



February 2, 2015

Hon. Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G St. NW
Washington, DC 20552

RE: ECMC Group, Inc.'s purchase of certain Corinthian Colleges, Inc. assets

Dear Director Cordray:

This letter confirms the terms of the agreement between ECMC Group, Inc. and Zenith Education Group (collectively, "ECMC") and the Consumer Financial Protection Bureau ("Bureau") concerning ECMC's purchase of certain assets of Corinthian Colleges, Inc. ("Corinthian"). These assets include certain schools of Everest College, Everest Institute, Everest University, Everest College Phoenix, and WyoTech (collectively, the "Everest Plus Schools").

The Everest Plus Schools are among those at which the Bureau has alleged, in its civil action against Corinthian, that Corinthian committed violations of the Consumer Financial Protection Act, 12 U.S.C. §§ 5531(a), 5536(a), 5564, and 5565, and the Fair Debt Collection Practices Act, 15 U.S.C. §§ 1692a, *et seq.*

In recognition of ECMC's providing debt relief for Corinthian students and commitment to abide by certain provisions in its operation of the Everest Plus Schools, described below, the Bureau has agreed to release ECMC from any potential liability to the Bureau for any law violations based on the acts or practices of Corinthian that are alleged in the Bureau's civil action against Corinthian titled *Consumer Financial Protection Bureau v. Corinthian Colleges, Inc.*, 1:14-cv-07194 (N.D. Ill.). We understand that this release only addresses ECMC's liability for conduct that occurred prior to ECMC's purchase of the Everest Plus Schools.

The Bureau is providing this release because ECMC has performed the following or has committed to the Bureau to do so:

(1) ECMC has obtained substantial private student loan debt relief for current and former Corinthian students.

ECMC has worked cooperatively with the Bureau and the U.S. Department of Education ("Department") to obtain at least \$480 million in debt relief on certain loans for current and former Corinthian students. These loans will see an immediate 40% reduction in the principal balance. ECMC has also taken steps to ensure the third-party holder of these loans follows certain guidelines in collecting on the loans. This includes, for example, a ban on suing or threatening to sue any borrower. ECMC has also taken steps to direct the deletion of any negative reporting information that currently exists on credit reports related to these loans. ECMC will also work to ensure that Corinthian will forgive all principal, interest and other indebtedness under outstanding student loan notes currently held by Corinthian or any of its affiliates.

(2) ECMC has agreed to certain conduct provisions when operating the Everest Plus Schools.

To help protect future students at the Everest Plus Schools, ECMC has agreed with the Bureau to the following provisions:

Institutional Lending - ECMC commits to the Bureau that it will not offer an institutional loan program to current or future students for a period of seven years and will provide the Bureau with at least 180 days' advance notice prior to instituting any such program after that date.

Additional Conduct Provisions Memorialized with Department- In connection with its purchase and operation of the Everest Plus Schools, ECMC has committed to additional conduct provisions with the Department memorialized in a Title IV HEA Program Participation Agreement effective as of February 2, 2015 (the "PPA"). A copy of the conduct provisions are attached to this letter as Exhibit A. ECMC has committed to the Bureau that it will comply with the PPA's conduct provisions to the same extent it is obligated to do so by the Department. ECMC commits to the Bureau to comply with each of the PPA's conduct provisions for as long as it is required by the Department, but in any event for no less than three years.

ECMC also agrees with the Bureau that it will comply with any additional conduct provisions to which it has agreed, or will agree, with the Department in connection with the purchase of any Everest Plus Schools.

Respectfully submitted,



Dave Hawn
Chief Executive Officer

RELEASE OF CLAIMS

The Consumer Financial Protection Bureau hereby releases ECMC Group, Inc. and Zenith Education Group (collectively “ECMC”) from all its potential liability to the Bureau for any law violations based on the acts or practices of Corinthian Colleges, Inc. (or any of its affiliates or subsidiaries, collectively “Corinthian”) relating to Corinthian’s ownership and operation of those schools purchased from Corinthian by ECMC (the “Everest Plus Schools”). This Release only releases liability for conduct that occurred prior to ECMC’s purchase of the Everest Plus Schools.

This Release is neither a determination of ECMC’s liability nor a concession by the Bureau that it does not have well-founded claims against ECMC or Corinthian.

Nothing in this Release shall relieve ECMC of its obligation to comply with applicable state and federal law. This Release does not preclude or affect any right of the Bureau to determine and ensure compliance with all laws under its jurisdiction except as expressly set forth above. This Release does not release or otherwise impact the Bureau’s claims against Corinthian in any way.



Date: 2/2/2015

Richard Cordray
Director
Consumer Financial Protection Bureau

Exhibit A

ATTACHMENT A

Additional Terms and Conditions: Zenith Conduct Provisions

I. Independent Monitor

- Zenith shall engage, for a period of one year, an independent monitor (Monitor), acceptable to the United States Department of Education (“Department”). The engagement may be extended at the Department’s discretion for up to two additional one-year periods.
- The Monitor shall have full and complete access to Zenith’s marketing materials, training manuals, disclosures to students, placement rate data, and disclosures to accreditors and state authorizing agencies. This includes, but is not limited to:
 - All manuals, presentations, scripts, and other documents used in training and supervising employees responsible for recruiting and admissions.
 - All documents related to the supervision, performance, and compensation of employees responsible for recruiting, enrolling or admitting students.
 - All documents related to complaints made by students and former students to, or about, any school operated by Zenith.
 - All documents and contracts related to the use of lead generators.
- The Monitor will create monthly reports of its findings. The Monitor will submit those reports to Zenith executive management and to the Department for review.
- The Monitor will be responsible for, *inter alia*:
 - Ensuring that Zenith’s advertising materials are fair and accurate.
 - Ensuring that Zenith’s admission and recruitment activities are in compliance with state and federal law, and that prospective students are provided all required disclosures in a timely and accurate manner, including information pertaining to costs of attendance, the availability of student aid, and program outcomes such as placement and completion rates.
 - Ensuring that Zenith is accurately calculating placement rates and completion rates, as further defined below; and
 - Ensuring that Zenith is complying with the Higher Education Act’s prohibition on incentive compensation, as regulated by the Department.
- The Monitor shall ensure adequate records retention policies are in place as they relate to representations made by Zenith to current and prospective students. This shall include, but not be limited to, retention of recordings or electronic files related to enrollment solicitations and financial aid. The Monitor shall review such records for compliance with state and federal law and make them available upon request by applicable oversight entities.

II. Cooling-Off Period and Withdrawals

Exhibit A

- A cooling-off period is defined as at least five business days from the date a student signs an enrollment agreement, makes an initial payment, or first visits a school, whichever is later.
- During the cooling-off period, any enrollment agreement signed by a student can be withdrawn, with all payments made by the student or on the student's behalf refunded.
- Withdrawal can be effectuated by personally appearing at a school to withdraw, depositing a withdrawal letter in the mail to an address provided by the school (in which case, the withdrawal will be considered effective as of the postmark date), sending an electronic withdrawal message to a mailbox maintained by the school for such purpose, or providing an oral withdrawal notice via a phone number maintained by the school for such purpose. If the student's withdrawal is communicated orally, the school will confirm the withdrawal in writing via an electronic message or letter sent within three days of the oral communication.
- If Zenith is not able to document that a student attended any class during the enrollment payment period or period of instruction, that student will be deemed withdrawn and Zenith will not be entitled to retain more than \$200 registration or application fees or an alternative amount that Zenith can demonstrate to have been expended in undertaking that particular student's instruction.
- Regardless of when a student withdraws, Zenith will not attempt to collect from the student any funds in excess of the Title IV federal financial aid funds that are required to be returned to Title IV sources pursuant to 34 C.F.R. § 668.22.
- The existence of the cooling-off period, as well as the addresses and phone numbers for withdrawal notices, must be disclosed on any document regarding enrollment that is signed by the student as well as on the receipt for any initial deposit or payment toward tuition and fees. The student must receive a copy of the document that contains the cooling-off disclosure and withdrawal contact information.
- Nothing in this section shall be read to preempt any provision of state or federal law or regulation that provides greater protection to a student than the provisions in this section.
- The provisions in the Section II are subject to implementation as soon as feasible and are subject to any requirements under state law, accrediting body standards or other applicable educational regulatory requirements.

III. Mandatory Disclosures

- In addition to the mandatory disclosures required by the Department, its accreditors and any other authorities, Zenith will make placement rate, completion rate, gainful employment, and accreditation disclosures as described further below.
- *Calculating Placement Rate*

Exhibit A

- Placement rates shall be calculated beginning with the first full cohort year that follows the initial cohort year in which a new program is offered. A program is not “new” for purposes of placement rate calculation if a school previously offered a program of substantially similar subject matter, content, length, and ending credential (e.g., a certificate, an associate’s degree, etc.).
- Placement rates shall be disclosed after the first full cohort year that follows the initial cohort year in which a new program is offered.
- Zenith shall calculate placement rates under the methodology prescribed by a school’s accrediting agency and any state agency. In the event that neither a school’s accrediting agency nor the state agency require the calculation of a placement rate, or does not dictate the methodology for calculation, Zenith shall calculate placement rates using the methodology applicable to short-term training programs set forth at 34 C.F.R. § 668.8(g), or as otherwise modified by the Department.
- The school must establish a protocol for performance checks of those employees responsible for verifying, calculating, and/or disclosing placement rates. Such performance checks shall be designed to provide a reliable assessment of the accuracy of disclosed placement rates and the adequacy of a school’s employees’ verification, calculation, and disclosure of placement rates. The performance checks shall be carried out regularly by Zenith’s quality assurance or auditing department, or an independent third party. If a school obtains placement data by contacting employers and completers/graduates, the information shall be documented in writing, including the name of the employer, name of the student, address and telephone number of student and employer, title of position, duties of employment, length of employment, hours worked, the name and title of the person(s) providing the information to the institution, the name and title of the person(s) at the school who received and recorded the information, and the date the information was provided. Zenith shall maintain a copy of the information for a period no less than two years and take reasonable action to ensure the accuracy of the information.
- *Calculating Completion Rate*
 - The completion rate provided to a prospective student must include data for the program and campus in which the student will be enrolled. The completion rate shall be calculated in accordance with the methodology applicable to gainful employment programs as set forth at 34 C.F.R § 668.412, unless otherwise modified by the Department.
- *Accreditation Status:* Unless specifically exempted or modified by the Department, Zenith shall provide the following disclosure to students in their enrollment contracts: “Except in limited circumstances, courses and credits from [institution] will not transfer to other schools, and a degree from [institution] will not be honored for admission to an advanced degree program.” The required accreditation status disclosure will be in a black box titled “Accreditation Status Disclosure.” The text of the additional disclosure must be at least 12 point font or one point size larger than any other text on the document in which the box is located, whichever is larger. This disclosure is subject to the approval of all applicable governmental and educational regulatory authorities, including but not limited to applicable accrediting bodies.

Exhibit A

IV. Arbitration Clauses

- Zenith will include provisions to the following effect in the arbitration provisions in Zenith students' standard contract:
 - Zenith will institute a voluntary internal dispute mechanism and will not include a clause in its enrollment contracts that mandates arbitration as a means of resolving student claims, except in the state of Washington. In the state of Washington, Zenith will require individual, non-binding arbitration that allows a student to seek judicial review of that student's arbitration result. In the state of Washington, Zenith will pay the entire filing fee, arbitrator's compensation, and facilities fee for a student who files for arbitration. Zenith will offer any student the option of arbitrating a claim without resorting to the internal dispute mechanism.
 - In the event that arbitration is chosen by the student, the costs of the arbitration filing fee, arbitrator's compensation, and facilities fee will be split equally by the student and the school and Zenith will reimburse the student's half of these costs if s/he prevails. The student will not be responsible for arbitration fees if the student demonstrates hardship.
 - Zenith will agree to hold any arbitration proceeding within the area covered by the federal district court in which the student resides.
 - An arbitrator may award a student compensatory damages, actual damages, or any student-specific injunctive relief in the arbitration.
 - Nothing in this Agreement prohibits the student from filing a complaint with any accrediting agency, any state or federal regulatory or law enforcement agency, including the U.S. Department of Education, prior to, after, or during the arbitration, nor does anything in this Agreement preclude the student from notifying any state or federal regulatory or enforcement agency regarding the arbitration. Nothing in the Agreement shall prohibit the student from providing any information exchanged by the parties during the arbitration to any federal regulatory or enforcement agency.
 - Any agreement to maintain the confidentiality of the arbitration process does not extend to the fact that an arbitration claim has been filed by the student, as well as any decisions, filings, rulings, awards resulting from the arbitration, and/or any information exchanged by the parties, with the exception of personally identifiable information (except that a person may reveal his or her own personally identifiable information).
 - Zenith will provide students with a full copy of their student files upon written request without the need for a student to initiate arbitration and at no charge.

V. Reporting & Record Retention

Exhibit A

- In addition to any requirements imposed by state authorizing agencies, accrediting agencies, and the Department, Zenith shall also report the following information on its school website within 90 days of the effective date of this Agreement:
 - Completion and job placement rates based on the calculation methodologies provided in this document.
 - Cohort default rates, as calculated by the Department pursuant to 34 C.F.R. Part 668, Subpart N.
 - Median loan debt, calculated in accordance with the methodology applicable to gainful employment programs as set forth at 34 C.F.R. § 668.413.
 - The names and credentials of any full- or part- time faculty offering instruction.
- If Zenith hires a third party to solicit students telephonically or via email, it will require such third party to retain audio or electronic files of the solicitation calls and emails for a period of two years, in accordance with and to the extent permitted under applicable law.
- Zenith shall retain all documentation of attendance and refunds issued to students who withdrew from courses in accordance with applicable Department regulations.