

# GOVERNMENT OF THE DISTRICT OF COLUMBIA

## OFFICE OF THE ATTORNEY GENERAL

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Contact: Rob Marus, Communications Director (OAG): 202.724.5646; [robert.marus@dc.gov](mailto:robert.marus@dc.gov)

## District Joins Consumer Protection and False Claims Settlements Totaling Nearly \$200 Million with For-Profit College Operator

*Settlements Will Provide Loan Forgiveness to Former Students and Recover Grant Funds*

WASHINGTON, D.C. – Attorney General Karl A. Racine announced today that the District and 39 states have reached a \$102 million consumer protection settlement with Pittsburgh-based Education Management Corporation (EDMC), a for-profit college operator. The settlement resolves allegations that EDMC made unlawful misrepresentations in advertising its educational offerings to prospective students.

The District, the federal government and 12 states have also reached a separate \$95.5 million settlement to resolve claims that EDMC obtained government grants by falsely stating that it had complied with applicable federal regulations, in violation of federal, District, and state False Claims Acts.

**“Protecting our consumers as well as our public funds from companies that take advantage of both is a key part of our duty at the Office of the Attorney General, and we are pleased that we were able to join our state and federal partners in these major settlements,”** Attorney General Racine said. **“We will continue to be vigilant in monitoring for-profit colleges’ work in the District, and we are expanding our work in educating consumers on how to protect themselves, including in the market for higher education.”**

In the consumer protection settlement, the District alleged that EDMC unlawfully misled prospective students about its accreditation status, its job-placement statistics, its program costs, and its refund policy. The settlement provides for a Superior Court injunction governing how EDMC markets its educational offerings in the District and provides \$419,129 in institutional loan forgiveness for more than 200 District students who took loans from EDMC but received little educational benefit in return.

In the False Claims Act settlement, the District alleged that EDMC’s compensation system violated a federal government ban by basing a recruiter’s compensation on the number of students he or she recruited. The District’s share of the False Claims Act multistate settlement recovery will be \$71,428.

The settlement was the result of a lawsuit filed in 2011 by two whistleblowers pursuant to provisions of the District's False Claims Act allowing private citizens to take legal action on behalf of the District against entities that have defrauded the city. These individuals will receive a percentage of the District's share of the settlement.

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