never passed the theory class herself.⁶¹ CRI was ordered to refund tuition to the complaining student for the specific course.⁶²
22. In September 2004, the Workforce Board and CRI reached a settlement regarding student complaints and teacher qualifications.⁶³ Under the terms of the settlement, CRI agreed upon a set of minimum qualifications for its instructors.⁶⁴ CRI also agreed to partially refund the tuition of the complaining students.⁶⁵
23. In June 2005, the Workforce Board made a series of additional findings in response to the complaints of five CRI students.⁶⁶ CRI continued to employ unqualified teachers.⁶⁷ Despite CRI changing the language in its course catalogs, CRI admissions representatives continued to misrepresent the completion time for the court reporting program.⁶⁸ CRI continued to graduate very few of its students.⁶⁹ As of May 2005, there were four CRI students progressing at the required speed level to graduate: three day students who had been at CRI for an average of four years and one evening student who had been a student for nearly seven

⁵⁶ Exhibit 11 (2002 Workforce Board Letter) (explaining that “a woman whose son is considering enrolling in ... [the] court reporting program ... was told that he could probably complete the program in eight months”).

⁵⁷ *Id.*

⁵⁸ Exhibit 15 (Letter from Workforce Training and Education Coordinating Board to [REDACTED], President of CRI (Sept. 22, 2003)), at 3 [hereinafter 2003 Workforce Board Letter].

⁵⁹ *Id.*

⁶⁰ *Id.*

⁶¹ *Id.*

⁶² *Id.*

⁶³ Exhibit 16 (Order of Dismissal and Settlement of Case dated Sept. 15, 2004, filed in *In Re: Court Reporting Institute*, No. 2003-WTE-0002, 2003-WTE-0003) [hereinafter Dismissal and Settlement Order].

⁶⁴ *Id.* at Appendix A (“Requirements for Faculty Qualification”).

⁶⁵ *Id.* at 5.

⁶⁶ Exhibit 17 (Letter from Workforce Training and Education Coordinating Board to [REDACTED], President of CRI (Jun. 6, 2005)), at 6–7 [hereinafter 2005 Workforce Board Letter].

⁶⁷ *Id.*

⁶⁸ *Id.* See also *supra* ¶ 19 (CRI corrected the written representations about average completion times when it issued the 2003 course catalog in January 2003).

⁶⁹ Exhibit 17 (2005 Workforce Board Letter), at 6–7.

years.⁷⁰ Approximately 185 students were in attendance at CRI at any given time.⁷¹ CRI was ordered to refund the tuition of the complaining students.⁷²

2006 Investigation

24. In June and July of 2006, the Workforce Board investigated CRI once again in response to “a recent rash of [student] complaints.”⁷³ In its findings, the Workforce Board highlighted the fact that very few CRI students ever completed the court reporting program: “The real issue is that relatively few CRI students ever graduate and obtain jobs as court reporters. Hundreds of students have paid thousands of dollars each for a program they will never complete.”⁷⁴
25. The Workforce Board found that between July 1, 2000 and June 30, 2003, 179 students enrolled in the program and only ten of the 179 (six percent) actually graduated.⁷⁵ Of the ten graduates, only three (less than two percent of the students who enrolled) were working in their field within six to nine months after graduation.⁷⁶
26. In one particular case, the student had completed more than 4,000 clock hours toward a 3,000 hour course and, when the student finally withdrew after nearly eight years, the Workforce Board found no evidence that CRI ever counseled the student about the student’s lack of progress.⁷⁷ Instead the progress reports praised the student.⁷⁸ In addition, CRI continued to state the day program would only take 2.5 years to complete, which it knew to be false.⁷⁹ CRI was ordered to refund the tuition of the complaining students.⁸⁰
27. The Workforce Board additionally found that CRI misled students regarding job placement rates quoted in its course catalogs because “it [was] completely unfair to quote a 100% job placement rate without disclosing the extremely low number of completers on whom that rate is based.”⁸¹ The Workforce Board also found that CRI misrepresented the potential amount

⁷⁰ *Id.*

⁷¹ *Id.*

⁷² *Id.*

⁷³ Exhibit 18 (Letter from Workforce Training and Education Coordinating Board regarding Student 1 to [REDACTED], President of CRI (Jun. 2, 2006)), at 5 [hereinafter 2006 Workforce Board Letter 1]. The Department is in possession of three separate Workforce Board letters to three separate complainants in this time period. *See id.*; *see also* Exhibit 19 (Letter from Workforce Training and Education Coordinating Board regarding Student 2 to [REDACTED], President of CRI (Jul. 6, 2006)) [hereinafter 2006 Workforce Board Letter 2]; and Exhibit 20 (Letter from Workforce Training and Education Coordinating Board regarding Student 3 to [REDACTED], President of CRI (Jul. 6, 2006)) [hereinafter 2006 Workforce Board Letter 3].

⁷⁴ Exhibit 18 (2006 Workforce Board Letter 1), at 5.

⁷⁵ *Id.*; *see also* Exhibit 19 (2006 Workforce Board Letter 2), at 4; and Exhibit 20 (2006 Workforce Board Letter 3), at 3.

⁷⁶ Exhibit 18 (2006 Workforce Board Letter 1), at 5; Exhibit 19 (2006 Workforce Board Letter 2), at 4; Exhibit 20 (2006 Workforce Board Letter 3), at 3.

⁷⁷ Exhibit 18 (2006 Workforce Board Letter 1).

⁷⁸ *Id.*

⁷⁹ Exhibit 18 (2006 Workforce Board Letter 1); Exhibit 19 (2006 Workforce Board Letter 2); Exhibit 20 (2006 Workforce Board Letter 3).

⁸⁰ Exhibit 18 (2006 Workforce Board Letter 1); Exhibit 19 (2006 Workforce Board Letter 2); Exhibit 20 (2006 Workforce Board Letter 3).

⁸¹ Exhibit 20 (2006 Workforce Board Letter 3), at 3.

of federal financial aid available by providing federal financial aid for more credit hours than was allowed under federal regulations.⁸²

28. In addition to any relief described above, some additional CRI students received relief from Washington State's Tuition Recovery Trust Fund upon CRI's closure.⁸³ However, that fund did not provide refunds or relief to the extent any student paid for their education with federal student loans.⁸⁴

2. Department of Education's Investigations and Findings

29. The Department initiated a program review site visit in September 2003 in response to complaints "about the quality of education being offered at CRI."⁸⁵
30. The Program Review Report was issued in May 2005 and found, among other things, that Satisfactory Academic Progress ("SAP") standards were not adequately developed.⁸⁶ The school disbursed federal student loan funds for up to 4,500 clock hours, rather than up to forty-five months (3,000 allowable clock hours), which allowed the school to improperly collect fifty percent more federal financial aid money.⁸⁷
31. The purpose of measuring and enforcing SAP standards is to ensure that students who are being supported by Federal Student Aid funds are progressing towards academic program completion with respect to qualitative performance (e.g., GPA) and quantitative performance (e.g., at a required pace, within a maximum timeframe).⁸⁸ The Department clearly noted within its Program Review Report that SAP policy exists to "ensure that a student makes sufficient progress throughout the course of study."⁸⁹
32. The Final Program Review Determination ("FPRD") from the 2003 site visit was issued in December 2009 and established total liabilities of \$402,546.50 for the SAP violations.⁹⁰ The FPRD noted that CRI previously took corrective actions to resolve other findings from the May 2005 program review, but the SAP finding remained unresolved. The FPRD applied to all four of CRI's campuses.⁹¹

⁸² Exhibit 19 (2006 Workforce Board Letter 2), at 1; *see also infra* ¶¶ 29–33.

⁸³ Exhibit 5 (WA AG Letter), at 7.

⁸⁴ *Id.*

⁸⁵ Exhibit 21 (Letter from Federal Student Aid to CRI students (Dec. 1, 2006)), at 2 [hereinafter 2006 FSA Letter].

⁸⁶ Exhibit 22 (Program Review Report, PCRN: 200441023525, dated May 31, 2005) [hereinafter May 2005 Program Review Report].

⁸⁷ *Id.*

⁸⁸ 34 C.F.R. § 668.34.

⁸⁹ Exhibit 22 (May 2005 Program Review Report). In December 2006, the Department sent a letter to three students in response to the students' congressional inquiry. *See* Exhibit 21 (2006 FSA Letter), at 3. In its response, the Department stated that it was still seeking resolution to its September 2003 program review and further stated that it was "unfortunate that students were unable to complete their programs of study at the time of closure as well as those former students who were misled and misguided." *Id.* The Department's letter went on to describe how to obtain a federal student loan discharge through closed school or false certification provisions. *Id.*

⁹⁰ Exhibit 23 (Final Program Review Determination, FCRN: 200341022344, dated December 18, 2009) [hereinafter Final Program Review Determination]. Liabilities were assessed based upon a file review conducted by CRI at all campuses for award years 2001–2002, 2002–2003, 2003–2004, and 2004–2005. *Id.*

⁹¹ *Id.*

C. Other Student Complaints and Lawsuits Regarding CRI

33. A group of former CRI students maintain a website devoted to CRI's alleged misrepresentations.⁹² In June of 2007, the group sent a letter summarizing CRI's alleged misrepresentations to Washington State Senator Paull Shin.⁹³ The letter cited the various findings of the Workforce Board and the Department, and that letter is attached to numerous borrower defense complaints.⁹⁴
34. In November 2018, ██████████ filed suit against the Secretary of Education and the Department of Education for failure to process her borrower defense claim.⁹⁵ As an exhibit to her complaint, ██████████ attached the Washington State Attorney General's request for group borrower defense relief for any CRI student who attended its Washington campuses.⁹⁶ The case settled, and ██████████ withdrew her borrower defense claim.⁹⁷
35. While ██████████ lawsuit was based upon an alleged unreasonable delay in adjudicating her borrower defense claim, she detailed both in her lawsuit and in her (withdrawn) borrower defense claim how CRI led her to believe she could complete the court reporting program within three years and obtain employment as a court reporter.⁹⁸ She went on to discuss how she diligently completed her course work but could not get close to the qualifications for graduation.⁹⁹ She withdrew from the school without a credential, nearly 3.5 years after she started and over \$35,000 in debt.¹⁰⁰

⁹² *How CRI Defrauded Hundreds of Students*, <https://www.stop419scams.com/crisaga/> (last visited November 18, 2020).

⁹³ Exhibit 24 (Letter from CRI students to Senator Paull Shinn (Jun. 19, 2007)) [hereinafter Letter to Senator Shinn].

⁹⁴ *See, e.g.* Application BD01365842.

⁹⁵ Exhibit 25 (Complaint filed in ██████████ v. *Devos*, No. 18-cv-2706, (D.D.C. Nov. 20, 2018)) [hereinafter ██████████ v. *Devos* Complaint].

⁹⁶ *Id.* at ¶ 14.

⁹⁷ Exhibit 26 (Letter from ██████████ to the Department of Education (Nov. 5, 2019) [hereinafter ██████████ Letter].

⁹⁸ Exhibit 25 (██████████ v. *DeVos* Complaint).

⁹⁹ *Id.*

¹⁰⁰ *Id.*

II. CRI Misrepresented the Overall Completion Time for its Court Reporting Program at all Campuses between August 1998 and its 2006 Closure¹⁰¹

36. Beginning on approximately August 1, 1998 and continuing until February 1, 2003, CRI represented in writing in its course catalogs that students could complete its certificate in court reporting within 2.5 years (day program) or less than four years (evening program).¹⁰²
37. Additionally, between at least 1999 and 2006, regardless of the program completion time specified in the catalog, CRI verbally represented to prospective day students that the program could be completed in 1.5–2.5 years, and to prospective evening students that it could be completed in four years or fewer, with anecdotes about students completing within one year.¹⁰³
38. CRI's claims, verbally and in writing, about average completion times were misleading when the Workforce Board calculated actual averages of almost 4.5 years (day program) and over five years (evening program).¹⁰⁴ The Borrower Defense Group ("BDG") reviewed the evidence and conclusions of the Workforce Board. BDG agrees with Workforce Board's recalculated averages.
39. Moreover, the actual average time to complete the day and evening programs are overshadowed by the fact that so few students ever completed the program at all.¹⁰⁵ BDG adopts the previously discussed data showing that the completion rate for the court reporting program was steadily under ten percent, and sometimes as low as two percent.¹⁰⁶
40. Since so few students could ever complete the program, CRI's statements about the ability of its students to obtain jobs as court reporters were also misleading.¹⁰⁷
41. The Department's findings regarding SAP violations provide additional context for CRI's program completion misrepresentations. The school ultimately identified twenty-eight students at its Seattle campus who received aid in excess of eligibility between 2001 and

¹⁰¹ Including Seattle (OPEID 03052200), Tacoma (OPEID 03052203), San Diego (OPEID 03052201) and Boise (OPEID 03052202).

¹⁰² See Exhibit 4 (1998/99 Catalog), at 43; Exhibit 6 (2001 Seattle Catalog), at 26; and Exhibit 14 (2002 Seattle Catalog), at 44. The earliest course catalog the Department was provided is the 1998/1999 course catalog with an effective date of August 1, 1998. See also Exhibit 1 (2003 Seattle Catalog), at 38 (amending the program length times). The 2003 course catalog effective date is January 2003. We have selected Feb. 1, 2003 as the end date for the written misrepresentations because of the possibility that the old 2002 course catalog was used through the end of January 2003.

¹⁰³ See Exhibit 9 (1999 Workforce Board Letter); Exhibit 11 (2002 Workforce Board Letter); Exhibit 17 (2005 Workforce Board Letter); Exhibit 19 (2006 Workforce Board Letter 2); Exhibit 20 (2006 Workforce Board Letter 3); see also Exhibit 10 (Investigation Conclusions).

¹⁰⁴ Exhibit 10 (Investigation Conclusions).

¹⁰⁵ *Id.*; see also Exhibit 18 (2006 Workforce Board Letter 1); Exhibit 19 (2006 Workforce Board Letter 2); and Exhibit 20 (2006 Workforce Board Letter 3).

¹⁰⁶ Exhibit 10 (Investigation Conclusions), at 3.

¹⁰⁷ Exhibit 18 (2006 Workforce Board Letter 1), at 5; Exhibit 19 (2006 Workforce Board Letter 2); and Exhibit 20 (2006 Workforce Board Letter 3).

2005.¹⁰⁸ CRI additionally identified twenty-six students at its Boise campus and fifty-eight students at its San Diego campus who also received aid in excess of eligibility, all between 2001 and 2005.¹⁰⁹ All of this “aid in excess of eligibility” enabled the school to keep students enrolled longer and caused the students to accumulate more debt in a program from which they had dwindling chances of completing.¹¹⁰

A. Students’ Statements

42. Former CRI students across all campuses, regardless of enrollment period, consistently state that the school misrepresented the time it would take to complete the program. They further state that they relied on this misrepresentation when choosing to enroll, and that they were harmed by the misrepresentation.

1. Borrowers’ claims regarding the program completion time misrepresentation substantiated the Workforce Board findings and were consistent across all CRI campuses

43. Borrower defense applications reviewed to date provide corroborative evidence that CRI misrepresented its completion time both verbally and in its course catalogs. Specifically, former CRI students consistently allege in sworn borrower defense applications that CRI told them that it would take thirty months or less to complete the program.

44. For instance, a Boise, Idaho borrower who enrolled in 2002 stated, “The average length of the court reporting program was said to be 30 months, some students graduating in less time, some more; and the school proudly verbally told its students, I included, that one student completed the court reporting program in one year. It has been found, for those few who did finally graduate, the average time it took to complete the program was four years.”¹¹¹

45. Additionally, a San Diego, California borrower who enrolled in 2001 stated, “CRI admissions claimed the school was properly accredited and that graduates would be prepared to take the state exam if you worked really hard, it could take 30 months to complete.”¹¹²

46. Lastly, a Seattle, Washington borrower who enrolled in 2001 stated, “He told me the Court Reporting Course at CRI was a 30-month program, with most students graduating even sooner, some within a year.”¹¹³

2. Borrowers allege that they chose the CRI court reporting program based, in large part, on the purported program completion time

¹⁰⁸ Exhibit 23 (Final Program Review Determination), at 9. CRI was only asked to identify overages beginning with the 2001–2002 award year. *Id.* at 5.

¹⁰⁹ *Id.* at 10–13.

¹¹⁰ See Exhibit 18 (2006 Workforce Board Letter 1), at 5.

¹¹¹ Application BD [REDACTED].

¹¹² Application BD [REDACTED].

¹¹³ Application BD [REDACTED].

47. Sworn borrower defense applications also indicate that the borrowers relied on this misrepresentation when they decided to attend CRI.

- For instance, one borrower explained that she chose the course based on the promise that she could complete it within 2.5 years, stating, “I was told and read that this course would take 2 1/2 years. After considering, I decided I could commit to 2 1/2 years in order to better my job opportunities.”¹¹⁴
- Another borrower explained that she decided to take on debt because she thought the course could be completed in under two years, stating: “Since the school told me that I could get through the program and graduate within 18 months to two years, I incurred debt in student loans to pay tuition.”¹¹⁵

3. Borrowers allege that they suffered harm due to their enrollment at CRI

48. Additionally, in the sworn borrower defense applications, borrowers allege that they suffered harm due to their enrollment at CRI.

49. A borrower discussed the impact of remaining in a program for so many years from which he could never graduate, stating, “It has been approximately 13 years since I left the school, my future earnings potential is worse off than when I started and I do not currently have a job. I have lost many of the prime earning years of my life. If I would have stayed with my bail bonds job, I would have at least had an income over the past many years, and far less personal debt. I would have had a retirement account. This experience devastated me and my family, financially and emotionally, as well as health wise, as these problems do not exist in a vacuum.”¹¹⁶

50. Another borrower described going through a personal bankruptcy but still owing student loans for CRI: “I went through Bankruptcy and my debt was not dischargeable so even though I’ve lost my house and everything I have worked for, I still have student loan debt for an education I never received and am still paying on this loan 15 years after leaving ‘school.’”¹¹⁷

51. One borrower described the emotional toll of the CRI debt, including, “Always having this debt hanging over my head, calls from collectors, damage to my credit.”¹¹⁸

¹¹⁴ Application BD [REDACTED].

¹¹⁵ Application BD [REDACTED].

¹¹⁶ Application BD [REDACTED].

¹¹⁷ Application BD [REDACTED].

¹¹⁸ Application BD [REDACTED].

B. Overall Conclusions

52. The evidence in the Borrower Defense Group's possession that relates to alleged program completion time misrepresentations at CRI establishes the following facts by a preponderance of the evidence:

- Between August 1, 1998 and November 30, 2006, at all of its campuses, CRI misrepresented the amount of time that it would take to complete the court reporting program both verbally and in writing.
 - For day students, CRI stated in its course catalog from at least 1998 until January 2003 that the program had an average completion time of thirty months (2.5 years), while the actual average was approximately 4.5 years.¹¹⁹ Additionally, beginning at least as early as 1998 and continuing until its closure November 30, 2006, CRI verbally represented to day students that they could complete the program in approximately 2.5 years or fewer.¹²⁰
 - For evening students, CRI stated in its course catalog from at least 1998 until January 2003 that the program had an average completion time of forty-five months (under four years), while the actual average was over five years.¹²¹ Similarly, beginning at least as early as 1998 and continuing until its closure November 30, 2006, CRI verbally represented to evening students that they could complete the program in four years or fewer, with anecdotes about students completing within one year.¹²²
- Moreover, from 1998 through 2006 the evidence demonstrates that very few borrowers ever completed the program at all (as low as a two percent completion rate during one time period studied) and those who did complete the program typically took much longer than the represented average completion time.¹²³

¹¹⁹ See discussion, *supra* § 0(B), "Investigations Resulting from CRI's Alleged Misconduct."

¹²⁰ *Id.*

¹²¹ *Id.*

¹²² *Id.*

¹²³ *Id.*

III. CRI Borrowers who Enrolled Before August 1, 1998, or who Enrolled in a Non-Court Reporting Program at any Time, are not Eligible for Relief Unless Additional Evidence is Provided or Otherwise Comes to Light

53. As of the date of this memorandum, the Department does not have in its possession any evidence regarding alleged misrepresentations relating to non-court reporting programs at CRI.
54. While the Workforce Board found that evening students in the court reporting program were misled about program completion times verbally and via brochures prior to August 1998, the Department does not have evidence in its possession to support the finding.¹²⁴ The evidence provided to the Department includes old brochures that do not appear to have been created by CRI.¹²⁵ Moreover, the Workforce Board noted that CRI students who enrolled in the 1990s were not charged additional tuition past the projected completion time.¹²⁶ Additionally, the Workforce Board did not make any findings about misrepresentations to day students prior to 1998.
55. For these reasons, the Department does not adopt the finding that CRI misrepresented program completion times to students prior to August 1, 1998. However, if additional evidence is discovered, or received in the future, the Department may revisit these claims as warranted.
56. The Workforce Board made additional findings about teacher quality, but the evidence related to those findings is limited to specific students in specific classes in specific years.¹²⁷ The Workforce Board also expressed concern about CRI's represented job placement rate, but that concern is tied to the completion rate issues documented above.¹²⁸
57. The Department currently has no evidence in its possession that CRI made any other types of widespread misrepresentations (aside from those mentioned above) to its students. However,

¹²⁴ Exhibit 9 (1999 Workforce Board Letter). The Department is in possession of a few CRI brochures, though all are undated, and it is unknown if any were the brochures at issue in the 1999 Workforce Board investigation.

¹²⁵ Three of the four brochures in the Department's possession look to be publications not of CRI but of larger court reporting associations. *See, e.g.*, Exhibit 12 (Brochure 1) (bearing the stamp of the National Court Reporters Association in Vienna, VA) and Exhibit 13 (Brochure 2) (bearing the stamp of the Stenograph Corporation of Mount Prospect, IL). The fourth brochure that does appear to be created by CRI says nothing about program completion times. *See* Exhibit 27 (COURT REPORTING INSTITUTE brochure entitled "A Career That Has It All") [hereinafter Brochure 3].

¹²⁶ Exhibit 9 (1999 Workforce Board Letter), at 1.

¹²⁷ *See, e.g.*, Exhibit 15 (2003 Workforce Board Letter), at 4 (a teacher approved to teach one course was also teaching a separate unapproved course; the student who brought the complaint to the attention of the Workforce Board was ordered to be refunded the tuition money she paid for the unapproved course); *see also* Exhibit 17 (2005 Workforce Board Letter), at 7 (certain student teachers did have Workforce Board approval to teach certain courses but one teacher was unapproved to teach a particular course). To the extent the specific students named in the cited letters apply for borrower defense relief based on a teacher quality claim, the BDG will adjudicate their claims in light of the evidence that does specifically pertain to them.

¹²⁸ Exhibit 20 (2006 Workforce Board Letter 3), at 3 (stating "by definition, CRI's placement rate is tied to its completion rate and it is completely unfair to quote a 100% job placement rate without disclosing the extremely low number of completers on whom that rate is based.").

if additional evidence is discovered, or received in the future, these claims may be revisited as warranted.