

**Corinthian Colleges Inc.**  
**Statement Regarding Everest College,**  
**Arlington Mid-Cities Campus**  
**October 11, 2010**

**Response to Alexis Dutchess and Paramount Services**

Corinthian Colleges Inc. is saddened and angered that three employees of Everest College's Arlington Mid-Cities campus conspired to falsify job placement records, systematically deceiving our students and our organization.

First and foremost, the students affected by the actions of these three employees deserve better. We regret that these students have not gotten everything they should have. To them, we offer our sincerest apology.

Thousands of people who work at Corinthian's 122 campuses in the U.S. and Canada also deserve better. Our employees help tens of thousands of students get a quality education and pursue rewarding careers every year. The actions of three employees will call into question the actions of thousands more who serve our students well and do things the right way every day. This frustrates us deeply.

Corinthian has taken concrete steps to ensure that situations like this will not happen again. And we are taking steps to provide those students who were affected by this situation with the benefits that they have a right to expect and that we regularly provide our students every day. (Details follow.)

**Background on Everest College and Corinthian Colleges Inc.**

Everest College specializes in career education. Our courses of study lead to certificates, diplomas or degrees in a variety of fields that prepare graduates for good jobs in rewarding occupations. All Everest campuses have a Career Services Department, which is staffed by representatives whose sole job is to help our graduates find employment in the fields for which they train.

Throughout our organization we have about 750 Career Services representatives. Corinthian added an additional 150 Career Services representatives in our most recent fiscal year (July 1, 2009 – June 30, 2010) because challenging economic conditions have made it harder for everyone, including our graduates, to find employment.

All of our colleges, including Everest, are subject to rigorous regulatory and accreditation standards regarding job placement for our graduates. To maintain its academic accreditation,

Everest must place a large majority of its graduates in fields for which they train. We must also maintain detailed, accurate records regarding placement for each of our graduates. These records must be filed with our accreditors and, in Texas, with our state regulators.

## **Chronology of Events**

In April, 2010, an employee of Everest College's Arlington Mid-Cities campus called the school's employee hotline to complain about unspecified policy violations in the campus's Career Services Department. Everest's parent organization, Corinthian Colleges Inc., immediately began an extensive investigation of these allegations that continued through July 30, 2010. The investigation uncovered significant misconduct by three employees in Career Services.

We found that between December, 2007 and April, 2010 three employees conspired with owners of two businesses to make false claims regarding job placement of our graduates. The two business owners falsely claimed to be hiring graduates and the three Everest employees filed documents certifying these claims. Altogether, this situation involved 288 of our graduates.

A business known as Alexis Dutchess claimed to have hired 176 graduates of two Everest instructional programs, medical assisting and medical insurance billing and coding. Our investigation found that Alexis Dutchess had no employees other than its owner and that it hired none of our graduates.

A company called Paramount Services claimed to have hired 119 graduates of Everest's pharmacy technician program but in fact hired only seven. Paramount Services operated a mail-order pharmacy and did bring 119 of our graduates in for brief, uncompensated workplace tryouts, but ultimately hired only seven into permanent positions. Paramount Services informed us in April that they were ceasing operations.

In early May, one of the employees who participated in this arrangement voluntarily provided Corinthian with a sworn statement, for which she received no consideration. The employee said she was aware her dealings with Alexis Dutchess and Paramount Services violated Everest College policies, that she was not ordered or encouraged by anyone else at Everest to take these actions and that no one other than two subordinates was involved with the arrangement.

Shortly thereafter the three employees were terminated. Corinthian's investigation continued through July to determine how the arrangement worked and how many students were affected. We found no evidence that anyone other than these three employees was involved.

After we discovered this situation, we voluntarily reported it to our regulators at the Texas Workforce Commission. We communicated extensively with TWC throughout the course of our investigation, we provided TWC with our findings and we continue to work with TWC to take all steps necessary to address this matter.

## **Changes in Corinthian Policies and Procedures**

Four years ago Corinthian Colleges established an audit unit at its corporate headquarters that independently verifies job placement data generated by individual campuses. In response to this situation we have added additional steps to that verification process.

We will continue to compile detailed information from employers who hire all of our graduates. However, we will identify all employers who hire more than 10 of our graduates in any calendar year and directly contact graduates placed at these businesses to verify their employment status.

## **Assisting Affected Students**

We have already attempted to reach out to graduates at Everest's Arlington Mid-Cities campus who were affected by this situation. But we want to encourage any graduate who may have been affected to contact us immediately.

We know that Everest offers our students a quality education and real economic value. At Everest's Arlington Mid-Cities campus alone, during the period that this situation occurred, hundreds of students graduated from our allied health programs and were hired by dozens of employers throughout the Dallas area. Tens of thousands of students completed their studies and entered the workplace across the country.

We want to make sure that all our students get the full benefit of their education and we can do a number of things to help those affected by this situation.

First, all affected students who would like to refresh their knowledge and skills are welcome to retake any of their courses, or their entire course load, free of charge. Second, all Everest graduates are entitled to lifetime job placement assistance; we would respectfully ask affected students to let us do our very best to help them find good jobs. Third, we recognize that every individual's experience is different; if affected students want to raise other concerns with us, we will be happy to discuss them on a case-by-case basis.

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