

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Culinary Institute LeNotre (“CIL”) (OPE ID: 03723300), and the United States Department of Education (“Department”). This Agreement is effective the latest date opposite the signatures below (“Effective Date”).

RECITALS

- A. CIL is a proprietary institution participating in the federal student aid programs (“Title IV Program”) authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070 *et seq.* (“HEA”). CIL offers associate and certificate programs in Culinary Arts, Restaurant Management, and Baking and Pastry Arts from its campus in Houston, Texas.
- B. CIL is owned and operated at level 1 by Culinary Institute, Inc., a Texas corporation. The shares of Culinary Institute, Inc. are held 77.3% by Alain LeNotre and 22.7% by Paul Dingee, as trustee.
- C. Under the HEA and its implementing regulations, a misrepresentation is defined as “[a]ny false, erroneous or misleading statement an eligible institution ... makes directly or indirectly to a student, prospective student or any member of the public,” including one that has “the likelihood or tendency to mislead under the circumstances.” 34 C.F.R. § 668.71(c). A misrepresentation rises to the level of a “substantial misrepresentation” if the misrepresentation is about employability of an institution’s graduates and is one “on which the person to whom it was made could be reasonably be expected to rely, or has reasonably relied, to that person’s detriment.” *Id.* “Substantial misrepresentations are prohibited in all forms, including those made in any advertising, promotional materials, or in the marketing or sale of courses or programs of instruction offered by the institution.” 34 C.F.R. § 668.71(b).
- D. After an investigation, the Department identified three representations on CIL’s website regarding the employability of its graduates:
 - a. “Most of our graduates find employment before graduation.” This representation appeared on LeNotre’s website for over two years, from April 8, 2021, to June 6, 2023.
 - b. “An average of 94% of our graduates found jobs before graduation.” This representation appeared on LeNotre’s website for over 9 years, from at least July 1, 2013, until at least December 6, 2021.
 - c. “This is why our job placement is one of the highest among culinary schools in the country.” This representation on LeNotre’s website for slightly more than 2 years, from at least April 8, 2021, through at least May 18, 2023.
- E. The Department has determined that the three representations in Paragraph D constitute substantial misrepresentations because they are false, erroneous, or misleading; are about the employability of the school’s graduates; and because students, prospective students,

or members of the public could reasonably be expected to rely on them to their detriment. See 34 C.F.R. § 668.71. CIL has acknowledged that the representations stating that “most of its graduates find employment before graduation” and that its “job placement rate is one of the highest among culinary schools in the country” were unsubstantiated. The Department determined that CIL’s claim that “an average of 94% of our graduates found jobs before graduation” is false because CIL provided job placement rates to its state regulator and accreditor, which showed job placement rates lower than 94%.

- F. CIL cooperated with the Department’s investigation, corrected the violation by removing the representations in Paragraph D from its website early in the investigation, and changed its marketing processes policies by hiring a new marketing company.
- G. CIL and the Department desire to resolve the matter without instituting administrative action, which could include but would not be limited to, the assessment of liabilities, a Subpart G fine action, or a limitation action.

In consideration of the mutual covenants and conditions contained in this Agreement, the sufficiency of which is hereby expressly acknowledged, and intending to be legally bound to the terms hereof, the Department and CIL agree as follows:

TERMS AND CONDITIONS

1. As used in this Agreement, “Covered Conduct” shall constitute the statements identified in Paragraph D made on or before the Effective Date.
2. CIL will pay a fine in the amount of Two Hundred Seventy-Five Thousand Dollars (\$275,000) to resolve any potential adverse action that the Department believes it could pursue for the Covered Conduct.
3. CIL will pay the amount referenced in paragraph 2 (the “Settlement Amount”) in complete and total satisfaction for all potential liabilities, fines, and other potential administrative action related to the Covered Conduct.
4. CIL will pay the Settlement Amount through FEDWIRE on or before the expiration of three business days following the Effective Date of this Agreement. CIL should include the billing number AAA-2024-3-001. Instructions for completing the electronic fund transfer message format are included on the attached FEDWIRE form. See **Attachment A**.
5. CIL agrees not to make misrepresentations, as that term is defined in 34 C.F.R. § 668.71, *et. seq.*, related to the employability of its graduates, including but not limited to the number of students who find employment before graduation or how CIL’s job placement rate compares to other schools.

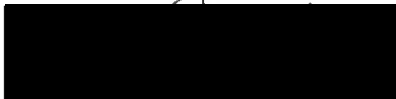
6. CIL agrees, within 14 days of the Effective Date, to provide the Department with copies of all current advertising materials utilized by the school, including current website images, copies of marketing emails, and copies of printed advertising literature.
7. CIL agrees, every six months after the Effective Date for a period of three (3) years, to provide the Department with copies of all advertising materials currently in use at that time utilized by the school, including current website images, copies of marketing emails, and copies of printed advertising literature.
8. CIL agrees to ensure that all links on its webpages leading to job placement rates or other employment-related information are fully functioning.
9. CIL agrees that, if it chooses to publicize or advertise job placement rates or employment rates to students or prospective students, it will provide students with the same job placement rates or employment rates that it most recently provided to the applicable accreditor or state higher education regulator(s).
10. CIL agrees to preserve all formal oral complaints and all written complaints submitted to it by students and prospective students and any response by CIL provided to the complainant for a period of five (5) years after the record was created.
11. CIL agrees to provide a notice to all currently enrolled students informing them how to use the Department's feedback center to submit a complaint. CIL must take reasonable efforts to send this notice to students, either by electronic mail, U.S. mail first class, or other comparable method of delivery within fourteen (14) days after the Department approves the draft provided to it by CIL. After the initial notice, CIL shall provide the same such notice to all currently enrolled students annually for a period of three (3) years.
12. CIL agrees to provide a notice to all current employees who provide recruiting, admissions, counseling, or instructional services to students. Such notice will inform those employees how to use the FSA Tips email inbox to submit information about misconduct or violations. CIL must take reasonable efforts to send this notice to those employees, either by electronic mail, U.S. mail first class, or other comparable method of delivery within fourteen (14) days after the Department approves the draft provided to it by CIL. After the initial notice, CIL shall provide the same such notice to that category of current employees annually for a period of three (3) years.
13. CIL agrees not to seek reimbursement or to recoup any portion of the Settlement Amount from any students or former students of CIL, or from any parent borrower.
14. The Department shall not assess any fine or civil penalty, establish any liabilities, or seek to recover or take any other adverse administrative action available under the HEA against CIL based on the Covered Conduct. This includes, but is not limited to, the Department's agreement that it shall not take any administrative action to convert CIL's full Program Participation Agreement into a Provisional Program Participation Agreement based on the Covered Conduct, nor will the Department use the Covered

Conduct as a basis for any limitation associated with CIL's future application for recertification. Accordingly, CIL acknowledges that no right to appeal exists under either Subpart G or otherwise relating to the Settlement Payment.

15. The Department agrees that this Agreement will not be considered a financial responsibility triggering event under 34 C.F.R. 668.171(d), and the Department agrees not to cite this Agreement as a basis for placing CIL on heightened cash monitoring or requiring financial protection.
16. The Department releases and discharges CIL from all other potential monetary liabilities that could be based on the Covered Conduct, to the extent such conduct occurred before the Effective Date. Notwithstanding the foregoing, the Department may use the Covered Conduct in future enforcement actions against CIL and their affiliates to establish a pattern or practice of violations or the continuation of a pattern or practice of violations or to calculate the amount of any fine, without prejudice for CIL to dispute the conduct at that time and without regard to the statute of limitations for that dispute. This release does not preclude or affect any right of the Department or CIL to determine and ensure compliance with this Agreement.
17. CIL releases the Department (together with its agents and employees) from any claims, known and unknown, suspected and unsuspected, including claims for attorneys' fees, costs, and expenses of every kind and however denominated, that CIL has asserted or could assert against the Department (together with its agents and employees) concerning the Covered Conduct.
18. The provisions of this Agreement do not bar, estop, or otherwise prevent the Department from taking any other action against CIL, any signatory to this Agreement, or any other individual employed by CIL, except as described above. Further, for the avoidance of doubt, the provisions of this Agreement do not bar, estop, or otherwise prevent any other person, including any student or parent borrower, or governmental agency, from taking any action against CIL, any signatory to this Agreement, or any other individual employed by CIL.
19. CIL neither admits nor denies the allegations, findings and/or determinations described in this Agreement.
20. The Department and CIL will each bear their own costs in connection with this Agreement.
21. All signatories to this Agreement acknowledge that they have read this Agreement and have freely and voluntarily executed it after having consulted with counsel and received the advice of counsel as to its effect.
22. Neither the Department nor CIL will contest the enforceability of this Agreement in a future proceeding.

23. A material breach of this Agreement by CIL shall constitute a breach of the required fiduciary standard of care and diligence in administering the Title IV Programs, a breach of any program participation agreement in effect at the time of the breach, and cause for limitation, termination, or revocation of CIL's PPA.
24. This Agreement sets forth the entire agreement and understanding between the Department and CIL relating to the subject matter herein and supersedes all prior or contemporaneous discussions, understandings, and agreements, whether oral or written, between them relating to the subject matter hereof.
25. This Agreement may be executed in two or more duplicate counterparts, each of which shall be treated as an original, but all of which together shall constitute one and the same instrument. The counterparts of this Agreement and any amendments hereto may be executed and delivered by facsimile, .pdf attachment, or electronic signature by either Department to CIL (or vice versa), and the Department and CIL may rely on the receipt of such document so executed and delivered by facsimile or other electronic method as if the original had been received.
26. The Department and CIL warrant that their undersigned representatives are fully authorized to sign this Agreement on their behalf.

FOR CULINARY INSTITUTE LENOTRE



Dr. Arturo Cervantes

Print Name

7/08/2024

Date

FOR THE UNITED STATES DEPARTMENT OF EDUCATION:



Susan D. Crim
Director, Administrative Actions and Appeals Service Group

7/22/2024

Date

