

**BEFORE THE AMERICAN ARBITRATION ASSOCIATION**

**DENVER, COLORADO**

DANIEL MILANO,  
1160 South Gray Street  
Lakewood, CO 80232

Claimant,

v.

BLOOM INSTITUTE OF  
TECHNOLOGY formerly d/b/a  
LAMBDA SCHOOL  
250 Montgomery Street  
Floor 16  
San Francisco, CA 94104;

AUSTEN ALLRED, in his  
individual capacity; and JOHN  
DOES 1-9,

Respondents.

AAA Case No. \_\_\_\_\_

**DEMAND FOR ARBITRATION**

1. Pursuant to the American Arbitration Association's Consumer Rules, Claimant Daniel Milano submits this Demand for Arbitration against Bloom Institute of Technology formerly d/b/a Lambda School ("Lambda"), Lambda's co-founder and CEO Austen Allred in his personal capacity, and John Does 1-9 for violations of the California Consumer Legal Remedies Act ("CLRA"), California Civil Code § 1750, *et seq.*, Unfair Competition Law ("UCL"), California Business and Professional Code §17200, *et seq.*, False Advertising Law ("FAL"), California Business and Professional Code § 17500, *et seq.*, as well as for intentional and

negligent misrepresentation. This action seeks declaratory and injunctive relief to cancel Mr. Milano's Income Share Agreement ("ISA"), to declare the ISA null and void, to refund payments made under the ISA, and for damages and additional relief.

2. Mr. Milano brings this action to hold Lambda accountable for: (i) falsifying and misrepresenting its job placement rates; (ii) misrepresenting and concealing the true nature of its financial interest in students' success, including by falsely representing that Lambda only got paid after students found employment and got paid; (iii) misrepresenting and concealing from students, including him, that when he enrolled and entered into an ISA, Lambda did not have the necessary approval from the California Bureau for Postsecondary Education ("BPPE") to operate as a school; and (iv) in violation of California law, enrolling, signing ISAs with, and providing educational services to students, including Mr. Milano, before Lambda obtained the BPPE's approval to operate.

3. Lambda is a private, for-profit online coding school founded in 2017 by its current chief executive officer, Austen Allred. Headquartered in San Francisco, Lambda provides online six and twelve-month computer science courses.

4. Lambda charged Mr. Milano \$30,000 for its program, more than double the reported average price of online coding bootcamps.<sup>1</sup>

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<sup>1</sup> See Cecilia Clark, *How Much is Coding Boot Camp?* Nerdwallet (Jan. 8, 2021), available at: <https://www.nerdwallet.com/article/loans/student-loans/how-much-is-coding-bootcamp>.

5. As Mr. Allred has explained, most students come to Lambda with “no network” and are “from either inner cities or rural areas.”<sup>2</sup>

6. Lambda’s business model is predicated on convincing prospective students to pay this large amount by promising them that they will not owe any tuition unless and until they find a job that pays \$50,000 or more per year.

7. Lambda carried out this model by entering into an ISA with students, wherein students agreed to pay 17% of their post-Lambda salary for twenty-four months once they made more than \$50,000 per year in a qualifying job.

8. Lambda marketed itself as a place where students could enroll in its coding programs, to learn the skills necessary to obtain employment in the competitive computer technology job market.

9. In reality, Lambda was not properly licensed to operate as a postsecondary educational institution. Lambda did not receive the BPPE’s approval to operate until August 17, 2020, over one year after Mr. Milano fully executed his ISA. California Education Code § 94886 bars private postsecondary educational institutions from doing business without the BPPE’s “approval to operate.” In addition, California Education Code § 94917 provides that when educational institutions violate this law, any “note, instrument, or other evidence of indebtedness relating to payment” for its programs is “not enforceable.”

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<sup>2</sup> See Y Combinator, *A CS Education That’s Free Until You Get a Job - Austen Allred of LambdaSchool*, YouTube (Apr. 3, 2019) at 9:10 (hereinafter “Y Combinator Interview”), available at: <https://www.youtube.com/watch?v=yIAYZtdrFI&t=551s>.

10. Respondents understood that students would only enroll if Lambda helped them secure a job. As Lambda describes it, job placement is “the most critical component of Lambda’s operations, not only in the School’s obligation to its students, but to the prosperity of the company as a whole.” One of the most important statistics for prospective students was Lambda’s purported record of successfully placing students in computer technology careers.

11. Lambda prominently displayed its purported record of job placement on its website, in marketing materials, and on social media, including Mr. Allred’s personal Twitter account. At all times relevant to this Complaint, Lambda advertised that its job placement rate was above 80%.

12. Lambda’s senior management, including Mr. Allred, knew that these widely disseminated job placement statistics were false and misleading.

13. At the same time Lambda was publicly touting an 85.9% job placement rate, Lambda and Mr. Allred warned Lambda’s largest investor, Y Combinator, in a private memo: “We’re at roughly 50% placement for cohorts that are 6 months graduated,” that Lambda was “unable to place students at scale,” and that “[p]lacement to date has been manual and one-off, which isn’t possible at scale.” See Lambda Memorandum to Investors, *Human Capital: The Last Unoptimized Asset Class* at 10 (May 2019), attached hereto as Exhibit A.

14. In addition, Lambda prominently advertised that “[w]e don’t get paid until you do, so we’re in this together, from your first day of classes to your first day on the job.” Together with its purportedly high job placement rate, this statement

led Mr. Milano to enter into his ISA. But this statement was also false, as Lambda packaged and sold financial shares in ISAs to investors long before students found employment.

15. Mr. Milano relied on Lambda’s advertised job placement rate and the representation that they would not get paid until he did—when he decided to enroll in February of 2019, financed by an ISA.

16. Mr. Milano’s ISA is a “note, instrument, or other evidence of indebtedness relating to payment for his educational program,” under the California Education Code, and therefore his ISA, as a matter of law, is “not enforceable.”

17. Had Mr. Milano known Lambda lacked BPPE approval, the truth about its job placement rates, or its practice of selling ISAs to investors prior to students obtaining jobs, he would not have signed the ISA that indebted him to \$30,000 of tuition at Lambda.

18. Mr. Milano brings this arbitration to cancel his ISA and for actual and punitive damages.

### **THE PARTIES**

19. Daniel Milano is a resident of Colorado. He signed his ISA on February 11, 2019. He was enrolled as a student at Lambda from March 18, 2019 until May 19, 2020, at which point he withdrew from the program. Mr. Milano’s ISA is attached as Exhibit B.

20. Respondent Lambda is a corporation organized and existing under the laws of the State of Delaware, having its principal place of business at 250 Montgomery Street, Floor 16, San Francisco, California 94104.

21. Respondent Austen Allred is Lambda's founder and CEO. Upon information and belief, Mr. Allred resides in San Francisco, California.

22. John Does 1-9 are officers and/or directors of Lambda as well as individuals or corporations who may own all or a portion of Mr. Milano's ISA.

### **JURISDICTION AND VENUE**

23. The American Arbitration Association ("AAA") has jurisdiction over this action pursuant to Claimant's ISA, which specifies that "any Claim against [Lambda] shall be submitted to and resolved by binding arbitration under the Federal Arbitration Act ("FAA"), 9 U.S.C. §§1 et seq., before the American Arbitration Association ("AAA") under its Consumer Arbitration Rules then in effect." Claimant's ISA further specifies that any arbitration hearing "shall be held in the same city as the U.S. District Court closest to [claimant's] address."

### **FACTUAL ALLEGATIONS**

#### **Lambda Background**

24. Lambda is a private, for-profit online coding school founded in 2017 by its current CEO, Austen Allred. Lambda is not a degree-granting institution and is not accredited, meaning students cannot take out federal student loans to attend.

25. As Lambda's CEO, Mr. Allred was the company's primary decisionmaker, in a position of control over daily operations and aware of the company's public representations and status with the BPPE.

26. Since 2017, Lambda has offered various computer science programs including UX design, data science, and full-stack web development. Lambda programs previously lasted between nine and eighteen months and currently last between six months and a year.

27. When Mr. Milano enrolled, nearly all students (including him) chose to finance their Lambda education through an ISA. As Lambda described it: “A Lambda School ISA is a contract under which you agree to pay 17% of your post-Lambda School salary for 24 months, but only once you’re making more than \$50,000 per year (or the equivalent of \$4,166.66 per month). The ISA is capped at a maximum repayment of \$30,000, so you won’t pay more than \$30,000 under any circumstances.”<sup>3</sup>

28. Lambda ISAs are managed by third-party servicers who handle ISA origination and payment processing.<sup>4</sup> Mr. Milano’s ISA is serviced by Leif Technologies, Inc. (“Leif”).

29. Mr. Milano entered into an ISA with Lambda on February 11, 2019. Lambda has not disclosed whether it has sold his ISA.

30. Lambda has long touted “experienced industry expert” instructors and a top-of-the-line curriculum that is “designed to get you hired.” On April 3, 2019,

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<sup>3</sup> Lambda School Website, *Frequently Asked Questions*, available at: <https://lambdaschool.com/faq> (last visited May 12, 2021).

<sup>4</sup> Lambda School Website, *The Lambda School Income Share Agreement*, available at: <https://lambdaschool.com/tuition/isa> (scroll to FAQs) (last visited May 12, 2021).

Mr. Allred stated that Lambda’s “educational experience is, I think, among the best in the world.”<sup>5</sup>

31. By April 2019, Lambda was growing at “an insane pace.” As Mr. Allred explained:

We agreed as a team to no longer share the number of students that we have enrolled, but it is not a small number and it is growing at an insane pace. We’ll soon be measuring Lambda School scale by percentage of the overall number of students learning to program every year, to give you some context. And being able to support that kind of scale effectively is what keeps me up at night. Mostly specifically hiring, mostly hiring executives right now who can build out 100, 150 person teams beneath them . . . and we need like 5 of them yesterday.<sup>6</sup>

32. Although Lambda may not have wanted to share information about its students publicly, in a May 2019 memorandum to its investor Y Combinator, Lambda executives stated:

When a Lambda School student is hired for \$75k/yr, they pay us back approximately \$25k. At 4,000 placed software engineers/year we’ll hit a \$100mm/yr run rate. In 2019 we’ll enroll over 3,000 students. In May 2019 we’ll enroll over 500. We plan on enrolling more than 10,000 students in 2020.

33. Mr. Allred attributed Lambda’s growth in part to his active personal Twitter account, stating in January 2020 that his frequent tweets have “certainly helped Lambda school grow.”<sup>7</sup>

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<sup>5</sup> Y Combinator Interview at 15:05.

<sup>6</sup> *Id.* at 47:50.

<sup>7</sup> Vincent Woo, *Interview with Austen Allred*, Soundcloud (Jan. 22, 2020) at 42:10 (hereinafter “Woo Interview”), available at: <https://soundcloud.com/vwoo/interview-with-austen-allred>.



34. Mr. Allred also stated: “If there’s one thing I’m good at in life, it’s growing something quickly, building hype for something quickly. That’s kind of my superpower.”<sup>8</sup>

**Lambda Operated Without State Approval, in Violation of California Law**

35. As a California company with its headquarters and principal place of business in San Francisco, Lambda is subject to the laws of the state of California. One of those laws, California Education Code § 94886, bars private postsecondary educational institutions from doing business without “approval to operate.”

36. Another, Section 94917, provides that when educational institutions violate this law, any “note, instrument, or other evidence of indebtedness relating to payment” for its programs is “not enforceable.”

37. On March 20, 2019, the BPPE issued a “Citation: Assessment of Fine and Order of Abatement” (“Citation”) to Lambda. The Citation found that Lambda was “operating without Bureau approval,” in violation of the California Education Code. A copy of the Citation is attached hereto as Exhibit C.

38. As is clear from the Citation, Lambda was not licensed by the BPPE nor was it permitted to operate as an educational institution when it signed an ISA with Mr. Milano in February 2019.

39. Further, in the Citation, the BPPE ordered that Lambda “cease to operate as a private postsecondary educational institution” and “submit a school closure plan.” The Citation further required Lambda to “discontinue recruiting or

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<sup>8</sup> *Id.* at 22:25.

enrolling students and cease all instructional services and advertising in any form or type of media, including the <https://lambdaschool.com> and any other websites not identified here that are associated with the Institution, until such time as an approval to operate is obtained from the Bureau.”

40. On May 14, 2019, Lambda submitted its application to the BPPE seeking approval to operate.

41. Lambda appealed the Citation and, on July 24, 2019, the BPPE affirmed issued an “Appeal of Citation Informal Conference Decision: Citation Affirmed” (the “Citation Affirmance”). The BPPE affirmed the Citation because “[n]o new substantive facts were presented,” and thus, Lambda was required to “comply with the orders described in the ‘Violation Code Sections’ of this document and submit evidence of compliance within 30 days from the date of this decision.” Citation Affirmance at 1–3. A copy of the Citation Affirmance is attached hereto as Exhibit D.

42. In direct violation of California law, the Citation, and the Citation Affirmance, Lambda continued to operate, advertise its educational services to the public, and enroll students.

43. On August 21, 2019, the BPPE denied Lambda’s May 14, 2019 application, stating in a letter to Lambda that it was “unable to grant approval.” A copy of the August 21 order is attached hereto as Exhibit E.

44. On November 25, 2019, the BPPE issued an order denying Lambda’s updated application for approval, explaining that “at this time the Bureau is unable

to grant approval, based on the requirements of the California Education Code.” A copy of the November 25 order is attached hereto as Exhibit F.

45. On June 22, 2020, the BPPE issued yet another order denying Lambda’s further updated application for approval to operate, explaining that “the Bureau cannot at this time approve Lambda’s application.” A copy of the June 22 order is attached hereto as Exhibit G.

46. The June 22, 2020 order also found that Lambda’s ISAs constitute “an instrument or evidence of indebtedness” under the California Education Code. *Id.* at 5.

47. On August 17, 2020, the BPPE issue an order approving Lambda’s application. The approval letter stated that the BPPE had completed its review of Lambda’s “Application for Approval to Operate,” including “supplemental documentation” received on August 14, 2020. The BPPE found that “[a]pproval to operate is granted *effective August 17, 2020*.” (emphasis added). A copy of the August 17 order is attached hereto as Exhibit H.

48. From at least May 2019 until Lambda was approved on August 17, 2020, Lambda’s course catalogs falsely stated that Lambda was approved by the BPPE. In at least three versions of the 2019 and 2020 catalogs—revised in May 2019, September 2019, and July 2020 (all prior to Lambda’s approval)—Lambda falsely stated the following:

**APPROVALS**

Lambda School is a private institution *approved to operate* by the California Bureau for Private Postsecondary Education. Approval to operate means the institution is compliant with the minimum standards

contained in the California Private Postsecondary Education Act of 2009 (as amended) and Division 7.5 of Title 5 of the California Code of Regulations.

See Exhibit I (Excerpts of Three Versions of Lambda Course Catalogs for 2019 and 2020 at 5) (emphasis added)).

49. During the time Lambda was seeking the BPPE's approval, Mr. Allred engaged in a public misinformation campaign about Lambda's legal status. For example, in August 2019, Mr. Allred told Business Insider that Lambda was working with the BPPE to obtain approval and that the order had been stayed while the application was pending. Mr. Allred stated that "[b]ecause we're talking with BPPE, it doesn't affect students at all."<sup>9</sup> This was false.

50. In truth, the Citation and Citation Affirmance were not stayed, multiple of Lambda's applications had been denied, and Lambda's future was uncertain. In August 2020, a public information officer with California's Department of Consumer Affairs reportedly "told Business Insider that there is no stay on the order, and that if Lambda School is still operating while its registration is pending, it would be in violation of state law."<sup>10</sup>

51. Had Mr. Milano been aware in February 2019 that Lambda was operating without a license, and that its future legal status was uncertain, he would

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<sup>9</sup> Rosalie Chan, *The hot Silicon Valley coding bootcamp Lambda School is paying a \$75,000 fine for not registering properly with the state of California*, Business Insider (Aug. 29, 2019, 6:32 PM), <https://www.businessinsider.com/lambda-school-coding-bootcamp-california-bppe-2019-8>.

<sup>10</sup> Rosalie Chan, *A California official says red-hot coding bootcamp Lambda School is violating state law if it operates without the right registration — but the company insists classes can go on*, Business Insider (Aug. 30, 2019, 8:54 PM), <https://www.businessinsider.com/lambda-school-california-state-law-coding-bootcamp-y-combinator-2019-8>.

have investigated options for pursuing his education at another school, and would not have signed an ISA that indebted him for up to \$30,000 of tuition at Lambda.

### **Lambda’s False and Misleading Job Placement Rates**

52. Mr. Allred describes Lambda as “entirely vocational, we’re a trade school basically, and we want to help you make as much money as you can.”<sup>11</sup>

Lambda has further explained that job placement is “the most critical component of Lambda’s operations, not only in the School’s obligation to its students, but to the prosperity of the company as a whole.”

53. Lambda prominently displays job placement rates on its website as well as in marketing materials and on social media.

54. Throughout at least 2018 and 2019, Lambda’s website advertised job placement rates of over 80%. At all times relevant to this demand, Lambda’s executive leadership, including Mr. Allred, knew that these widely disseminated job placement rates were false and misleading.

55. On August 2, 2018, Mr. Allred, Ben Nelson (co-founder and CTO), and Ryan Holdaway (VP of Outcomes), stated the following in a post on the Lambda School Blog: “[E]very single Lambda School graduate who has been on the job market for six months is either employed in a full-time role as a software engineer or has joined an early startup working for equity.”<sup>12</sup>

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<sup>11</sup> Y Combinator Interview at 13:00.

<sup>12</sup> Austen Allred, *Introducing Lambda Next — Our Revolutionary New Job Search and Placement Program*, Medium: Lambda School Blog (Aug. 2, 2018), available at: <https://medium.com/lambda-school-blog/introducing-lambda-next-our-revolutionary-new-job-search-and-placement-program-603ef12f7d37>.

56. Yet on August 3, 2018—the very next day—Lambda’s executive leadership team reprimanded Lambda’s Director of Career Readiness for poor job placement rate performance, sending her an “Employee Corrective Action Form.” The form stated that the employee’s “performance in recent months has not met the expectations for the Career Coach/Director of Career Readiness role at Lambda School. Overall placement numbers are low and the time to placement is much higher than desired.”

57. The Corrective Action Form continued:

Placements are the most critical component of Lambda’s operations, not only in the School’s obligation to its students, but to the prosperity of the company as a whole. A common discussion point in regards to Outcomes is that current placement rates are too low and time to placement is too high. Creative tactics and adjustments to current careers processes as well as follow through are needed to improve both of these measurements. . . .

CS1 students graduated on 1/19/18. Since then we’ve had a new class graduate approximately every five weeks. As of 8/1/18, only 16 students of the 48 graduated students assigned to [the employee] have been placed.

58. Two months later, on October 8, 2018, Lambda continued to tout its high job placement rates, announcing on its website: “Since Lambda School’s inception in April 2017, over 75 Lambda School graduates have been hired, including 83% of early cohorts, with an average salary increase of over \$47,000 per hired graduate.”

59. Lambda's homepage contained the following statement across the top of the page:

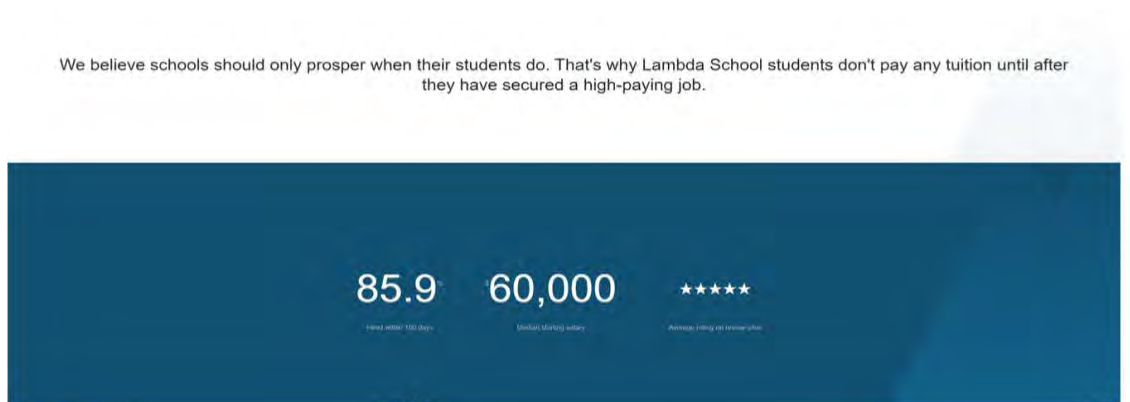


*Screenshot from Lambda's website on December 13, 2018.*

60. The representation of an 83% job placement rate remained on the Lambda website until on or about February 2019.

61. Prior to signing his ISA, Mr. Milano read and relied on Respondents representations that Lambda's job placement was 83%. Lambda's purported record of successfully placing students was critical to his decision to enroll.

62. The disparity between Lambda’s public representations and private statements would only grow. From on or about April 2019 until at least December 2019, Lambda’s website advertised a job placement rate of over 85%. For example, on April 18, 2019, Lambda’s homepage contained the following statement across the top of the page:



*Screenshot from Lambda’s website on April 18, 2019.*

63. On March 5, 2019, Lambda’s official Twitter account provided a link to a report touting the 85.9% job placement rate and stated: “Lambda only succeeds when our students succeed, and we’re committed to a transparent, no-surprises approach to education.”<sup>13</sup>

64. In May of 2019—at the same time Lambda was advertising an 85.9% job placement rate and touting its transparency—Lambda executives sent a private memorandum to investor Y Combinator. The May 2019 memo stated:

**We’re unable to place students at scale**  
- We’re at roughly 50% placement for cohorts that are 6 months graduated  
- Placement to date has been manual and one-off, which isn’t possible at scale

<sup>13</sup> Lambda School (@LambdaSchool), Twitter (Mar. 5, 2019, 7:02 PM), *available at*: <https://twitter.com/LambdaSchool/status/1103083315945328640>.



See Ex. A at 10.

65. On May 16, 2021, Mr. Allred tweeted from his personal account that he was the one who made the 50% placement representation to investors, stating: “The 50% came from me telling investors about what % of enrolled students get jobs that require repayment.”

66. Despite Mr. Allred’s contrary statement to investors, Lambda’s website continued to represent an 85.9% or 86% placement rate through the end of 2019.

67. When asked in an interview to explain the discrepancy between the representations on Lambda’s website and representations to its investors, Mr. Allred explained: “I mean you’re literally looking at what are the risks, right? Like, we’re going to pick our lowest number for that – there are cohorts that have been at 50% placed within 6 months, yes.”<sup>14</sup>

68. When asked whether the advertised 85% job placement rate was accurate, he stated: “the way that that number was measured was an average across cohorts at a specific time. I don’t know what it is right now, but that’s directionally correct.”<sup>15</sup>

69. On February 19, 2020, New York Magazine published an article titled “Lambda School’s Misleading Promises,” in which the writer concluded that Lambda was “selling unprepared students an incomplete education, fueled by

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<sup>14</sup> Woo Interview at 13:00–14:30.

<sup>15</sup> *Id.* at 11:13-11:26.

overpromising marketing and misleading, if not downright fraudulent, figures.”<sup>16</sup> The story described Lambda’s job placement rate misrepresentations and also recounted an interview with a former employee who “confirmed . . . that the company’s own internal numbers, which the interviewee was provided as part of their interview process, seem to indicate a roughly 50 percent or lower placement rate.”<sup>17</sup>

70. Mr. Allred has long painted a misleading picture of Lambda’s success on Twitter. For example, on November 16, 2019, he tweeted: “First track just graduated. Hit 100% hired but was VERY small sample size.” Subsequent reporting revealed that this small sample size consisted of a single student.<sup>18</sup>

71. Other examples of untrue and exaggerated claims on Mr. Allred’s Twitter account include:

- a) January 24, 2021: “I think we’re like 2-3 solvable problems being solved away from 100% of Lambda School grads being hired. Still a lot of unknowns, but I think it will be possible.” When a commentor asked what the problems were, Mr. Allred responded: “Boring stuff.”<sup>19</sup>
- b) April 22, 2021: “When I started Lambda School early detractors gave me hell because I said that Lambda School would cause thousands of

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<sup>16</sup> Vincent Woo, *Lambda School’s Misleading Promises*, New York Magazine (Feb. 19, 2020), available at: <https://nymag.com/intelligencer/2020/02/lambda-schools-job-placement-rate-is-lower-than-claimed.html>.

<sup>17</sup> *Id.*

<sup>18</sup> See Zoe Schiffer and Megan Farokhmanesh, *The High Cost of a Free Coding Bootcamp*, The Verge (Feb. 11, 2020, 11:15 EST), available at: <https://www.theverge.com/2020/2/11/21131848/lambda-school-coding-bootcamp-isa-tuition-cost-free>; Ryan Mac (@RMac18), Twitter (Feb. 11, 2020, 1:59 PM), available at: <https://twitter.com/RMac18/status/1227306243733295108>.

<sup>19</sup> Austen Allred (@Austen), Twitter (Jan. 24, 2021, 1:55 AM), available at: <https://twitter.com/austen/status/1353234915643568128>.

- people to become millionaires who wouldn't have otherwise been. It's now pretty clear that was very conservative.”<sup>20</sup>
- c) May 4, 2021: “I get to watch a bunch of people double their income (or more) every single day. Even the worst days are punctuated by a bunch of people changing their lives and the lives of their families forever.”<sup>21</sup>
  - d) May 4, 2021: “You can go from near poverty to huge future wealth in just a few months.”<sup>22</sup>

72. Mr. Allred and members of his executive leadership team acted willfully and knowingly to disseminate Lambda’s job placement representations to the public—including applicants to their school such as Mr. Milano—with knowledge that they were false and misleading.

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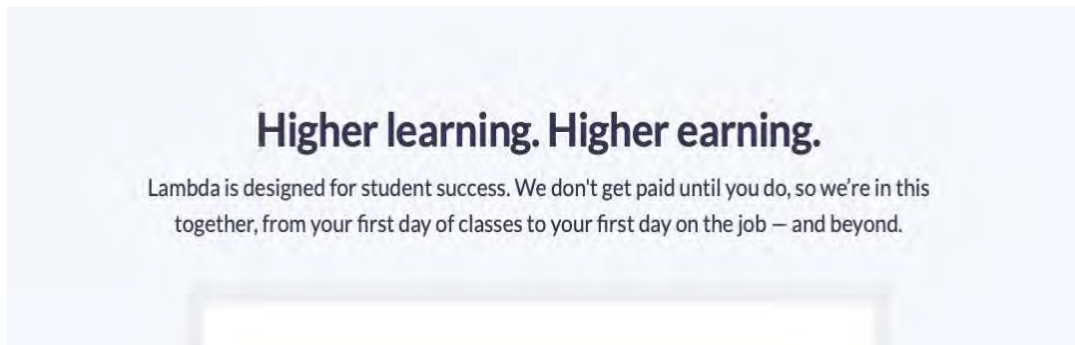
<sup>20</sup> Austen Allred (@Austen), Twitter (Apr. 22, 2021, 10:24 AM), *available at*: <https://twitter.com/Austen/status/1385238109185396740>.

<sup>21</sup> Austen Allred (@Austen), Twitter (May 4, 2021, 11:50 PM), *available at*: <https://twitter.com/Austen/status/1389789532761956352>.

<sup>22</sup> Austen Allred (@Austen), Twitter (May 4, 2021, 11:53 PM), *available at*: <https://twitter.com/Austen/status/1389790386659364868>.

## **Lambda Misrepresents That It Only Gets Paid Once Students Get Paid**

73. Until at least April 28, 2021, Lambda’s website has declared that: “We don’t get paid until you do, so we’re in this together, from your first day of classes to your first day on the job.”<sup>23</sup> On June 27, 2019, Lambda’s homepage stated:



*Screenshot from Lambda’s homepage on June 27, 2019.*

74. Upon information and belief, Lambda made the same or similar misrepresentations prior to Mr. Milano signing his ISA in February 2019. Knowing that Lambda only got paid if Mr. Milano obtained employment was important to his decision to attend the school.

75. But in reality, Lambda packaged and sold its ISAs to investors long before students obtained employment. Lambda did not disclose this fact to students until public reporting exposed it.

76. In May 2019, Lambda privately told investor Y Combinator: “Currently we sell some income share agreements to hedge funds.” Ex. A at 2.

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<sup>23</sup> See, e.g., Lambda School Website, Apply Now Pages, available at: <https://lambdaschool.com/learn-more-social> (last visited Apr. 28, 2021) and <https://lambdaschool.com/go/higher-ed> (last visited Apr. 28, 2021).

77. In 2019, Lambda partnered with Edly, a digital marketplace that helps schools sell ISAs to accredited investors.

78. According to an August 26, 2019 report in *Wired*, “For about half of the ISAs, the company sells the rights to a portion of its returns to investors; in return, it gets cash up front.”<sup>24</sup>

79. Mr. Allred told *Wired* that this arrangement “lets the business operate without going bankrupt,”<sup>25</sup> implicitly acknowledging that the Lambda **does** get paid before its students do.

80. Yet in October 2019, Mr. Allred denied that Lambda got paid for ISAs prior to students getting employed, reportedly stating on Twitter that “We never, ever get paid up front for ISAs.” Mr. Allred confirmed to Mr. Woo on January 22, 2020 that this Tweet was “totally correct.”<sup>26</sup>

81. On December 11, 2019, Edly tweeted: “Pleased to announce our latest offering [-] a Lambda School ISA Pool. We @edlyISA are excited to work with the amazing team @LambdaSchool[], one of the most impactful ISA programs in the

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<sup>24</sup> Gregory Barber, *Lambda School’s For-Profit Plan to Solve Student Debt*, *Wired* (Aug. 26, 2019, 7:00 AM), available at: <https://www.wired.com/story/how-we-learn-lambda-income-sharing-agreements/>.

<sup>25</sup> *Id.*

<sup>26</sup> Woo Interview at 6:30.

country.”<sup>27</sup> To learn how to participate, Edly invited interested investors to join a webinar that night with Mr. Allred.<sup>28</sup>

82. On January 22, 2020, Mr. Woo asked Mr. Allred if Lambda sold ISAs to investors. Mr. Allred stated: “that was true in the early days of Lambda School, but it’s not true today.”<sup>29</sup>

83. On February 12, 2020, The Verge published an article titled “As Lambda students speak out, the school’s debt-swapping partnership disappears from the internet.”<sup>30</sup> The article reported the relationship with Edly and stated that the arrangement “allows Lambda to receive money from the ISAs upfront, rather than waiting for students to find jobs.”

84. A few days later, the February 19, 2020 New York Magazine article remarked that Lambda’s “secret financing arrangements are a violation of Lambda’s central promise to its students — that Lambda only makes money when the students make money.”

85. The same day, Lambda admitted in an FAQ posted to its website that it had been selling ISAs before students graduate. When he was deposed as part of

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<sup>27</sup> @edlyISA, Twitter (Dec. 11, 2019, 3:01 PM), *available at*: <https://twitter.com/edlyISA/status/1204853625459216385>.

<sup>28</sup> @edlyISA, Twitter (Dec. 11, 2019, 3:02 PM), *available at*: <https://twitter.com/edlyISA/status/1204853900177743872>.

<sup>29</sup> Woo Interview at 6:20.

<sup>30</sup> Zoe Schiffer and Megan Farokhmanesh, *As Lambda students speak out, the school’s debt-swapping partnership disappears from the internet*, The Verge (Feb. 12, 2020, 4:41 PM), *available at*: <https://www.theverge.com/2020/2/12/21135134/lambda-school-students-edly-isa-debt-swapping-partnership-shares-investors>.

a separate case on February 26, 2021, Mr. Allred admitted that this was a blog post he wrote and posted onto Lambda’s website. *See* Redacted and Excerpted Deposition Transcript of Austen Allred at 19, *Lambda Labs, Inc. v. Lambda, Inc.*, No. 4:19-cv-04060 (N.D. Cal.) Dkt. 235-3.

86. The FAQ, which is no longer displayed on Lambda’s website, disclosed that “Lambda School’s business model inherently requires financing because our costs to train students precede our revenues on ISAs. That is by design. There are many different forms of financing we can use, but this is the closest thing available to aligning our incentives and your incentives. . . . We believe in keeping the promise we made to students when they signed up for Lambda School.”<sup>31</sup>

87. To the contrary, the “promise [Lambda] made to students when they signed up” was that “We don’t get paid until you do, so we’re in this together.” That promise—which remained prominently displayed on Lambda’s website until at least April 28, 2021—is false and misleading.

### **Mr. Milano Attends Lambda**

88. Mr. Milano has long had an interest in computer science and programming, even while pursuing other career paths.

89. After he completed high school, he worked a number of jobs, including serving, bartending, construction, and sales. As he has always had the goal of

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<sup>31</sup> *Student FAQs for announcement on 2/19/20*, Lambda, Inc., <https://www.notion.so/Student-FAQs-for-announcement-on-2-19-20-9b2f166f2b234e40ac924a27ecc5ff06> (last visited May 7, 2021).

becoming an applications developer, he began to research programs that would help him switch into the tech industry.

90. Mr. Milano first learned about Lambda's programs through Facebook advertisements touting Lambda's extraordinary job placement rates, zero upfront cost, and guarantee that Lambda only got paid if and when students obtained relevant employment. While he was considering attending other schools, such as Kansas University, he was enticed by Lambda's impressive job placement rates.

91. Respondents' representations inspired Mr. Milano to research how Lambda compared to similar programs. Articles about Lambda and statements by Mr. Allred reinforced that Lambda had great success placing students into desirable jobs at top companies.

92. When Mr. Milano contacted Lambda directly to ascertain if it would be a good fit for his learning and career goals, Lambda representatives assured him that Lambda would lead to a successful career, and that he would be taught by experienced instructors who were experts in their fields.

93. Swayed by Lambda's pitch, Mr. Milano signed an ISA on February 11, 2019 and was enrolled in March 2019. A copy of Mr. Milano's ISA is attached hereto as Exhibit B.

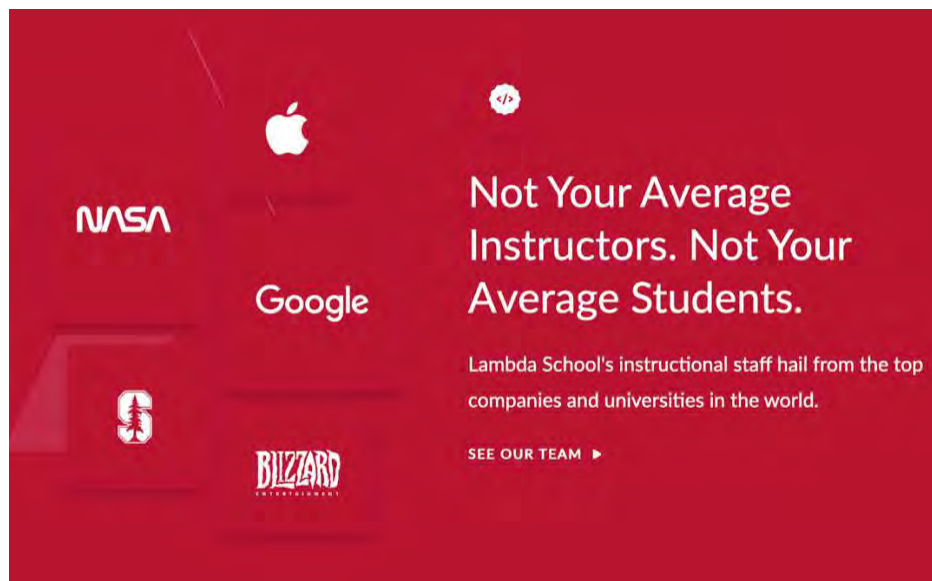
94. Prior to signing the ISA, Mr. Milano read and relied on Respondents' job placement rate representations. Had Respondents truthfully represented the job placement rates, Mr. Milano would have investigated programs at other schools and



would not have signed an ISA that indebted him to up to \$30,000 of tuition at Lambda.

95. Mr. Milano does not recall signing an enrollment agreement with Lambda, and upon information and belief did not sign one. The failure to obtain a signed enrollment agreement is a violation of California law. *See* Cal. Educ. Code § 94902(a).

96. Shortly after starting at Lambda, Mr. Milano realized that the quality of instruction was also far below what was advertised. Lambda’s website advertised top-of-the-line curriculum that is “designed to get you hired” and touted “experienced industry expert” instructors. One statement on its website provided that “Lambda’s instructional staff hail from the top companies and universities in the world,” and listed Apple, Google, Stanford, and NASA as examples:



*Screenshot from Lambda’s website on June 15, 2019.*

97. In fact, the curriculum—which was constantly in flux—was made up largely of publicly available online materials. The instructors had little knowledge of the curriculum, struggled to keep up with the frequent changes, and were often not available to answer questions about the material. The instructors also did not hail from the advertised top companies and universities.

98. Despite doing his best to take comprehensive notes and ask detailed questions, Mr. Milano and his peers never received the proper instruction to complete their course requirements. Mr. Milano recalls many instances in which his instructor would be unavailable and his questions redirected to “team leads,” often current students who were slightly ahead in their coursework and unable to answer his questions.

99. Rather than give up, Mr. Milano worked hard to teach himself the material. Recognizing that he could not rely on Lambda, Mr. Milano worked with other students beyond the eight hours a day recommended by Lambda and consumed any free programming resources he could find. Lambda’s curricula was so confusing and unorganized that it failed to provide him with the software and data analytics skills it promised.

100. Along the way, he remained hopeful that things would improve and that, at the end of his experience, the partnerships with the “some of the best technology companies in the world” would materialize. But these promises, too, were illusory.

101. Despite his determination to finish, Mr. Milano was not provided with the instruction necessary to complete the course work. Specifically, Mr. Milano and others in his cohort were unable to complete the projects that Lambda advertised would be the culmination of his education, to serve as examples for prospective employers. Ultimately, Lambda withdrew him from the program on May 19, 2020, leaving him without a usable project to put on his resume.

102. Following his withdrawal, Mr. Milano continued to study and network on his own. For over two years, he worked intermittently as a car salesman, a DoorDash driver, and at a restaurant in order to make ends meet. Eventually, aware of his struggles to enter the tech industry, Mr. Milano's roommate referred him to a supervisor at Etana Custody, a fiat and digital asset custodian, who was willing to give him an interview. On April 29, 2022, Mr. Milano was hired as a junior full stack developer at Etana Custody.

103. Lambda played no role in Mr. Milano's employment offer, which came nearly two years after he was withdrawn from the school.

104. On May 2, 2022, Leif informed Mr. Milano that his new position at Etana Custody required him to start making payments on his ISA. Mr. Milano is currently required to pay \$991.67 a month towards his ISA. As of August 31, 2022, he has made \$4,736.38 in total payments to Lambda.

## CAUSES OF ACTION

### **FIRST CAUSE OF ACTION** **Violations of California’s Consumer Legal Remedies Act** **Cal. Civ. Code § 1750, *et seq.*** **(against Lambda)**

96. Mr. Milano hereby reincorporates the allegations in the foregoing paragraphs as though fully set forth herein.

97. The CLRA makes unlawful “unfair methods of competition and unfair or deceptive acts or practices undertaken by any person in a transaction intended to result or that results in the sale or lease of goods or services to any consumer.” Cal. Civ. Code § 1770(a).

98. The CLRA covers transactions involving the sale of services—such as education—to consumers.

99. Mr. Milano is a “consumer” within the meaning of Section 1761(d) of the CLRA, and he engaged in “transactions” within the meaning of sections 1761(e) and 1770 of the CLRA.

100. The CLRA enumerates numerous unlawful acts or practices, including:

- a) “Misrepresenting the source, sponsorship, approval, or certification of goods or services.” Cal. Civ. Code § 1770(a)(2).
- b) “Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status,

affiliation, or connection that the person does not have.” *Id.* § 1770(a)(5).

- c) “Representing that goods or services are of a particular standard, quality, or grade” when they are not. *Id.* § 1770(a)(7).
- d) “Advertising goods or services with intent not to sell them as advertised.” *Id.* § 1770(a)(9).

101. In violation of these provisions, Lambda misrepresented to the public, prospective students, and current students, including Mr. Milano, at least the following: (i) its job placement rates; (ii) that it only got paid after students found employment; and (iii) that it was allowed to operate and enroll students.

102. Mr. Milano brings his claim under the CLRA for injunctive relief, namely, to cancel his ISA and for restitution of payments made.

**SECOND CAUSE OF ACTION**  
**Violations of California’s Unfair Competition Law**  
**Cal. Bus. & Prof. Code §§ 17200, *et seq.***  
**(against Lambda)**

103. Mr. Milano hereby reincorporates the allegations in the foregoing paragraphs as though fully set forth herein.

104. Lambda has engaged in business acts or practices that constitute unfair competition as defined in the UCL, in that such business acts and practices are unlawful, unfair, and fraudulent within the meaning of that statute.

105. The business acts and practices include:

- a) publishing and/or providing the public, prospective students, and current students, including Mr. Milano, with false, misleading, unreliable, and/or inaccurate job placement rate information;
- b) omitting material facts from statements to the public, prospective students, and current students, including Mr. Milano, related to job placement rates;
- c) misrepresenting and concealing to the public, prospective students, and current students, including Mr. Milano, the true nature of Lambda's financial interest in students' success, including by continuing to represent that Lambda only got paid after students did;
- d) conducting business without BPPE approval and in violation of multiple BPPE orders requiring it to cease operations;
- e) knowingly operating a private postsecondary institution without approval to do so;
- f) failing to execute an enrollment agreement with Mr. Milano or, if they did, executing it in violation California law;
- g) concealing from the public, prospective students, and current students, including Mr. Milano, that in March and July of 2019, the BPPE ordered Lambda to cease operations, stop enrolling students, cease all instructional services, and submit a closure plan, and misrepresenting, concealing, and omitting material facts related to those BPPE orders, including representing that they were stayed when they were not.

### Unlawful Prong

106. The UCL bars business practices that are forbidden by law. If a business practice violates any law, it is *per se* a UCL violation.

107. The business acts and practices described above are unlawful because they violate numerous state and federal laws, including but not limited to:

- a) The Federal Trade Commission Act (“FTC Act”), which prohibits “unfair or deceptive acts or practices.”<sup>32</sup>
- b) Cal Educ. Code § 94897, which provides that institutions shall not “(b) [p]romise or guarantee employment, or otherwise overstate the availability of jobs upon graduation.”
- c) The CLRA, *see supra* ¶¶ 97-100;
- d) The FAL, *see infra* ¶¶ 112-114;
- e) Cal. Educ. Code § 94886, which provides in relevant part that “a person shall not open, conduct, or do business as a private postsecondary educational institution in this state without obtaining an approval to operate under this chapter.” Lambda violated this provision, and therefore the UCL’s unlawful prong, when it enrolled Mr. Milano without obtaining approval to operate.
- f) Cal. Educ. Code § 94943, which provides that it is a crime to “[k]nowingly operat[e] a private postsecondary institution without an approval to operate.” Lambda violated this provision, and therefore the

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<sup>32</sup> See FTC Act § 5(a)(1), 15 U.S.C. § 45(a)(1); FTC Act § 12(a), 15 U.S.C. § 52(a).

UCL's unlawful prong, when it knowingly enrolled Mr. Milano without approval by the BPPE to operate.

- g) Cal. Educ. Code § 94902(a), which provides that “[a] student shall enroll solely by means of executing an enrollment agreement. The enrollment agreement shall be signed by the student and by an authorized employee of the institution.” Mr. Milano does not recall signing an enrollment agreement with Lambda, and upon information and belief did not sign one. Mr. Milano was therefore never lawfully enrolled with Lambda.
- h) Even if Mr. Milano did sign an enrollment agreement with Lambda, it is unlawful and unenforceable pursuant to Cal. Educ. Code § 94902(b), which provides:

An enrollment agreement is not enforceable unless all of the following requirements are met:

- (1) The student has received the institution's catalog and School Performance Fact Sheet prior to signing the enrollment agreement.
- (2) At the time of the execution of the enrollment agreement, the institution held a valid approval to operate.
- (3) Prior to the execution of the enrollment agreement, the student and the institution have signed and dated the information required to be disclosed in the Student Performance Fact Sheet pursuant to subdivisions (a) to (d), inclusive, of Section 94910. Each of these items in the Student Performance Fact Sheet shall include a line for the student to initial and shall be initialed and dated by the student.



- i) In violation of Cal. Educ. Code § 94902(b)(1), Mr. Milano was not provided with Lambda’s School Performance Sheet.
- j) In violation of Cal. Educ. Code § 94902(b)(2), Lambda did not have “valid approval to operate” at the time Mr. Milano enrolled.
- k) In violation of Cal. Educ. Code § 94902(b)(3), Mr. Milano did not sign the information required to be disclosed in the Student Performance Fact Sheet.
- l) Cal. Educ. Code § 94902(c), which provides that “[a] student shall receive a copy of the signed enrollment agreement, in writing or electronically, regardless of whether total charges are paid by the student.” Mr. Milano does not have a copy of his signed enrollment agreement and upon information and belief never received one. He did, however, receive an Enrollment Agreement Addendum.

108. By violating these and other state and federal laws, Lambda violated the unlawful prong of the UCL.

Fraud Prong

109. To show that a business practice is fraudulent, it is necessary only to show that members of the public are likely to be deceived.

110. Lambda’s business acts and practices—including its false job placement rate representations and representation that it does not get paid until students do—are fraudulent in that they are likely to deceive the public.

111. Each of these false and misleading representations, all of which were material, were substantial factors influencing Mr. Milano to attend Lambda and take out an ISA that indebted him to up to \$30,000 of tuition at Lambda.

**THIRD CAUSE OF ACTION**  
**Violations of California’s False Advertising Law**  
**Cal. Bus. & Prof. Code §§ 17500, *et seq.***  
**(against Lambda)**

112. Mr. Milano hereby reincorporates the allegations in the foregoing paragraphs as though fully set forth herein.

113. Lambda has also engaged in acts or practices that constitute violations of the FAL, Business and Professions Code section 17500, *et seq.*, by making or causing to be made untrue or misleading statements with the intent to induce members of the public to purchase Lambda’s services. Lambda’s untrue or misleading representations include, but are not limited to, the following:

- a) Lambda’s statements regarding job placement rates, including but not limited to their published job placement rates in 2018 and 2019 that were prominently displayed on its website;
- b) The following statement, prominently displayed on Lambda’s website:  
“We don’t get paid until you do, so we’re in this together, from your first [sic] of classes to your first day on the job.”
- c) Failing to inform the public, prospective students, and current students, including Mr. Milano, that it lacked approval from BPPE to operate, that its operations were therefore unlawful, that BPPE ordered Lambda to cease advertising and instructional activities, and

that it could not lawfully enroll students. Instead, Lambda's advertisements implicitly and explicitly misrepresented the lawfulness of its operations by encouraging the public and prospective students to apply for enrollment.

114. At the time these representations were made, Lambda knew or by the exercise of reasonable care should have known that the representations were untrue or misleading.

**FOURTH CAUSE OF ACTION  
Intentional Misrepresentation  
(against all Respondents)**

115. Mr. Milano hereby reincorporates the allegations in the foregoing paragraphs as though fully set forth herein.

116. Respondents made statements to Mr. Milano: (a) that were false representations of material fact; (b) that they knew were false or were made recklessly and without regard for their truth; (c) that they intended Mr. Milano to rely upon; (d) that Mr. Milano reasonably relied upon; (e) that Mr. Milano's reliance upon was a substantial factor in causing him damage; and (f) that caused him damage.

117. The intentional misrepresentations and omissions by Respondents consist of at least the following:

- a) Lambda's statements, prominently displayed on its website, that its job placement rate was over 80%. Respondents knew these statements

were false; according to multiple internal documents, Lambda and Mr. Allred believed the true job placement rate to be around 50%.

- b) Respondents' statement, prominently displayed on Lambda's website, that: "We don't get paid until you do, so we're in this together, from your first [sic] of classes to your first day on the job." Respondents knew this statement was false because Lambda sold ISAs to investors long before students were placed in jobs.
- c) Respondents' representations, both implied and explicit, that Lambda was approved to operate, advertise, enroll, and teach students prior to August 2020. Respondents knew these representations were false because the BPPE had ordered Lambda to cease all operations (including all advertising and instructional activities) and submit a school closure plan. Respondents also knew that they were concealing from students that Lambda was barred from advertising and from enrolling and teaching students.

118. Respondents intended that Mr. Milano rely on these misrepresentations and omissions, as evidenced by Lambda prominently featuring them on its website and on other widely disseminated platforms, by Mr. Allred's many tweets promoting the misrepresentations, as well as by Lambda and Mr. Allred's efforts to avoid disclosing the truth.

119. Mr. Milano reasonably relied on these widely disseminated representations. Had he known the truth, he would not have enrolled at Lambda.

120. Mr. Allred and members of his executive leadership team acted willfully and knowingly to disseminate these representations to the public with knowledge that they were false and misleading.

121. Mr. Milano has been substantially harmed by Respondents' misconduct, which caused him to attend Lambda and take out an ISA that indebted him for up to \$30,000 in tuition.

**FIFTH CAUSE OF ACTION**  
**Negligent Misrepresentation**  
**(against all Respondents)**

122. Mr. Milano hereby reincorporates the allegations in the foregoing paragraphs as though fully set forth herein.

123. Respondents have also engaged in acts or practices that constitute negligent misrepresentation. *See supra* ¶ 117.

124. Respondents prominently displayed these representations on its website, through Mr. Allred's personal twitter account, and in advertisements and tweets that implicitly and explicitly encouraged members of the public to apply for enrollment.

125. Respondents had no reasonable grounds to believe that these representations were true. *See supra* ¶ 117.

126. Respondents intended to induce Mr. Milano to rely on these misrepresentations and omissions, as evidenced by Respondents prominently featuring them on Lambda's website and on other widely disseminated platforms, as well as by its efforts to avoid disclosing the truth.

127. Mr. Milano was justified in relying upon these widely disseminated representations. Had he known the truth, he would not have enrolled at Lambda.

128. Mr. Milano has been substantially harmed by Respondents' misconduct, which caused him to attend Lambda and take out an ISA that indebted him for up to \$30,000 in tuition.

### **PRAYER FOR RELIEF**

WHEREFORE, Mr. Milano requests that the Arbitrator:

1. Declare that his ISA is unlawful and unenforceable pursuant to Cal. Educ. Code §§ 94902(b), 94886, and 94943.

2. Declare that Respondents conducted business as a private postsecondary educational institution in California without obtaining approval to operate, in violation of Cal. Educ. Code § 94886 and the UCL.

3. Declare that Respondents knowingly operated a private postsecondary institution without approval to operate, in violation of Cal. Educ. Code § 94943 and the UCL.

4. Declare that Mr. Milano never lawfully enrolled with Lambda because Lambda did not comply with Cal. Educ. Code § 94902(a).

5. Declare that Respondents' job placement rate representations at the time Mr. Milano enrolled were fraudulent and misleading, in violation of the UCL, FAL, and CLRA, and were intentional and/or negligent misrepresentations.

6. Declare that Respondents' representation that Lambda only gets paid after students get paid was fraudulent and misleading, in violation of the UCL, FAL, and CLRA, and was an intentional and/or negligent misrepresentation.

7. Order Respondents to cancel Mr. Milano's ISA and refund him for all payments he has made, or, if Lambda is not the current owner of Mr. Milano's ISA, order the current owner to cancel his ISA and refund him for all payments he has made.

8. Enjoin Respondents from ever collecting on Mr. Milano's ISA or, if Lambda is not the current owner of his ISA, enjoin the current owner from ever collecting on Mr. Milano's ISA.

9. Order Respondents to pay reasonable attorneys' fees and costs.

10. Award damages to Mr. Milano in an amount to be determined, including punitive damages pursuant to Cal. Civ. Code § 3294(a).

11. Award such further relief as the Arbitrator deems just and proper.

Dated: September 8, 2022

Respectfully submitted,

***/s/ Samuel J. Buffone Jr.***

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*Counsel for Claimant*



# **EXHIBIT A**

**Demand For Arbitration**

## Human Capital: The Last Unoptimized Asset Class

Lambda School is a full-stack solution that helps people get better jobs and earn more money.

Today, if a person is working in the wrong job or making less than they otherwise could, the only solution we have is encouraging them to go into student debt, spend several years in a university, and hope they figure it out on the other side. It's expensive, time consuming, and risky.

Lambda School, instead, identifies people who could be making more money, trains them for higher paying jobs at no upfront cost, helps them get those jobs, and takes a cut only when we're successful in doing so. It takes less time, is less expensive, and, most importantly, carries no financial risk for the customer.

We do so by means of a financial instrument called an "Income Share Agreement," which is a legally binding equity stake in a person's future earnings that only applies within certain thresholds. For example, today students only pay us back if they're making more than \$50k/year. If they reach that rate they pay us 17% of salary for two years, capped at a maximum of \$30k total.

Here's just a few categories of people who make more money via Lambda School

1. **College Graduates with Low-Paying Degrees.** Smart people who earned, say, an Arts History degree and now struggle to make decent money. These people also often have student loan balances which makes Lambda a great fit, since they don't take on additional financial risk.
2. **People Who Didn't Finish College.** The same as above except they didn't actually finish and therefore have no degree. They're often in worse jobs with even fewer options, and usually have student loans too.
3. **Mid Lifers.** People who've been working in the same field for 20+ years and know they need to change. This often comes from the self awareness that their current industry is dying, which can make them a smart choice for Lambda to bet on.
4. **Never Went to College.** Only 25% of American graduate from college, so this is a huge bucket. There are lots of smart, hard working people here who simply didn't have the opportunity to go to school.
5. **High School Graduates.** Recent grads who want a high-paying job without having to go through 4 years of irrelevant curriculum and take on 6 figures of student loans.

And there's enormous demand from employers. There were 3.7 million technology job postings in 2017 alone[1].

## Full Stack

In order to make Lambda School work, we need to solve multiple problems at once:

1. **Underwriting.** Since we aren't paid upfront, we need to reliably identify people our programs can be successful for and match them to the correct programs.

We created a test that all students must pass to be admitted to Lambda. And

2. **Successful, free upfront, online courses.** Most schools will tell you fully online courses aren't successful. Most schools will tell you courses being entirely free upfront won't be successful. We do both at the same time.

85% of students that start Lambda, finish Lambda. That's 9 months of full time, remote instruction. We do it by building in social accountability. The school isn't just a bunch of videos that you watch on your own time. It's live, and every day students are interacting with their classmates, instructors, and other Lambda employees.

3. **Placement that scales.** Our students are in all 50 states and will be all over the world. We have to be able to reliably get them hired at scale wherever they are.

Employers are constantly ping us to talk to our students. We just started an SDR program but otherwise all employer interest is inbound. While all the blue chips (Google, Amazon, Apple, Netflix, etc.) have hired our students, our bread and butter is all the non-sexy tech jobs in places and cities you've never heard of. Today "every company is a tech company" and they all need engineers.

We're already seeing employers hire 1 Lambda student, then come back and hire 20 more.

And the students we've placed at those employers help advocate for and bring on even more students. Our alumni network will be a powerful moat.

4. **Finance.** Since students pay monthly after they're hired, we have to fund them to get there. Currently we sell some income share agreements to hedge funds. Over time we'll raise our own capital and hold everything on our books.

Not surprisingly, it's difficult to get all of the pieces working in sync. It's taken us two years of experimentation and iteration, but we now have the model working and ready to optimize.

## Flywheel

Once the process is working, each piece can be optimized in order to provide a durable sustainable advantage.

We started by eliminating the upfront cost and putting the program entirely online, opening up access to Lambda School to many students who wouldn't be able to afford the upfront cost or risk of moving to and/or attending universities or code schools.

We then had to figure out how to make a free upfront, fully online course work. Making it work gives us good data, which lowers our cost of capital, and as we scale our cost per student goes down and our hiring network grows.

One competitive advantage of being online is we have zero physical classrooms. This helps in multiple ways:

- Allows us to spin up "virtual classrooms" fast, grow more quickly, and adapt to where the actual student demand is (vs. being stuck with a building & location any time a new lease is signed)
- Allows us to meet employer demand everywhere we have students
- Eliminates leasing costs
- Our costs per student are amortized across many more students

Unit economics for our full-time 9 month course, per *placed student*

Instructor Cost	\$1,882
TA Cost	\$3,197
Career Coach Cost	\$790
Student Success Cost	\$168
<b>Total Cost Per Placed Grad</b>	<b>\$6,037</b>

As the cost of capital goes down, we can either take on more risk (by offering living stipends) or decrease the price.

As we do so it becomes increasingly difficult for other schools to compete. It's a completely different model.

## Product Overview

The core value Lambda offers is to **get a job in a new field in the fastest time at the lowest risk.**

This is possible because of the following:

- Live, online, remote instruction that lets anyone with an internet connection participate
- Our pedagogy and Flex instruction model, which enables students to repeat curriculum until they understand it
- Our ISA, which aligns the incentives of the institution with those of the student
- Student-facing proprietary infrastructure that enables a modern, world class educational experience
- Our placement partners, who actively come to Lambda to recruit new hires
- An organic community where alumni and students help each other

Lambda School offers multiple courses:

- Full Stack Web Development
- iOS Development
- Android Development
- Data Science Development
- UX Design

Each course can be taken full time over 9 months or part time (nights and weekends) over 18 months.

Our training is live and online, meaning we can reach students everywhere and aren't required to build out physical infrastructure. Students learn live from world class instructors and break out teams of 8.

The main building piece of our curriculum is the 5-week block. All courses are built of 5-week blocks, and every block at Lambda starts on the same date.

By running the entire school in sync, we get synergies around admissions, instruction, and placement. For example, students can work on group projects with students in other courses because their project time always falls on the same week in the 5-week block. This allows things like Full Stack Web Development students working with Data Science and UX students on different parts of the same project, which more closely resembles real world working conditions.

Each course includes an integrated jobs curriculum which is taught alongside the technical curriculum. The core value we deliver is a risk-free technical education combined with an integrated job placement program.

## Competition

	4-Year University	Trade Schools	Non-Accredited Tech Bootcamps
Companies	Harvard, UCLA, Notre Dame	Lake Area Technical Institute, Johnson College	Flatiron School, App Academy
Description	Traditional degree funded by student loans	Job training funded by loans	Very short technical training funded by upfront tuition or loans
Multiple Tracks	Yes	Yes	No
Risk Free ISA	No	No	No
Integrated Job Search	No	Sometimes	No
< 1 year	No	No	Yes
Modern Alumni Network	No	No	No
Mentor Program	No	No	No
Flex Learning	No	No	No
Remote	No	No	No

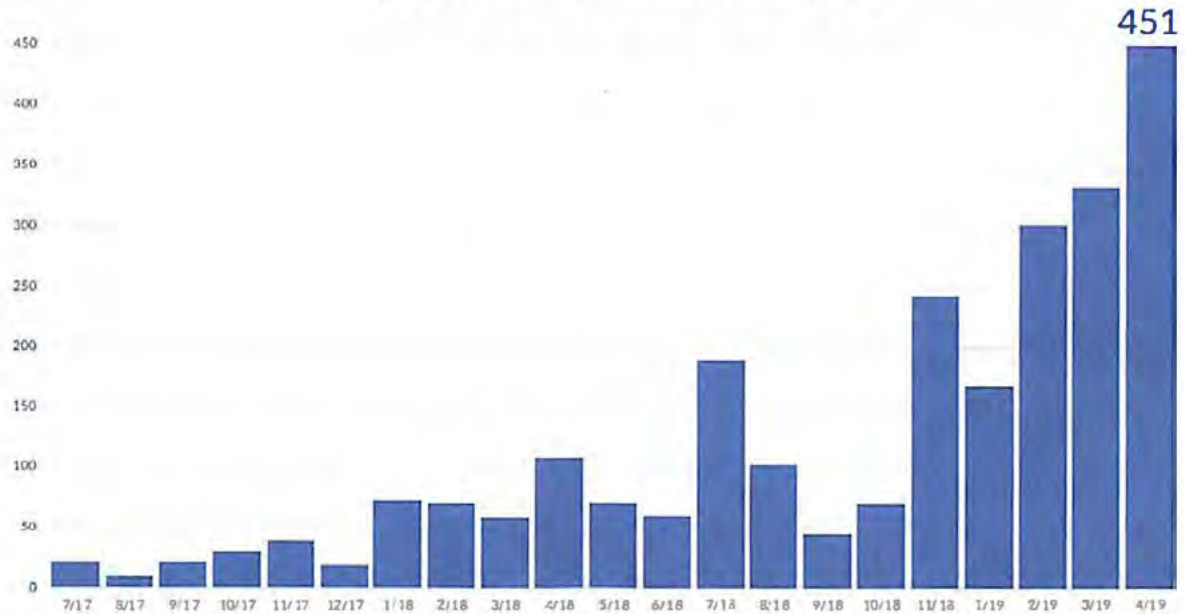
Relative to **4-year universities**, Lambda offers students a faster, risk-free way of getting training and ultimately getting a job. 4 years is a *long time* that potential students are now beginning to recognize comes with significant opportunity costs. And the entire country is obsessing over the downsides of non-dischargeable student loans. We have a school wide NPS of 68, higher than many of the most famous consumer brands in the world (Netflix, Amazon). People trust their universities, but they don't love them. Our students love Lambda, and have even gotten tattoos of our logo.

Relative to **trade schools**, Lambda is faster and carries less risk. You're required to pay for the trade school regardless of whether you get a job. And it can take significant time (> 2 years) to get through a trade school. At Lambda our full-time class is 9 months, which means in less than a year a student can start, graduate, and get a job. 9 months is short enough to allow students from all backgrounds to join, but long enough to give students enough time to learn detailed, difficult curriculum.

Relative to **non-accredited tech bootcamps** our school is long enough so that you can actually learn the material. Most tech bootcamps are 3 months because their costs don't allow them to teach any longer. And their market is fundamentally limited to people who can afford upfront tuition of \$20,000. And because all our training is remote, we can reach anybody. These are small, niche players who don't have significant impact beyond their local geography in big cities.

## Performance

## New Students Enrolled



	April 2018	April 2019	% Change
Applications	1,985	5,936	199%
New Students	109	451	76%
Graduates	12 (Mar'18)	45 (Mar'18)	275%
Sections Graduated > 180 days w/ > 50% Placement	NA	100%	NA
Concurrent Students	302	1,602	640%

## Management Outlook

When a Lambda School student is hired for \$75k/yr, they pay us back approximately \$25k.

At 4,000 placed software engineers/year we'll hit a \$100mm/yr run rate.

In 2019 we'll enroll over 3,000 students. In May 2019 well enroll over 500. We plan on enrolling more than 10,000 students in 2020.

#### International

In January of 2019 we launched in the European Union, we'll launch in Canada in Q2 of 2019, and we have pilots running in Africa and India. Once the entire engine is working it will scale internationally.

#### Other Fields

We recently launched programs for UX Design and Data Science, but this scales far beyond software.

Once the engine is working, it also scales to other verticals. Cyber security, product management, marketing to begin with, but after that job fields as disparate as Customer Service or Nursing are on our radar.

	2020	2021	2022	2023
US Developer Grads	8,000	15,000	27,000	49,000
EU Developer Grads	1,000	3,000	6,000	11,000
India Developer Grads	1,000	2,000	10,000	30,000
<b>Total Developer Grads</b>	<b>10,000</b>	<b>20,000</b>	<b>43,000</b>	<b>90,000</b>
US Non-Developer Grads	1,000	7,000	30,000	80,000
EU Non-Developer Grads	500	3,000	8,000	30,000
India Non-Developer Grads	500	2,000	5,000	20,000
<b>Total Non-Developer Grads</b>	<b>2,000</b>	<b>12,000</b>	<b>43,000</b>	<b>130,000</b>
Revenue US Dev Grads	\$60,000,000	\$172,500,000	\$315,000,000	\$570,000,000
Revenue EU Dev Grads	\$6,000,000	\$24,000,000	\$54,000,000	\$102,000,000
Revenue India Dev Grads	\$4,000,000	\$12,000,000	\$48,000,000	\$160,000,000
<b>Total Revenue Dev Grads</b>	<b>\$70,000,000</b>	<b>\$208,500,000</b>	<b>\$417,000,000</b>	<b>\$832,000,000</b>
Revenue US Non-Developer Grads	\$3,500,000	\$28,000,000	\$129,500,000	\$385,000,000



Revenue EU Non-Developer Grads	\$1,500,000	\$10,500,000	\$33,000,000	\$114,000,000
Revenue India Non-Developer Grads	\$1,250,000	\$6,250,000	\$17,500,000	\$62,500,000
<b>Total Revenue Non-Dev Grads</b>	<b>\$6,250,000</b>	<b>\$44,750,000</b>	<b>\$180,000,000</b>	<b>\$561,500,000</b>
<b>Total Revenue</b>	<b>\$76,250,000</b>	<b>\$253,250,000</b>	<b>\$597,000,000</b>	<b>\$1,393,500,000</b>

## Strengths

### Alumni Community Creates a Powerful Moat

- Some partners have over 20 Lambda grads, triggered by their hiring of a single Lambda student
- Lambda graduates advocate for each other based on the school community alone.
- We're already seeing Lambda students promoted to positions of authority. With more time, we'll continue to see grads rise up the ranks and exert more influence on how their companies hire.

### Higher NPS as Class Sizes Increase

- Our NPS score is higher by 20+% in our larger classes
  - Speaks to the power of the Lambda community, which is an important differentiator

### Organic growth taking share from bootcamp competitors

- 314% increase in student starts from April'19 to April'18
- Competitors continue to market against Lambda (but not other schools) because students are moving away from the upfront tuition model

### Retention

- 85% of students that start Lambda, finish Lambda. That's 9 months of full time, remote instruction. We do it by building in social accountability. The school isn't just a bunch of videos that you watch on your own time. It's live, and every day students are interacting with their classmates, instructors, and other Lambda employees.

### Placement that Scales

- Inbound bluechip interest (Uber, Google, Amazon, etc.)
- "Every company is a tech company". Students getting hired in large batches in places like Minnesota.

- "Land and expand" strategy already working organically w/o additional effort from Lambda
- Can work with employers anywhere because we're online

### **Market Leader in ISAs**

- Largest originator of ISAs in the US
- "Lambda" name synonymous with ISAs

### **Unbundling Universities**

- Colleges offer tons of services in 1 package: schooling, cultural learning, job placement help, sports, socializing, becoming an adult, etc.
- Lambda unbundles the university and offers what people are actually looking for: a high-paying job

## **Risks & Mitigants**

### **We admit the wrong people (e.g. people who don't want jobs, people who won't succeed, etc.)**

- Some students are "life long learners" and are genuinely interested in learning but don't want a job
- Some students are unable to succeed in a technical career

#### **Mitigants:**

- Improving jobs curriculum so that students cannot proceed in their technical education if they're not completing their jobs training and benchmarks
- Offering non-technical training + jobs (e.g. nursing) so that students can come to us, we offer them a test, and then recommend what we think they'd be best at

### **ISAs are made illegal or significantly limited**

- Some political circles dislike ISAs and/or think they work against a "4 year free degree for everyone"
- Bad taste in their mouth from for-profit schools like Devry and University of Phoenix

#### **Mitigants:**

- Proactively lobbying in DC for ISA legislation that will create a framework that is reasonable
- Joined an ISA steering committee initiative to work with other companies in the ISA space to form ISA legislation

### **Collections could be too low**

- Still unknown at scale what % of students will pay their ISAs

**Mitigants:**

- Working on legislation that allows for employers to make payments
- Legislation that allows credit reporting for ISA non-payment
- Legislation that creates better reporting mechanisms on student income

**We're unable to place students at scale**

- We're at roughly 50% placement for cohorts that are 6 months graduated
- Placement to date has been manual and one-off, which isn't possible at scale

**Mitigants:**

- Growing the alumni network.
- Building tools to help connect Lambda grads with current Lambda students
- Creating internal tools to make the job search as easy as possible for students
- Working with employment partners to get hiring and interview guarantees

**Moving into new industries and geographies uses too few synergies from our US tech organization**

- New geographies/industries require entirely new employer partnerships
- Management's network and expertise is in tech, how much will translate to industries like nursing?

**Mitigants:**

- Using our strong brand to hire world class general managers to run these new businesses
- Starting slow, growing purposefully when and where it makes sense

[1]: <https://www.cyberstates.org>

# **EXHIBIT B**

**Demand For Arbitration**

## **INCOME SHARE AGREEMENT**

This Income Share Agreement ("ISA" or "Agreement") is made and entered into as of February 11, 2019, by and between Daniel Milano Milano (hereinafter "Student," "you," "your", "I" or "me") and Lambda, Inc. (hereinafter, "Company," "we," "our," or "us", and shall include any successors or assigns of Lambda, Inc.). Student and Company may sometimes be referred to in this Agreement, individually, as a "Party" and, collectively, as the "Parties," as required by context.

THIS IS A LEGAL CONTRACT. READ IT CAREFULLY BEFORE SIGNING. BY ENTERING INTO THIS AGREEMENT, YOU AGREE THAT IN RETURN FOR RECEIVING THE COMPUTER SCIENCE HIGHER EDUCATION OR TRAINING PROVIDED BY LAMBDA, INC., YOU WILL PAY A PORTION OF YOUR EARNED INCOME TO COMPANY (OR ITS ASSIGNEE), IN ACCORDANCE WITH THE TERMS AND CONDITION SET FORTH BELOW. THIS AGREEMENT DOES NOT CONSTITUTE A LOAN. THE AMOUNT YOU MUST PAY IS NOT A FIXED AMOUNT. INSTEAD, YOUR PAYMENT OBLIGATION IS CONTINGENT ON AND SHALL VARY BASED ON YOUR EARNED INCOME EACH YEAR, AS DESCRIBED IN THIS AGREEMENT.

In consideration of the Higher Education or Training provided to Student, and subject to all of the terms, covenants, promises, and conditions contained in this Agreement, Student and Company agree as follows:

### 1. DEFINITIONS.

For purposes of this Agreement, the following terms shall have the meanings specified:

"Annual Earned Income" means your Earned Income for an entire calendar year.

"Approved Bank Account" has the meaning provided in Section 4(f) of this Agreement.

"Company" means the Person listed in the opening paragraph of this Agreement and executing this Agreement, as well as any Person to whom this Agreement may be subsequently sold or assigned.

"Derived Monthly Income" means your annual Earned Income divided by 12.

"Disability" means a determination by the Social Security Administration or other federal or state agency that you are disabled.

"Earned Income" means your total wage, compensation and self-employment gross income reported or required to be reported on an income tax return. On an annual basis for U.S. taxpayers this includes the sum of Line 7 (Wages, salaries, tips, etc.), Line 12 (Business income or loss), and Line 21 (Other income) of IRS Form 1040 or Line 1 (Wages, salaries, tips) of IRS Form 1040EZ on U.S. federal income tax returns. For the avoidance of doubt, "Earned Income" also includes any non-cash consideration received by you, directly or indirectly, or that is deemed earned, including but not limited to, contributions to qualified and non-qualified deferred compensation and retirement benefit plans, fringe benefits not reported as wages for compensation, income from your active participation in any entity, and equity rights or deferred compensation generated or attributable to the current period of your employment. Such income shall also include any amounts earned or payable, directly or indirectly to a related party as a result of your services during the year. If you file your tax return jointly with your spouse, your Earned Income shall not include any income you can demonstrate to our satisfaction is earned solely by your spouse. In our discretion, we may estimate your Earned Income using documentation other than your U.S. federal income tax return, provided the documentation is another verifiable source acceptable to us.

"Employer" means any Person for which you provide services, either as an employee or as an independent contractor, and includes any Person required by IRS regulation to provide you with a W-2 or a 1099-MISC.

"Higher Education or Training" means a program of study at a school or educational institution that is eligible under Title IV of the Higher Education Act, as amended from time to time, or a proprietary or vocational school, or a placement program that provides you the opportunity to earn Qualified Monthly Income.

"Income-Earning Month" means a month in which you earn, in the aggregate from all Employers, as a contractor or from self-employment, more than the Minimum Monthly Amount.

"Income Share" means the fixed percentage of your Qualified Monthly Earned Income that you will owe us during the Payment Term. Your "Income Share" under this Agreement is 17.0% but subject to adjustment for underreporting or overreporting of Earned Income as set forth herein.

"Industry Specific Earned Income" means, if applicable under this ISA, all Earned Income you receive from any work you perform in Software, Data Science.

"Leif" means Leif Technologies, Inc., which will, in connection with other third parties, be the Company's processing agent with respect to this Agreement.

"Leif Platform" means the processing and payment application program used by Leif to provide the processing and payment functions contemplated by this Agreement, including monitoring your Earned Income in your Approved Bank Account, performing Reconciliation, and if applicable, withdrawing Monthly Payments from your Approved Bank Account.

"Minimum Monthly Amount" equals \$4,166.67, which is equivalent to \$50,000.00 on an annual basis in Earned Income.

"Monthly Earned Income" means the amount of Industry Specific Earned Income you receive in each month during the Payment Term. Your Monthly Earned Income will be based solely on the Earned Income you receive from work performed in Software, Data Science.

"Monthly Payment" means your Income Share times the amount of your Qualified Monthly Earned Income.

"Payment Cap" equals \$30,000.00.

"Payment Term" means the term during which you pay us a fixed percentage of your Earned Income.

"Person" means any individual, partnership, corporation, limited liability company, trust or unincorporated association, joint venture or other entity or governmental body.

"Prepayment Amount" means an aggregate payment by you to the Company that will extinguish your obligations under this Agreement before the Payment Term ends, which shall be the amount equal to the Payment Cap less any Monthly Payments already made plus any outstanding fees or other amounts you may owe us under this Agreement.

"Qualified Income-Earning Month" means a month in which your Monthly Earned Income exceeds the Minimum Monthly Amount.

"Qualified Monthly Earned Income" means your Monthly Earned Income in any Qualified Income-Earning Month.

"Reconciliation" has the meaning provided in Section 5 of this Agreement.

"Student" means the individual listed in the opening paragraph of this Agreement and executing this Agreement.

## 2. THE PARTIES' RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT.

a. In consideration of your execution and delivery of this Agreement, and subject to all terms and conditions set forth in this Agreement, Company agrees to provide you with the following Higher Education or Training: Computer Science.

b. By entering into this Agreement and in return for receiving the Higher Education or Training provided by the Company, you agree to pay us your Income Share of your Qualified Monthly Earned Income until (i) you have made to us a total of 24.0 Monthly Payments on your Qualified Monthly Earned Income, or (ii) you reach the Payment Cap, whichever occurs first (the first to occur is referred to herein as "Payment Satisfaction") but subject to the provisions for Reconciliation and your obligation to make additional payment for any underreported Earned Income, as provided in Section 5 below.

### 3. PAYMENT MANAGEMENT BY LEIF

Leif is the Company's designated processing agent for this Agreement. You hereby consent to and authorize Leif to act as the agent of Company and to manage and process all requirements contemplated by this Agreement, including but not limited to monitoring your Earned Income in your Approved Bank Account, processing your payment obligations under this Agreement, and performing Reconciliation. You further agree to cooperate with all requests of Leif in connection with processing and your compliance with all terms of this Agreement, including providing all documents or consents that may be requested of you from time to time by Leif in connection with this Agreement.

### 4. MAKING PAYMENTS FROM YOUR EARNED INCOME.

a. Payment Term. Your Payment Term will start immediately upon graduation or upon your withdrawal from the Higher Education or Training (identified in Section 2.a), whichever is first to occur. However, the obligation to make Monthly Payments will occur only if you are earning the Qualified Monthly Earned Income. Your Payment Term will end upon Payment Satisfaction (as described in Section 2.b).

b. Reporting of all Earned Income. Upon completion of your Higher Education or Training and throughout the Payment Term, you agree to communicate to the Company and/or Leif, using the Leif Platform, (i) all employment positions you accept, including, if requested, a description as to the business and services or products provided by each employer and the nature of your position with each employer, (ii) your base salary for each employment position, (iii) your projected annual gross Earned Income from all Employers, including any Earned Income from self-employment, and (iv) any non-cash consideration, equity or deferred compensation rights granted to you. You further agree during the Payment Term to update, using the Leif Platform, any changes in your projected gross income within thirty (30) days of any event giving rise to the expected change in your Earned Income.

c. Monthly Payment Based on Projected Earned Income. Based on the projected Earned Income you provide to the Company and/or Leif, but subject to the provisions for audit and Reconciliation (as provided in Section 5 below), you shall pay to us a Monthly Payment, determined in accordance with your Income Share, for each month in which you have Qualified Monthly Earned Income.

d. Methods of Payment. Prior to but no later than the commencement of the Payment Term, you agree to elect to one of two options for payment to us of the Monthly Payment:

i. Automatic Withdrawal from Approved Bank Account. You will elect to allow Leif, as the Company's processing agent, to automatically deduct your Monthly Payment from your Approved Bank Account, as described below; or

ii. Credit Card Payment. You will provide Leif, as the Company's processing agent, with a credit card number and execute an authorization for payment by credit card and such other documentation as may be required to authorize Leif to charge Monthly Payments to your designated credit card on a recurring basis.

e. Withdrawal of Authorization for Auto Payments. You have the right at any time before or during the Payment Term, subject to giving Leif at least 3 days' notice prior to a payment, to revoke your prior authorization for auto payment from either your Approved Bank Account or from your designated credit card. Should you elect to do so, this shall not relieve you or your obligations to pay the Monthly Payment and

you agree to either elect the alternate method of auto payment provided in Section 4.d or to send the Monthly Payment to Leif via check or money order, to such address as shall be provided by Leif upon receipt of your notice of withdrawal of authorization for automatic payments.

f. Approved Bank Account.

i. Set Up and Maintenance of Approved Bank Account. You agree to establish a bank account with a financial institution designated or approved by Leif in writing ("Approved Bank Account") prior to receiving any Earned Income, and also to permit integration of the Approved Bank Account with Leif's Platform in order to permit Leif to track your Earned income, to perform Reconciliation, and, subject to your payment election in Section 4.d above, to process and withdraw your Monthly Payments from your Approved Bank Account. You further agree to provide us or Leif with details of the Approved Bank Account as we may reasonably request from time to time. If for any reason (e.g., a change in your employment or address), you would like to change your Approved Bank Account to another bank, you agree to give Leif prior notice of the requested change and such details for the proposed replacement account as Leif may reasonably request and that the new bank account will be subject to Leif's prior approval. If at any time during the Payment Term you change your password to your Approved Bank Account or otherwise take any action that alters the ability of Leif to access, you agree to give Leif prompt notice of the change and to comply with all requests of Leif to permit it to reconnect to your Approved Bank Account with the Leif Platform in order to permit Leif to continue to track your Earned Income, perform Reconciliation, and, as applicable, process and withdraw any payments owed pursuant to this ISA.

ii. Right to Require Change of Approved Bank Account. Notwithstanding the foregoing provision, and even if you already have an established Approved Bank Account, you agree that the Company and/or Leif, as the Company's processing agent, may require you during the Payment Term to open and maintain a new account with a financial institution designated by the Company and/or Leif, and that you will promptly, following notice from the Company and/or Leif, establish a new account with the designated financial institution and that such account shall then become the Approved Bank Account. You further agree to execute all such documents and consents to open the new Approved Bank Account. You also agree to authorize integration of the Approved Bank Account with the Leif Platform in order for Leif to monitor your Earned Income and, if you have so elected pursuant to Section 4.d, to authorize Leif to withdraw Monthly Payments from the Approved Bank Account.

g. Deposit of all Earned Income into Approved Bank Account. You agree that during the entire Payment Term you shall deposit all Earned Income received by you from any sources (whether earned as an employee or as an independent contractor) directly into your Approved Bank Account. If you are an employee, you agree to cause your Employer to arrange for the direct deposit of all of your Earned Income to your Approved Bank Account. Your refusal or failure to establish the Approved Bank Account or to permit integration with the Leif platform for purposes of making Monthly Payments shall not relieve you of any of your obligations to make Monthly Payments under this Agreement.

h. Payment Deferrals and Extensions of Payment Term. We shall place your ISA in deferment status and not accept payments for any month that your Monthly Earned Income does not exceed the Minimum Monthly Amount (a "Deferred Month"), until such time as your Monthly Earned Income exceeds, or is deemed to exceed (pursuant to a Reconciliation) the Minimum Monthly Amount, at which time your obligation to make Monthly Payments shall be reinstated. There is a 60-month limit on the aggregate number of months that Monthly Payments may be deferred. If you reach the maximum number of Deferred Months permitted under this ISA, your payment obligations under this ISA will be terminated.

i. Survival of Obligations. Expiration of the Payment Term only terminates your obligation to make Monthly Payments from Qualified Monthly Earned Income. However, it does not terminate this ISA or any continuing obligations you may have to Company or Leif pursuant to this ISA, including but not limited to the obligation to make additional payment if we determine that you underreported your Earned Income.



5. RECONCILIATION. From time to time during the Payment Term, and for a period of one (1) year following the end of the calendar year in which the Payment Term expires, Company and Leif, as its processing agent, shall have the right to examine and audit your records pertaining to your employment and to verify your Earned Income at any point during the Payment Term to make sure that you have properly reported or projected your Earned Income and to verify that we have properly calculated and deducted the Monthly Payments (a "Reconciliation"). You agree to cooperate with the Company and Leif in performing any Reconciliation.

a. Confirmation of Earned Income and Employment. In order to perform a Reconciliation, you agree that you shall, within thirty (30) days of request:

i. verify your Earned Income as reported to the IRS by filling out form IRS Form 4506-T or Form 4506T-EZ (or any successor form) or, if we request in the alternative, provide us with a true and accurate copy of your federal tax return as submitted to the IRS for any calendar year of the Payment Term;

ii. provide us with the name, address and phone number of any Employers from which you have received Earned Income and authorize each of your Employers to disclose to us all forms of cash and non-cash compensation paid or provided to you; and

iii. provide such other documentation (including a summary of any non-written or oral non-cash consideration, equity or deferred compensation arrangements) as may be reasonably requested by the Company or Leif for the purpose of performing the Reconciliation.

b. Underreported Earned Income.

i. If at any time during the Payment Term and whether intentionally or unintentionally, you underreport your Earned Income to us, resulting in one or more deferred Monthly Payments, or one or more lower Monthly Payments to us than we are entitled to receive under this Agreement, we will have the right to correct the error, in our discretion, by (A) increasing your "Income Share" for Monthly Payments payable to us for each subsequent Qualified Income Earning Month, to a maximum of 150% of your defined "Income Share" percentage, or (B) retaining your Income Share percentage but adding a fixed monthly underpayment fee which shall not exceed \$1,000.00 per month ("Underpayment Fee"), until the discrepancy in payments to us has been corrected. At such time, the Income Share percentage will revert to the original Income Share percentage as defined in Section 1, Definitions, or the Underpayment Fee will cease.

ii. If a Reconciliation performed by us pursuant to Section 5 indicates that you underreported your Earned Income to us at any time during the Payment Term, so that you made one or more lower Monthly Payments to us than we are entitled to receive under this Agreement, we or Leif shall give you notice within ten (10) days of completion of the Reconciliation of the amount of the underpayment and reasonable documentation of the underpayment calculation. You agree to pay us the aggregate amount of the underpayments within sixty (60) days of receiving notice of the underpayment. If you do not pay us on time, you authorize Leif to deduct the amount of your underpayment from your Approved Bank Account. If the Approved Bank Account is no longer active or there are insufficient funds to pay the underpayment, we may exercise our legal rights to collect such underpayment, and you agree to pay our reasonable costs of collection, including our reasonable attorneys' fees.

iii. If a Reconciliation performed by us, or an Overpayment Claim made by you pursuant to Section 5.c.i below, for any year shows that your Derived Monthly Income for any month in which you made a Monthly Payment to us was less than the amount of Qualified Monthly Earned Income on which such Monthly Payment was calculated, such Monthly Payment will not be reduced or otherwise refunded unless you can demonstrate with documentation reasonably satisfactory to us that such payment was the result of a manifest error.

iv. If a Reconciliation performed for any year shows that your Derived Monthly Income for any month was more than the amount of Monthly Earned Income you reported to us for such month, your Monthly Earned Income for such month shall be deemed to equal the Derived Monthly Income, and any additional amounts payable to us will be subject to recapture pursuant to clauses (i) or (ii) above, as the case may be.

c. Overreported Earned Income.

i. If at any time during the Payment Term, for any reason, you overreport your Earned Income to us, resulting in larger Monthly Payments to us than we are entitled to receive under this Agreement, you will have the right to notify us of this, and provide any documentation that we may reasonably request (including any documents we would review pursuant to a Reconciliation) in order to verify your claim of overpayment ("Overpayment Claim"). If, after reviewing the documents, we agree with your Overpayment Claim, we will correct the error by, in our discretion, (A) refunding the amount of the Overpayment Claim to your Approved Bank Account in a single payment or by equal payments over a period not to exceed 6 months, or (B) decreasing your "Income Share" percentage of Monthly Payments payable to us for each subsequent Qualified Income Earning Month, by not less than 10% in each Monthly Payment, until the overage in payments to us has been corrected. At such time, the Income Share Percentage, if it was previously adjusted, will revert to the original Income Share Percentage as defined in Section 1, Definitions.

ii. If the Payment Term ends prior to correction of the overage in payments under the procedure described in Section 4(c)(i) above, then Company shall pay you the balance of any remaining overpayment amount within thirty (30) days of the end of the Payment Term.

d. Extension of Time for Reconciliation. If you should file for an extension of the time to file your federal income tax returns or if you fail to provide us with the requested tax, Employer or Earned Income information or you do not otherwise reasonably cooperate with us for purposes of Reconciliation, then the one (1) period following the end of the calendar year in which the Payment Term expires shall be extended for a period of time equal to the period of time that you failed to provide the requested information or you obtained the filing extension. It is the intent of this provision that the running of the one (1) year period following the end of the calendar year in which the Payment Term expires shall be extended so that the Company shall get the full and reasonable opportunity to perform Reconciliation and so that you may not benefit from your failure to comply with your obligations or you obtained the extension.

6. CAP ON PAYMENTS; PREPAYMENT AMOUNT.

a. Payment Cap. The total Monthly Payments you owe under this Agreement will not exceed the Payment Cap.

b. Prepayment Amount. You may at any time pay in full your obligation to the Company by paying an amount equal to the Payment Cap less any Monthly Payments you already made plus any outstanding amounts you may owe us, as satisfaction in full of your payment obligations under this Agreement.

7. ADDITIONAL PROVISIONS AFFECTING PAYMENTS.

a. Limit on Other Income Share Agreements. You agree that you have not and will not enter into additional income share agreements or similar arrangements with us or another Person that, in the aggregate, obligate you to pay a total Income Share exceeding 30.0% percent of your Earned Income.

b. International Work. If you move out of the United States during your Payment Term, you agree to continue to report Earned Income and to continue paying your Income Share of your Qualified Monthly Earned Income, and you shall not be in Breach of this Agreement so long as you continue to make the required Monthly Payments.

c. Waiver of ISA Due to Death or Total and Disability. We will waive what you owe under this Agreement, including any past due amounts and fees, if you die or become disabled. If you would like to assert a waiver based on disability, you will need to provide documentation showing that you have been found to be disabled by the Social Security Administration or other federal or state agency due to a condition that began or deteriorated after the date of signing this Agreement and that the disability is expected to be permanent.

d. Obligation in Event of Withdrawal. If for any reason and at any time you withdraw from the Higher Education or Training related to this Agreement, you may be entitled to a pro rata reduction in your committed Income Share percentage or the length of the Payment Term, but

solely at the discretion of the Company. You agree to give the Company and Leif prompt notice of your withdrawal from the Higher Education or Training and the effective date of your withdrawal.

8. REVIEW OF YOUR TAX RETURNS. For the tax year in which your Payment Term begins through the tax year in which your Payment Term ends, you agree to file your U.S. federal income tax returns, no later than April 15 of the following year, and to timely file any state or local tax returns by the date they are due. You agree to notify us of any extension you seek for filing federal income tax returns. Moreover, upon our or Leif's request, you agree to sign and file IRS Form 4506-T or Form 4506T-EZ (or any successor form) within thirty (30) days of request, designating each of the Company (or its then-applicable Assignee) and Leif as the designated recipients of your tax return information for returns covering any and all years of your Payment Term. You agree to perform any similar requirements or procedures for any other applicable country's taxing authority.

9. TAX REPORTING. The Company intends to report the tax consequence of the ISA on its tax returns as a financial contract that is eligible for open transaction treatment. The Company believes that this tax treatment is more likely than not the proper characterization for federal income tax purposes. We urge you to consult with your own tax advisors, to ascertain the appropriate manner in which to report your taxes. We believe that there is a potential benefit if all parties to a transaction report in a consistent fashion. We encourage you to report in a manner that is consistent for all parties to the transaction. We recognize that there may be specific situations where the Company or you may find it appropriate to report in a way that is inconsistent with the other Party. You are once again, urged to consult with your tax advisors about the potential consequences of such reporting.

10. COVENANTS AND REPRESENTATIONS OF STUDENT. By entering into this Agreement, you represent, warrant and promise to the Company as follows:

- a. that you are entering into this Agreement in good faith and with the intention to pay us by making Monthly Payments when due;
- b. that all the information you have provided to Company in connection with entering into this Agreement is true and accurate and that you have not provided any false, misleading or deceptive statements or omissions of fact;
- c. that you have never been convicted of a felony or of any crime involving dishonesty or breach of trust under any federal or state statute, rule or regulation;
- d. that you are not contemplating bankruptcy and you have not consulted with an attorney regarding bankruptcy in the past six months;
- e. that you are a U.S. citizen or permanent resident or have a social security number and the legal right to work in the United States;
- f. that you will make reasonable and good faith efforts to seek employment immediately following completion of the Higher Education or Training and during all times during the Payment Term that you are not employed or that you have Earned Income less than the Minimum Monthly Amount;
- g. during the Payment Term, you will timely report to Leif any changes in your Employment status;
- h. during the Payment Term, you will not conceal, divert, defer or transfer any of your Earned Income (including but not limited to any non-cash consideration, equity or deferred compensation rights granted to you) for the purpose of avoiding or reducing your Monthly Payment obligation or otherwise;
- i. that you will timely and fully provide all information and documentation required under the terms of this Agreement or as reasonably requested by Company (including any assignee of Company) and/or Leif, and that such information or documentation shall be true, complete, and accurate;

j. that during the Payment Term you will file all federal, state or local tax returns and reports as required by law, which shall be true and correct in all material respects, that you will report all of your Earned Income on such returns, and that you shall pay all federal, state or local taxes and other assessments when due;

k. that you shall keep accurate records relating to your Earned Income for each year of your Payment Term, including all W-2s, pay stubs, and any invoices or payments relating to self-employment services you provide; and

l. that you will retain all such records for a period of at least one (1) year following the date you fulfill all your payment obligations under this Agreement.

11. COVENANTS AND REPRESENTATIONS OF COMPANY. Company represents, warrants and promises to Student as follows:

a. Confidentiality. Company agrees that all employment or financial information of Student and any non-public records or information provided to us pursuant to this Agreement is personal and confidential information. Company agrees not to, directly or indirectly, disclose, publish, cause to be disclosed or published, or use personal or financial information concerning you or your Employer for any purposes other than (i) as expressly authorized herein, (ii) as incidental to performance of this Agreement, including providing confidential information to any assignee of this Agreement, or (iii) to enforce its rights under this Agreement.

b. Security. Company and Leif shall use and maintain commercially reasonable security controls so as to prevent any unauthorized access to or use any personal and confidential information of Student.

12. BREACH AND REMEDIES.

a. Breach. Without prejudice to our other rights and remedies hereunder, and subject to applicable law, we may deem you to be in breach under this Agreement (a "Breach") upon any of: (i) your failure to make any Monthly Payment that is due under this Agreement, in full and on time, within ninety (90) days of the due date; (ii) your failure to provide Earned Income documentation within ninety (90) days of its due date; (iii) your failure to provide us a completed and executed IRS Form 4506-T, your social security number, or the name of your Employer(s) within ninety (90) days of our request; (iv) your failure to provide details of and confirm ownership of your Approved Bank Account, or otherwise comply with Section 3(c) of this Agreement within ninety (90) days of receiving written notice from us or Leif of such failure; or (v) your violation of any other provision of this Agreement that impairs our rights, including but not limited to our receipt of information we deem, in our sole discretion, to be materially false, misleading or deceptive.

b. Remedies upon Breach. Subject to applicable law (including any notice and/or cure rights provided by applicable law), upon Breach, we will be entitled to (i) collect the Prepayment Amount, less any Monthly Payments already made and plus any outstanding fees or other amounts you may owe us, (ii) enforce all legal rights and remedies in the collection of such amount and related fees (including any rights available to us to garnish wages or set off any federal or state tax refund) or (iii) utilize any combination of these remedies. You agree to pay our court costs, reasonable attorneys' fees, collection fees charged by states for state tax refund set-off, and other collection costs related to the Breach (including our fees and costs due to your bankruptcy or insolvency, if applicable) to the extent permitted by applicable law.

c. Equitable Remedies. If we conclude that money damages are not a sufficient remedy for any particular Breach of this Agreement, then we will be entitled to seek an accounting, as well as injunctive or other equitable relief that may be applicable as a remedy for any such breach to the fullest extent permitted by applicable law. Such remedy shall be in addition to all other remedies available at law or equity to us.

13. RETAINED RIGHTS. No Breach or the termination of this Agreement will affect the validity of any of your accrued obligations owing to the Company under this Agreement. Notwithstanding termination of the Payment Term, Company or any Person to which this Agreement is assigned shall retain all rights to enforce your obligations under this Agreement, including the right to receive the full amount of your Income Share owing hereunder based on your Earned Income during the Payment Term.

14. **ELECTRONIC DELIVERY.** We may decide to deliver any documents or notices related to this Agreement by electronic means. You agree to receive such documents or notices by electronic delivery to the email address provided us and Leif, and to participate through an on-line or electronic system established and maintained by us or Leif.

15. **PERMITTED COMMUNICATIONS.** We or Leif may use automated telephone dialing, text messaging systems and electronic mail to provide messages to you about payment due dates, missed payments and other important information. The telephone messages may be played by a machine automatically when the telephone is answered, whether answered by you or someone else. These messages may also be recorded in your voicemail. You give us and Leif your permission to call or send a text message to any telephone number you provide us now or in the future and to play pre-recorded messages or send text messages with information about this Agreement over the phone. You also give us permission to communicate such information to you via electronic mail. You agree that we and Leif will not be liable to you for any such calls or electronic communications, even if information is communicated to an unintended recipient. You understand that, when you receive such calls or electronic communications, you may incur a charge from the company that provides you with telecommunications, wireless and/or Internet services. You agree that we and Leif shall have no liability for such charges. You also agree that we and our agents, including but not limited to Leif, may record any telephone conversations we may have with you. You may withdraw your consent to receiving telephone calls or texts via an automatic telephone dialing system ("ATDS") to your cell phone at any time by sending a revocation notice by email to team@leif.org (or such other email address as the Company or Leif may provide to you from time to time). That revocation notice must include (i) your name and address, (ii) your cellular telephone number(s), and (iii) your account number, if applicable; and shall expressly state that you are revoking your consent for the Company or Leif to make calls or text via an ATDS to your cell phone as authorized by this Section 15.

16. **CONSENT TO CREDIT AND INCOME VERIFICATION; CREDIT REPORTING; STUDENT INFORMATION.**

a. In connection with the provision of the Higher Education or Training and entering into this Agreement, you authorize the Company, Leif, or a prospective assignee of this Agreement (each, an "Authorized Party") to obtain your credit report, verify the information that you provide to the Company, and gather such additional information that an Authorized Party reasonably determines may help that Authorized Party assess and understand your ability to perform your obligations under this Agreement. You understand that an Authorized Party may verify your information and obtain additional information using a number of sources, including but not limited to consumer reporting agencies, other third party databases, past and present employers, other school registrars, public sources, and personal references provided by you. If you ask, you will be informed whether or not an Authorized Party obtained a credit report and, if so, the name and address of the consumer reporting agency that furnished the report. You further authorize an Authorized Party sharing of your credit report and information therein with its assigns or affiliates (including but not limited to its parents, investors, and lenders), which the Authorized Party will do using reasonable data security procedures.

b. You authorize the Company and its agents (including but not limited to Leif) to report information about this Agreement to credit bureaus. Although this Agreement is not "credit," we may inform credit bureaus about your positive payment behavior when you make payments as agreed. However, this also means that late payments, missed payments, or other Breaches under this Agreement may be reflected in your credit report.

c. You authorize the Company to use any and all information provided by you, and any data derived from such information, for any purpose, including, without limitation, creation of any additional products or services derived therefrom. You disclaim any proprietary or monetary interest in any such additional products or services.

17. **CUSTOMER IDENTIFICATION POLICY.** To help the government fight the funding of terrorism and money laundering activities, we will obtain, verify and record information that identifies each person who enters into this Agreement. What this means for you: when you enter into this Agreement, we reserve the right to ask for your name, address, date of birth, Social Security number, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

18. NOTICE AND CURE. Prior to initiating a lawsuit or arbitration regarding a Claim (as defined in Section 19, "Arbitration Agreement" below), the Party asserting the Claim (the "Complaining Party") shall give the other Party (the "Defending Party") written notice of the Claim (a "Claim Notice") and a reasonable opportunity, not less than thirty (30) days, to resolve the Claim. If we are the Complaining Party, we will send the Claim Notice to you at your address appearing in our records or, if you are known to be represented by an attorney, to your attorney at his or her office address. Any Claim Notice must explain the nature of the Claim and the relief that is demanded. The Complaining Party must reasonably cooperate in providing any information about the Claim that the Defending Party reasonably requests. The provisions of this Section 18 shall survive termination of this Agreement.

19. ARBITRATION OF CLAIMS AGAINST COMPANY. Except as expressly provided below, Student agrees that any past, present or future claim, dispute or controversy Student may have against the Company, regardless of the legal theory on which it is based, arising out of, relating to or occurring in connection with this Agreement (a "Claim"), shall be submitted to and resolved by binding arbitration under the Federal Arbitration Act, 9 U.S.C. §§1 et seq. (the "FAA") before the American Arbitration Association (the "AAA") under its Consumer Arbitration Rules in effect at the time the arbitration is brought (the "AAA Rules", which are available online at [www.adr.org](http://www.adr.org)). If the AAA is unable to serve as administrator and the Company and the Student cannot agree on a replacement, a court with jurisdiction will select the administrator or arbitrator. This means that any Claim you have shall be resolved by a neutral third-party arbitrator, and not by a judge or a jury, and you hereby knowingly and voluntarily waive the right to trial on such Claim any court of law or equity. For purposes of this Arbitration Agreement: (a) the term "Claim" has the broadest possible meaning, and includes initial claims, counterclaims, cross-claims and third-party claims. It includes disputes based upon contract, tort, consumer rights, fraud and other intentional torts, constitution, statute, regulation, ordinance, common law and equity (including any claim for injunctive or declaratory relief). For purposes of this Arbitration Agreement; (b) the term "Company" includes (i) the Company, (ii) any assignee of this Agreement, (iii) any assignee, agent, designee or servicer of the Company (including but not limited to Leif), (iv) the officers, directors, employees, affiliates, subsidiaries, and parents of all of the foregoing, and (e) any Person named as a co-defendant with the Company in a Claim asserted by the Student, such as servicers and debt collectors; and (c) the term "Student" means the Student executing this Agreement. Notwithstanding the above, if a Claim that the Student wishes to assert against the Company is cognizable in a small claims court (or your state's equivalent court) having jurisdiction over the Claim and the Parties, the Student or the Company may pursue such Claim in that small claims court; provided, however, that if the Claim is transferred, removed, or appealed to a different court, it shall then be resolved by arbitration. Moreover, any dispute concerning the validity or enforceability of this Arbitration Agreement must be decided by a court; any dispute concerning the validity or enforceability of the ISA as a whole is for the arbitrator.

Any arbitration hearing that you attend will take place before a single arbitrator and shall be held in the same city as the U.S. District Court closest to your address. If you cannot obtain a waiver of the AAA's or arbitrator's filing, administrative, hearing and/or other fees, we will consider in good faith any request by you for us to bear such fees. Each Party will bear the expense of its own attorneys, experts and witnesses, regardless of which Party prevails, unless applicable law or this Agreement gives a right to recover any of those fees from the other Party.

The arbitrator shall follow applicable substantive law to the extent consistent with the FAA, applicable statutes of limitation and privilege rules that would apply in a court proceeding, but subject to any limitations as may be set forth in this Agreement.

This Arbitration Agreement shall survive the termination of this Agreement, your fulfillment of your obligations under this Agreement and/or your or our bankruptcy or insolvency (to the extent permitted by applicable law). In the event of any conflict or inconsistency between this Arbitration Agreement and the administrator's rules or other provisions of this Agreement, this Arbitration Agreement will govern.

**CLASS ACTION WAIVER: IF A CLAIM IS ARBITRATED, STUDENT WILL NOT HAVE THE RIGHT TO PARTICIPATE IN A CLASS ACTION, A PRIVATE ATTORNEY GENERAL ACTION OR OTHER REPRESENTATIVE ACTION IN COURT OR IN ARBITRATION, EITHER AS A CLASS REPRESENTATIVE OR CLASS MEMBER.** Further, unless both Student and the Company agree otherwise in writing, the arbitrator may not join or consolidate Claims with claims of any other persons. The arbitrator shall have no authority to conduct any class, private attorney general or other representative proceeding, and shall award declaratory or injunctive relief

only to the extent necessary to provide relief warranted by that Student's individual Claim. If a determination is made in a proceeding involving the Company and the Student that the class action waiver is invalid or unenforceable, only this sentence of this Arbitration Agreement will remain in force and the remainder of this Arbitration Agreement shall be null and void, provided, that the determination concerning the class action waiver shall be subject to appeal.

**RIGHT TO REJECT:** You may reject this Arbitration Agreement by emailing a rejection notice to the Company at team@leif.org (or such other email address as the Company or Leif may provide to you from time to time) within thirty (30) calendar days after the date of full execution of this Agreement. Any rejection notice must include (i) your name and address, (ii) your cellular telephone number(s); (iii) your account number, if applicable; and shall state that you are rejecting this Arbitration Agreement in your Agreement. If you reject this Arbitration Agreement, that will not affect any other provisions of the ISA or your obligations under this Agreement.

**20. LIMITATION OF LIABILITY. EXCEPT TO THE EXTENT CAUSED BY THE WILLFUL MISCONDUCT OF COMPANY OR LEIF, NEITHER COMPANY NOR LEIF SHALL BE LIABLE TO STUDENT FOR LOSS OF EMPLOYMENT, LOST INCOME OR PROFITS, CONSEQUENTIAL, EXEMPLARY, INCIDENTAL, INDIRECT, OR SPECIAL DAMAGES, EVEN IF ADVISED BY STUDENT OF THE POSSIBILITY OF SUCH DAMAGES. THE PROVISIONS OF THIS SECTION 20 SHALL SURVIVE TERMINATION OF THIS AGREEMENT.**

**21. SURVIVAL OF CERTAIN PROVISIONS.** Notwithstanding anything to the contrary in this Agreement, the provisions of Sections 3 (Payment Management by Leif), 5 (Reconciliation), 9 (Tax Reporting), 10 (Covenants and Representations of Student), 12 (Breach and Remedies), 13 (Retained Rights), 14 (Electronic Delivery), 18 (Notice and Cure), 19 (Arbitration), 20 (Limitation of Liability) and 21 (General Provisions) shall survive termination of this Agreement, your fulfillment of your obligations under this Agreement and/or your or our bankruptcy or insolvency (to the extent permitted by applicable law).

**22. GENERAL PROVISIONS.**

a. Entire Agreement. This Agreement sets forth the entire agreement and understanding of the Parties relating to the subject matter herein and supersedes all prior or contemporaneous discussions, understandings and agreements, whether oral or written, between you and us relating to the subject matter hereof.

b. Amendments. This Agreement cannot be modified or amended except with the written consent of both Parties.

c. No Waivers. No delay or failure on the part of either Party to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance.

d. Successors and Assigns. We (and any Person that acquires a majority interest of the equity of Company or substantially all of its assets), may sell and/or assign this Agreement and/or any of our rights, economic benefits or obligations under this Agreement, to any other Person without your permission or consent. However, you may not assign this Agreement, whether voluntarily or by operation of law, or any of your rights, economic benefits (including but not limited to the Higher Education or Training) or obligations under this Agreement, except with our prior written consent. Except as otherwise provided in this Agreement, this Agreement, and the rights and obligations of the Parties hereunder, will be binding upon and inure to the benefit of their respective successors, assigns, heirs, executors, administrators and legal representatives.

e. Severability. Except as set forth in the in Section 19 (Arbitration), if one or more provisions of this Agreement are held to be unenforceable under applicable law or the application thereof to any Person or circumstance shall be invalid or unenforceable to any extent, then (i) such provision shall be excluded from this Agreement to the minimum extent necessary so that this Agreement will otherwise remain in full force and effect and enforceable, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the remainder of this Agreement shall be enforceable in accordance with its terms.

f. Governing Law. The validity, interpretation, construction and performance of this Agreement, and all acts and transactions pursuant to this Agreement and the rights and obligations of the Parties under this Agreement shall be governed by, construed and interpreted in accordance with the laws of the State of New York, without giving effect to principles of conflicts of law.

g. Notices. Any notice, consent, demand or request required or permitted to be given under this Agreement shall be in writing and, except as otherwise provided, shall be deemed sufficient (i) when sent by email from you to Leif, as the Company's processing agent, at team@leif.org or to such other email address as the Company or Leif may provide to you from time to time, and (ii) when sent by Company or Leif to you via email at the email address you last provided to Company or Leif.

h. Execution; Electronic Transactions. This Agreement may be executed electronically or manually. Execution may be completed in counterparts (including both counterparts that are executed on paper and counterparts that are electronic records and executed electronically), which together shall constitute a single agreement. Any copy of this Agreement (including a copy printed from an image of this Agreement that has been stored electronically) shall have the same legal effect as an original.

Acknowledgment of Student and Signatures of Parties on next page

Remainder of page intentionally left blank



VERIFICATION OF REVIEW AND INDEPENDENT DECISION TO ENTER INTO ISA

By signing below, Student acknowledges and agrees that this Agreement is entered into voluntarily and as an arms-length transaction. Student further acknowledges and agrees with each of the following: (i) that I am of legal age to execute this Agreement; (ii) that I have had the opportunity to read this Agreement and to review its terms with my legal and financial advisors of my choosing; (iii) that Company is not an agent or fiduciary or advisor acting for my benefit or in my favor in connection with the execution of this Agreement; (iv) that Company has not provided me with any legal, accounting, investment, regulatory or tax advice with respect to this Agreement; (v) that Company has not made any promises or assurances to me that are not expressly set forth in writing in this Agreement; and (vi) that I understand that by entering into this this Agreement, I am irrevocably agreeing to share a fixed portion of my future Earned Income in consideration of receiving the Higher Education or Training, in accordance with all of the terms and conditions set forth in this Agreement.

IN WITNESS WHEREOF, the Parties have entered into this Income Share Agreement effective as of the date of Student's execution.

Company

Signed: 

Austen Allred  
CEO

Student: Daniel Milano Milano


Signed: 

Address:



Email: 

Date: February 11, 2019

**ELECTRONICALLY SIGNED**  
IP ADDRESS:   
CONTRACT ID: 5c61b2c2e59b7462d82643e7  
PRODUCT ID: 59c490e0e59b744fe45ff14b  
STUDENT ID: 5c5e9934e59b7429595f6c02  
UTC TIME: 2019-02-11 17:37:06.056993

# **EXHIBIT C**

**Demand For Arbitration**



**CITATION: ASSESSMENT OF FINE AND ORDER OF ABATEMENT**

To: Lambda Inc., dba Lambda School, Owner  
 Lambda Inc.  
 5820 Stoneridge Mall Rd., Ste. 212  
 Pleasanton, CA 94588

**INSTITUTION CODE: Unapproved**  
**CITATION NUMBER: 1819150**  
**CITATION ISSUANCE/SERVICE DATE: March 20, 2019**  
**DUE DATE: April 19, 2019**  
**FINE AMOUNT: \$75,000.00**  
**ORDER OF ABATEMENT INCLUDED: Yes**

Christina Villanueva issues this Citation: Assessment of Fine and Order of Abatement (Citation) in her official capacity as Discipline Manager for the Bureau for Private Postsecondary Education (Bureau) of the California Department of Consumer Affairs.

CITATION

A Citation is hereby issued to Lambda Inc., dba Lambda School, Owner of Lambda School (Institution) located at 5820 Stoneridge Mall Rd., Ste. 212, Pleasanton, CA 94588 pursuant to Business and Professions Code section 125.9 and 149; California Education Code (CEC) section 94944; and Title 5 of the California Code of Regulations (5, CCR) section 75020 for the violation(s) described below.

BACKGROUND

On July 13, 2018, the Bureau received a complaint alleging, the Institution was operating without Bureau approval. Through the course of the investigation and evidence obtained, it was determined the Institution is operating without Bureau approval.

VIOLATION(S)

#	Below you will find the California Education Code (CEC) and/or Title 5 of the California Code of Regulations (5, CCR code) section(s) of law you are charged with violating.
1.	<b>Violation:</b> <b>CEC Section 94886. Approval to Operate Required</b> "Except as exempted in Article 4 (commencing with Section 94874) or in compliance with the transition provisions in Article 2 (commencing with Section 94802), a person shall not open, conduct, or do business as a private postsecondary educational institution in this state without obtaining an approval to operate under this chapter."

**94858. Private Postsecondary Educational Institution**

"Private postsecondary educational institution" means a private entity with a physical presence in this state that offers postsecondary education to the public for an institutional charge.

**CEC Section 94817.5. Approved to Operate or Approved**

"Approved to operate" or "approved" means that an institution has received authorization pursuant to this chapter to offer to the public and to provide postsecondary educational programs."

**CEC Section 94868. To Offer to the Public**

"To offer to the public" means to advertise, publicize, solicit, or recruit."

**CEC Section 94869. To Operate**

"To operate" means to establish, keep, or maintain any facility or location in this state where, or from which, or through which, postsecondary educational programs are provided."

On December 5, 2018, Bureau staff investigated the complaint to determine if the Institution was operating as a private postsecondary educational institution. The Institution is listed as "Lambda School" on their website and is advertising to the public a set of introductory and immersive courses in Full Stack Web, iOS Development, Android Development, Data Science, and UX Design. Tuition costs are not listed as they offer Income Sharing Agreements (ISAs). The institution's "How It Works" tab reads: *"Lambda School trains people online to be software engineers at no up-front cost. Instead of paying tuition, students can agree to pay a percentage of their income after they're employed, and only if they're making more than \$50k per year. If you don't find a job, or don't reach that level of income, you'll never pay a cent."*

The Institution's website indicates, as part of their FAQ tab, that students can pay an upfront tuition cost of \$20,000 instead of signing an ISA. This evidence confirms that the Institution violated the requirement for an Approval to Operate, per CEC section 94886, as the Institution is operating unapproved and charging students over \$2,500.00 in tuition and does not qualify for any of the exemptions under CEC section 94874.

On December 5, 2018, the Institution was contacted, via their website's instant message option, requesting information regarding the function of their California campus location. A response was not received.

A business license listing was found for Lambda School with the City of Pleasanton.

**Order of Abatement:**

The Bureau orders that the Institution cease to operate as a private postsecondary educational institution, unless the Institution qualifies for an exemption under CEC section 94874. The Institution must discontinue recruiting or enrolling students and cease all instructional services and advertising in any form or type of media, including the <https://lambdaschool.com> and any other websites not identified here that are associated with the Institution, until such time as an approval to operate is obtained from the Bureau. The Institution must disconnect all telephone service numbers including but not limited to (800) 883-1943 that are associated with the Institution until such time as an approval to operate is obtained from the Bureau. To comply with the Order of Abatement the Institution must submit a school closure plan to the Bureau pursuant to California Education Code section 94926. The Institution must provide a roster of each student currently enrolled at the Institution. The roster must include the names of the students, their contact information (including

phone number, email address, and physical address), the programs in which they are enrolled, the amount paid for the programs.

**Assessment of Fine**

The fine for this violation is **\$75,000.00**

**TOTAL ADMINISTRATIVE FINE DUE: \$75,000.00**

**ASSESSMENT OF A FINE**

In accordance with CEC section 94944; and 5, CCR section 75020(b), the Bureau hereby orders this assessment of a fine in the amount of **\$75,000.00** for the violations described above. **Payment must be made, to the Bureau, within 30 days from the date of service of the Citation.**

**COMPLIANCE WITH ORDER OF ABATEMENT**

In accordance with the provisions of 5, CCR section 75020 (b) the Bureau hereby issues the order(s) of abatement described above. In accordance with Business and Professions Code Section 149, the Bureau may disconnect any telephone service numbers used by an unapproved Institution. **Evidence of compliance with the order(s) of abatement must be submitted, to the Bureau, within 30 days from the date of service of the Citation.**

**APPEAL OF CITATION**

You have the right to contest this Citation through an informal conference with the Bureau; and/or through an administrative hearing in accordance with Chapter 5 (Commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

If you wish to contest this Citation, you must submit the 'Notice of Appeal of Citation – Request for Informal Conference and/or Administrative Hearing' form (enclosed) within 30 days from the date of service of the Citation. *If you do not request an informal conference and/or an administrative hearing within 30 days from the service of the Citation, you will not be able to request one at a later time.*

Unless a written request for an informal conference and/or an administrative hearing is signed by you and delivered to the Bureau by **April 19, 2019**, you will be deemed to have waived or forfeited your right to appeal this matter.

**EFFECTIVE DATE OF CITATION**

If you do not request an informal conference and/or an administrative hearing, this Citation shall become effective on **March 20, 2019**. Payment of the administrative fine and evidence of compliance with the order(s) of abatement shall be due by **April 19, 2019**. Your payment of the administrative fine shall not constitute an admission of the violation(s) charged.

If a hearing is requested, you will not be required to comply with this Citation until 30 days after a final order is entered against you.

**Payment of the administrative fine and/or written request for appeal must be mailed to:**

Gurinder Sandhu, Discipline Citation Program  
Bureau for Private Postsecondary Education  
2535 Capitol Oaks Drive, Suite 400  
Sacramento, CA 95833

Failure for an applicant or institution to abate the violation(s) listed above or to pay the administrative fine within the time allowed may result in denial of an application for an approval or renewal to operate; disciplinary action, and/or collection action. The Bureau will promptly take all appropriate action to enforce this Citation and recover the civil penalties prescribed therein or found to be due after a hearing.

CONTACT INFORMATION

If you have any questions regarding this Citation, or desire further information, please contact Gurinder Sandhu, Citation Analyst, at 916-431-6940 or [Gurinder.Sandhu@dca.ca.gov](mailto:Gurinder.Sandhu@dca.ca.gov).



\_\_\_\_\_  
**Christina Villanueva**  
**Discipline Manager**

3/20/19  
\_\_\_\_\_  
Date

Enclosures

- Applicable Laws Violated
- Statement of Rights: Appeal Process Information Sheet
- Notice of Appeal of Citation: Request for Informal Conference and/or Administrative Hearing
- Payment of Fine – Waiver of Appeal
- Declaration of Service by Certified and First-Class Mail

# **EXHIBIT D**

**Demand For Arbitration**



**APPEAL OF CITATION INFORMAL CONFERENCE**  
**DECISION: CITATION AFFIRMED**

July 24, 2019

Lambda Inc., dba Lambda School, Owner  
 Lambda School  
 5820 Stoneridge Mall Rd., Ste. 212  
 Pleasanton, CA 94588

Date of Issuance	Citation Number	Institution Code
July 24, 2019	1819150	Unapproved

On May 15, 2019, an informal telephone conference was held in the matter of Citation: Assessment of Fine and Order of Abatement No. 1819150 (Citation) against Lambda Inc., dba Lambda School, Owner of Lambda School (Institution). In attendance were Yvette Johnson, Administrative Chief; Keith Zakarin, Attorney; and Trevor McKendrick, Lambda Counsel Chief of Staff.

Pursuant to Business and Professions Code, §148; California Education Code (CEC), section 94944; and Title 5 of California Code of Regulations (5, CCR), section 75020 and section 75040, the Bureau for Private Postsecondary Education (Bureau) renders the following decision relative to your appeal of the Citation No. 1819150.

It is the decision of the Administrative Chief that on July 11, 2019, Citation No. 1819150 is affirmed for the following reason(s):

- No new substantive facts were presented at the conference.

**VIOLATION CODE SECTIONS**

#	Below you will find the California Education Code (CEC) and/or Title 5 of the California Code of Regulations (5, CCR code) section(s) of law you are charged with violating.
1.	<p><b>Violation:</b>  <b>CEC Section 94886. Approval to Operate Required</b>  <i>"Except as exempted in Article 4 (commencing with Section 94874) or in compliance with the transition provisions in Article 2 (commencing with Section 94802), a person shall not open, conduct, or do business as a private postsecondary educational institution in this state without obtaining an approval to operate under this chapter."</i></p> <p><b>94858. Private Postsecondary Educational Institution</b>  <i>"Private postsecondary educational institution" means a private entity with a physical presence in this state that offers postsecondary education to the public for an institutional charge.</i></p> <p><b>CEC Section 94817.5. Approved to Operate or Approved</b>  <i>"Approved to operate" or "approved" means that an institution has received authorization pursuant to this chapter to offer to the public and to provide postsecondary educational programs."</i></p>



**CEC Section 94868. To Offer to the Public**

*"To offer to the public" means to advertise, publicize, solicit, or recruit."*

**CEC Section 94869. To Operate**

*"To operate" means to establish, keep, or maintain any facility or location in this state where, or from which, or through which, postsecondary educational programs are provided."*

On December 5, 2018, Bureau staff investigated the complaint to determine if the Institution was operating as a private postsecondary educational institution. The Institution is listed as "Lambda School" on their website and is advertising to the public a set of introductory and immersive courses in Full Stack Web, iOS Development, Android Development, Data Science, and UX Design. Tuition costs are not listed as they offer Income Sharing Agreements (ISAs). The institution's "How It Works" tab reads: "Lambda School trains people online to be software engineers at no up-front cost. Instead of paying tuition, students can agree to pay a percentage of their income after they're employed, and only if they're making more than \$50k per year. If you don't find a job, or don't reach that level of income, you'll never pay a cent."

The Institution's website indicates, as part of their FAQ tab, that students can pay an upfront tuition cost of \$20,000 instead of signing an ISA. This evidence confirms that the Institution violated the requirement for an Approval to Operate, per CEC section 94886, as the Institution is operating unapproved and charging students over \$2,500.00 in tuition and does not qualify for any of the exemptions under CEC section 94874.

On December 5, 2018, the Institution was contacted, via their website's instant message option, requesting information regarding the function of their California campus location. A response was not received.

A business license listing was found for Lambda School with the City of Pleasanton.

**Order of Abatement:**

The Bureau orders that the Institution cease to operate as a private postsecondary educational institution, unless the Institution qualifies for an exemption under CEC section 94874. The Institution must discontinue recruiting or enrolling students and cease all instructional services and advertising in any form or type of media, including the <https://lambdaschool.com> and any other websites not identified here that are associated with the Institution, until such time as an approval to operate is obtained from the Bureau. The Institution must disconnect all telephone service numbers including but not limited to (800) 883-1943 that are associated with the Institution until such time as an approval to operate is obtained from the Bureau. To comply with the Order of Abatement the Institution must submit a school closure plan to the Bureau pursuant to California Education Code section 94926. The Institution must provide a roster of each student currently enrolled at the Institution. The roster must include the names of the students, their contact information (including phone number, email address, and physical address), the programs in which they are enrolled, the amount paid for the programs.

**Assessment of Fine**

The fine for this violation is **\$75,000.**

**TOTAL MODIFIED ADMINISTRATIVE FINE DUE: \$75,000.00**

ORDER OF ABATEMENT

The Bureau orders that you comply with the orders described in the 'Violation Code Sections' of this document and submit evidence of compliance within 30 days from the date of this decision.

PENALTY - ASSESSMENT OF A FINE

Payment of the administrative fine is due within 30 days from the date of this decision. Please complete the Payment of Fine form. Payment must be made to the Bureau by check, or money order. Please include the citation number on the payment of the fine assessment. Payment of the administrative fine shall not constitute an admission of the violation(s) charged and shall be represented as satisfactory resolution of the matter for purposes of public disclosure. Payments may be mailed to:

Cheryl Lardizabal, Discipline Citation Program  
Bureau for Private Postsecondary Education  
2535 Capitol Oaks Drive, Suite 400  
Sacramento, CA 95833

APPEAL OF CITATION

You *do not* have the right to request another Informal Conference to appeal this affirmed Citation. You *do*, however, have the right to appeal this affirmed Citation through an Administrative Hearing. A hearing before an Administrative Law Judge will be scheduled and you will be notified of the hearing date. The hearing will be held pursuant to Chapter 5 (commencing with section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

EFFECTIVE DATE OF CITATION AND FINE ASSESSMENT

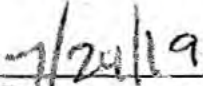
This affirmed Citation is effective on July 24, 2019. The order of abatement and payment are due by **August 23, 2019**.

Failure to abate the violation or to pay the administrative fine within the time allowed is grounds for denial of an application for an approval to operate or discipline. The Bureau will promptly take all appropriate action to enforce the Affirmed Citation and recover the civil penalties prescribed therein or found to be due after a hearing.

CONTACT INFORMATION

If you have any questions regarding this decision or desire further information, please contact insert name, Cheryl Lardizabal, at (916) 621-2591 or at [Cheryl.Lardizabal@dca.ca.gov](mailto:Cheryl.Lardizabal@dca.ca.gov).

  
\_\_\_\_\_  
Christina Villanueva  
Discipline Manager

  
\_\_\_\_\_  
Date

**Enclosures**

- **Payment of Fine – Waiver of Appeal Rights**
- **Withdrawal- Request for Administrative Hearing**
- **Declaration of Service by Certified and First-Class Mail**

# **EXHIBIT E**

**Demand For Arbitration**



BUSINESS, CONSUMER SERVICES AND HOLDING AGENCY • GAVIN NEWSOM, GOVERNOR  
DEPARTMENT OF CONSUMER AFFAIRS • BUREAU FOR PRIVATE POSTSECONDARY EDUCATION  
2535 Capitol Oaks Drive, Suite 400, Sacramento, CA 95833  
P (916) 431-6959 | Toll-Free (888) 370-7589 | www.bppe.ca.gov



August 21, 2019

Juli Tarca  
Lambda School  
250 Montgomery Street, 16<sup>th</sup> Floor  
San Francisco, CA 94104

RE: Application for Approval to Operate for an Institution Not Accredited, #32274

Dear Ms. Tarca:

The Bureau for Private Postsecondary Education (Bureau) is in receipt of your Application for Approval to Operate for an Institution Non-Accredited, received May 14, 2019. The Bureau makes every effort to be as complete and thorough as possible in our initial review of all documents.

Unfortunately, at this time the Bureau is unable to grant approval, based on the requirements of the California Education Code (CEC) and Title 5 of the California Code of Regulations (CCR), in the Sections outlined below (The Educational Programs may be subject to a further in-depth review once we have corrected all of these deficiencies listed). Prior to approval, the Bureau must receive the following information:

Application Section	Issue	Current Law Code
5	<p>Organization and Management</p> <ul style="list-style-type: none"><li>• Various positions listed in the organizational chart, do not have descriptions and/or are not consistent with the titles within the description section. <i>(See comparison chart on next page – larger version of the chart enclosed).</i></li><li>• The Director of Community position listed within the description for the Sales Development Representative is not shown in the organizational chart.</li><li>• Various positions described in the description of job duties and responsibilities section are not listed in the organizational chart. <i>(See comparison chart on next page – larger version of the chart enclosed).</i></li><li>• The Director of Community position listed within the description for the Sales Development Representative is not part of the description of the job duties and responsibilities documents. Please provide. Please be sure that you maintain consistency in all areas. <i>(See comparison chart on next page – larger version of the chart enclosed).</i></li></ul>	CCR 71140 CCR 71720 CCR 71730



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	<table border="1"> <thead> <tr> <th data-bbox="412 365 488 386">1</th> <th data-bbox="493 365 1024 386">Organizational Chart</th> <th data-bbox="1029 365 1214 386">Description of job duties and responsibilities</th> <th data-bbox="1219 365 1409 386">Listed within a Description</th> </tr> </thead> <tbody> <tr><td>2</td><td>Not Listed</td><td>Student Success Manager</td><td></td></tr> <tr><td>3</td><td>Not Listed</td><td>Web Program Manager</td><td></td></tr> <tr><td>4</td><td>Not Listed</td><td>Sales Development Representative</td><td>Director of Community</td></tr> <tr><td>5</td><td>Not Listed</td><td>Admissions Manager</td><td></td></tr> <tr><td>6</td><td>Not Listed</td><td>Career Coach Program Manager</td><td></td></tr> <tr><td>7</td><td>Not Listed</td><td>Build Week Program Manager</td><td></td></tr> <tr><td>8</td><td>Not Listed</td><td>User Experience Design (UX) Program Manager</td><td></td></tr> <tr><td>9</td><td>Not Listed</td><td>Sr. Program Manager - Admissions</td><td></td></tr> <tr><td>10</td><td>Not Listed</td><td>Data Science Program Manager</td><td></td></tr> <tr><td>11</td><td>Not Listed</td><td>Computer Science Program Manager</td><td></td></tr> <tr><td>12</td><td>Not Listed</td><td>Manager - Outcome Operators</td><td></td></tr> <tr><td>13</td><td>Not Listed</td><td>Lambda Labs Program Manager</td><td></td></tr> <tr><td>14</td><td>Not Listed</td><td>Career and Professional Development - Program Manager</td><td></td></tr> <tr><td>15</td><td>Not Listed</td><td>Build Weeks Coordinator</td><td></td></tr> <tr><td>16</td><td>Not Listed</td><td>Director - Lambda X</td><td></td></tr> <tr><td>17</td><td>Not Listed</td><td>Front Desk Coordinator</td><td></td></tr> <tr><td>18</td><td>Not Listed</td><td>Student Success Coordinator</td><td></td></tr> <tr><td>19</td><td>Faculty: User Experience</td><td>UX Instructor (if the same, please maintain consistency in program titles)</td><td></td></tr> <tr><td>20</td><td>Faculty: Career and Professional Development</td><td>Not Provided</td><td></td></tr> <tr><td>21</td><td>Employees: Business Development</td><td>Not Provided</td><td></td></tr> <tr><td>22</td><td>Employees: Sales Development</td><td>Not Provided</td><td></td></tr> <tr><td>23</td><td>Employees: Student Success</td><td>Not Provided</td><td></td></tr> <tr><td>24</td><td>Employees: Admissions</td><td>Not Provided</td><td></td></tr> <tr><td>25</td><td>Employees: Front Desk</td><td>Not Provided</td><td></td></tr> <tr><td>26</td><td>Employees: Career Coach</td><td>Not Provided</td><td></td></tr> <tr><td>27</td><td>Employees: Outcome Operators</td><td>Not Provided</td><td></td></tr> <tr><td>28</td><td>Co-Founder/Director - Engineering</td><td>Not Provided</td><td></td></tr> <tr><td>29</td><td>Program Manager - Labs</td><td>Not Provided</td><td></td></tr> <tr><td>30</td><td>Not Listed</td><td>Not Provided</td><td>Director of Community</td></tr> </tbody> </table>	1	Organizational Chart	Description of job duties and responsibilities	Listed within a Description	2	Not Listed	Student Success Manager		3	Not Listed	Web Program Manager		4	Not Listed	Sales Development Representative	Director of Community	5	Not Listed	Admissions Manager		6	Not Listed	Career Coach Program Manager		7	Not Listed	Build Week Program Manager		8	Not Listed	User Experience Design (UX) Program Manager		9	Not Listed	Sr. Program Manager - Admissions		10	Not Listed	Data Science Program Manager		11	Not Listed	Computer Science Program Manager		12	Not Listed	Manager - Outcome Operators		13	Not Listed	Lambda Labs Program Manager		14	Not Listed	Career and Professional Development - Program Manager		15	Not Listed	Build Weeks Coordinator		16	Not Listed	Director - Lambda X		17	Not Listed	Front Desk Coordinator		18	Not Listed	Student Success Coordinator		19	Faculty: User Experience	UX Instructor (if the same, please maintain consistency in program titles)		20	Faculty: Career and Professional Development	Not Provided		21	Employees: Business Development	Not Provided		22	Employees: Sales Development	Not Provided		23	Employees: Student Success	Not Provided		24	Employees: Admissions	Not Provided		25	Employees: Front Desk	Not Provided		26	Employees: Career Coach	Not Provided		27	Employees: Outcome Operators	Not Provided		28	Co-Founder/Director - Engineering	Not Provided		29	Program Manager - Labs	Not Provided		30	Not Listed	Not Provided	Director of Community	
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6	<p>Governing Board</p> <ul style="list-style-type: none"> <li>Section 3.2 of the bylaws titled "Number of Directors", does not include the actual minimum-maximum number of board members in the corporation. Please provide the number of directors required for your governing board.</li> </ul>	CCR 71150																																																																																																																								
9	<p>Exemplars of Student Agreements –</p> <p>The institution provided two Enrollment Agreements. No deficiencies found on the conventional agreement; however, the Income Share Agreement (ISA) tuition model is incompatible with the Bureau's Current Laws due to the following:</p> <ul style="list-style-type: none"> <li>The institution is not disclosing "total charges" for the educational program in the enrollment agreement as required by California Education Code (CEC) §94911(b) and Title 5, California Code of Regulations (CCR) §71800(e).</li> <li>The institution is not able to have a refund policy for the return of unearned institutional charges as required by CEC §94920(d) and 5, CCR §71750(c).</li> <li>The institution, if it was in default of the enrollment agreement or closing, would not be able to provide a refund calculation required by CEC §94927.</li> <li>The institution is not able to assess or report Student Tuition Recovery Fund (STRF) fees required by 5, CCR §76130, §76140(a), §76000(c), and § 76210(e)(2).</li> <li>The institution is not able to report costs of tuition in Annual Reports and SPFS required by 5, CCR §74112(f).</li> </ul> <p>Please update the ISA to comply with all applicable laws and regulations. A blank checklist is included. Please return the signed checklist noting the page numbers on which the corrections have been made.</p>	CCR 71180 CEC 94902																																																																																																																								

17	<p>Facilities and Equipment</p> <ul style="list-style-type: none"> <li>• Please provide an update on the fire code violation from the San Francisco Fire Department.</li> <li>• The business registration certificate shows an expiration date of 6/30/2019; please provide a current certificate.</li> </ul>	CCR 71260
20	<p>Catalog</p> <p>A checklist noting deficiencies within the catalog is included. Please return the signed checklist noting the page numbers on which the corrections have been made.</p> <ul style="list-style-type: none"> <li>• Items marked with page numbers represent information within the catalog that has been found to be in compliance. If the catalog is revised and this information is relocated, please indicate the new page numbers on which the information has been placed.</li> <li>• Items without page numbers represent information within the catalog that needs to be added or revised. Please refer to the checklist for detailed information regarding each deficient item.</li> </ul>	CCR 71290 CCR 71810 CCR 71750 CCR 71770
	<p>Citation Number 1819150 -</p> <p>A citation was issued on July 24, 2019 (<i>Copy of citation attached</i>); with an order of abatement and payment of \$75,000 due by August 23, 2019.</p> <ul style="list-style-type: none"> <li>• Please note: Failure for an applicant or institution to abate the violation(s) or to pay the administrative fine within the time allowed may result in denial of an application for an approval to operate or disciplinary action. The Bureau will promptly take all appropriate action to enforce the affirmed citation and recover the civil penalties prescribed therein or found to be due after a hearing.</li> </ul>	CCR 75050

Please submit all requested information to my attention by September 21, 2019. Failure to provide this information may result in the denial of your application. If you have any further questions, please feel free to call me at (916) 431-6919 or email at [Lucy.castillo-riley@dca.ca.gov](mailto:Lucy.castillo-riley@dca.ca.gov).

Sincerely,



LUCY CASTILLO-RILEY  
 Licensing Analyst  
 Phone: (916) 431-6919  
[Lucy.castillo-riley@dca.ca.gov](mailto:Lucy.castillo-riley@dca.ca.gov)

# **EXHIBIT F**

**Demand For Arbitration**





BUSINESS LENDING • FINANCIAL AND HOUSING AGENCIES • CALIFORNIA NEW YORK  
 DEPARTMENT OF CONSUMER AFFAIRS • BUREAU FOR PRIVATE POSTSECONDARY EDUCATION  
 P.O. Box 930818, West Sacramento, CA 95798-0818  
 P (916) 431-6959 | Toll-Free (888) 370-7589 | www.bppe.ca.gov



November 25, 2019

Juli Tarca  
 Lambda School  
 250 Montgomery Street, 16<sup>th</sup> Floor  
 San Francisco, CA 94104

RE: Application for Approval to Operate for an Institution Not Accredited, #32274

Dear Ms. Tarca:

The Bureau for Private Postsecondary Education (Bureau) is in receipt of your Application for Approval to Operate for an Institution Non Accredited, received May 14, 2019. The Bureau makes every effort to be as complete and thorough as possible in our initial review of all documents.

Unfortunately, at this time the Bureau is unable to grant approval, based on the requirements of the California Education Code (CEC) and Title 5 of the California Code of Regulations (CCR), in the Sections outlined below (The Educational Programs may be subject to a further in-depth review once we have corrected all of these deficiencies listed). Prior to approval, the Bureau must receive the following information:

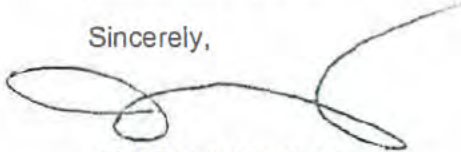
Application Section	Issue	Current Law Code
9	Exemplars of Student Agreements <ul style="list-style-type: none"> <li>Income Sharing Agreements typically negate the institution's ability to disclose the true cost of a program. If the amount owed is subject to change, it cannot be satisfactorily disclosed to the public and enrolling students. Please explain if and how your ISA model circumnavigates this issue.</li> <li>Please provide copies of all enrollment documents beyond the required enrollment agreement, including ISA agreements.</li> <li>Please be aware, your enrollment agreement cannot be finally approved until a determination has been made by the Bureau Chief regarding your request for an alternative refund calculation. Please be prepared to provide a final draft enrollment agreement if requested (after the request for alternative refund calculations has been addressed).p</li> </ul>	CCR 71180 CEC 94902
12	Instruction and Degrees Offered <ul style="list-style-type: none"> <li>Please schedule a demonstration of Zoom (and possibly Slack) with assigned Senior Education Specialist Joanna Murray.</li> </ul>	CCR 71210 CCR 71710 CCR 71715 CCR 71716 CCR 71850 CCR 71865

Juli Tarca  
Lambda School  
November 25, 2019  
Page 2 of 2

16	Faculty <ul style="list-style-type: none"><li>Please provide <i>tentative</i> signed contracts for all proposed faculty members.</li></ul>	CCR 71250 CCR 71720
18	Libraries and Other Learning Resources <ul style="list-style-type: none"><li>During the online demonstration (to be scheduled), please be prepared to explain and demonstrate student access of online learning resources sufficient to support instruction for each program.</li></ul>	CCR 71270
20	Catalog <ul style="list-style-type: none"><li>Please be prepared to provide a final draft catalog when requested (after the request for alternative refund calculations has been addressed).</li></ul>	CCR 71290 CCR 71810 CCR 71750 CCR 71770

Please submit all requested information to my attention by December 26, 2019. Failure to provide this information may result in the denial of your application. If you have any further questions, please feel free to call me at (916) 320-3872 or email at [Joanna.Murray@dca.ca.gov](mailto:Joanna.Murray@dca.ca.gov).

Sincerely,



JOANNA L MURRAY  
Senior Education Specialist  
Quality of Education Unit

# **EXHIBIT G**

**Demand For Arbitration**



June 22, 2020

COPY

Cecilia Ziniti, Esq.  
General Counsel  
Lambda School  
250 Montgomery St., 16<sup>th</sup> Floor  
San Francisco, CA 94104

Re: Lambda ISA in connection with Application for Approval to Operate for an  
Institution not Accredited, # 32274

Dear Ms. Ziniti:

This letter responds to your January 7, 2020 and February 27, 2020 letters, as well as the Gough & Hancock legal memorandum attached to your January 7 letter (the Lambda Memo), which evaluates generally the propriety of income sharing agreements (ISAs) under the California Private Postsecondary Education Act of 2009 (the Act), Education Code section 94800, et seq.

The Bureau for Private Postsecondary Education (the Bureau) is charged with interpreting and determining compliance with the Act, and in exercising its powers and performing its duties, the Bureau's priority is public protection. (Ed. Code, §§ 94875 & 94932.) The Bureau appreciates your helpful explanation of Lambda School's ISA, and your efforts to address the Bureau's previously-identified deficiencies about the school's application. As discussed below, however, the agreements do not comport with state disclosure and refunds laws and, for this reason, the Bureau cannot approve them.

As you know, in general, ISAs are educational program financing contracts between institutions and students, in which students agree to pay a percentage of their future income in exchange for an education. Depending on the terms of the ISA, it may cap the total amount a student owes under the agreement, charge interest, include varying income thresholds that trigger a student's obligation to pay, and defer payments at times when a student earns less than the income threshold.

Neither the Act nor its implementing regulations expressly contemplate ISAs as an educational program financing method. Generally speaking, the laws governing private postsecondary educational institutions are formed around educational programs with fixed up-front costs, rather than indeterminate and variable costs that only become clear

upon obtaining work after the program is complete. Accordingly, the Act and its implementing regulations require institutions to make up-front disclosures to students regarding the true cost of their educational programs. Disclosures are required in the enrollment agreement, catalog, annual report, and the Student Performance Fact Sheets. (Ed. Code, §§ 94911, 94909, 94923; § 71800, subd. (e), 74112, subd. (f).) These costs include tuition and other fees, and they are used to calculate a student tuition recovery fund assessment and benefit, and refunds when a student withdraws or a school closes.

Under the Lambda ISA, students agree to pay Lambda a portion of their future income in return for receiving Lambda's educational program. (ISA at ¶ 2.) Your January 7, 2020, letter identified some of the key features of the Lambda ISA:

1. Payments are due when the student accepts a job making at least \$50,000 annually in gross earned income.
2. The payments on the ISA are in the amount of 17% of that student's gross earned income, monthly. This percentage is fixed and cannot change.<sup>[1]</sup>
3. After 24 payments or when payments made total more than the \$30,000 tuition amount (whichever is sooner), payments stop.
4. For months during which earned income is less than the monthly amount equal to \$50,000 annually, no payment is due.
5. If there are more than 60 total months where no payment is due, the ISA obligation terminates even if no payments have ever been made.

In addition, students must seek employment immediately following their completion of or withdrawal from the program, and any time thereafter that they make less than the minimum income threshold. (ISA at ¶¶ 4.a. & 10.e.) In the event of a withdrawal from the program, a student "may be entitled to a pro rata reduction" of the 17 percent income share amount, or the length of the payment term, at Lambda's sole discretion. (ISA at ¶ 7.d.) The ISA also includes detailed provisions governing student projected income and income reconciliation. (ISA at ¶¶ 4.c. & 5.) The ISA constitutes the entire agreement between Lambda and a student regarding payment for the educational program. (ISA at ¶ 23.a.)

Lambda's ISA financing model does not comport with the laws governing private postsecondary educational institutions because the inherent uncertainty in the actual program cost cannot be reconciled with the up-front disclosures that must be given to students.

---

<sup>1</sup> The ISA provides that Lambda may increase the income share percentage to a maximum of 150% or add a fixed monthly underpayment fee if a student under-reports income. (ISA at ¶ 5.b.i.)

Prior to enrollment, Lambda must provide prospective students with a school catalog, which must contain a "schedule of total charges for a period of attendance and an estimated schedule of total charges for the entire educational program."<sup>2</sup> (Ed. Code, § 94909, subd. (a)(9).)

Students must also execute an enrollment agreement with Lambda to enroll at the school. (Ed. Code, § 94902, subd. (a).) Like the catalog, the enrollment agreement must include a "schedule of total charges," "the total charges for the current period of attendance, the estimated total charges for the entire educational program, and the total charges the student is obligated to pay upon enrollment." (Ed. Code, § 94911, subds. (b) & (c); see also Cal. Code Regs., tit. 5, § 71800, subd. (e) [itemizing the charges that must be listed in an enrollment agreement, including the cost of tuition].)

"Total charges" is defined as "the sum of institutional and noninstitutional charges." (Ed. Code, § 94870.) "Institutional charges" are "charges for an educational program paid directly to an institution." (Ed. Code, § 94844.) "Noninstitutional charges" are "charges for an educational program paid to an entity other than an institution that are specifically required for participation in an educational program." (Ed. Code, § 94850.) The term "charge" is not defined in the Act, but the dictionary defines "charge" as "the price set or asked for something" and "a debt or an entry in an account recording a debt." (American Heritage Dict. (2d College ed. 1985), p. 260.) Tuition refers to the "cost for instruction normally charged on a per unit or per hour basis." (Cal. Code Regs., tit. 5, § 70000, subd. (ab).)

Under the Lambda ISA, the amount students will eventually be charged to complete Lambda's educational program is uncertain. Lambda's enrollment agreement lists the tuition cost and total charges at \$30,000, which is also the maximum amount charged under the ISA for completing the program. But the enrollment agreement also refers students to the ISA for additional "detailed disclosures and additional information about payment, deferrals, and other important items." And under the ISA, as your letter acknowledges, the total cost "for a student electing an ISA will vary depending on the student. A student may end up paying less, but students would never pay more than what is disclosed." Thus, while the enrollment agreement reflects a fixed \$30,000 tuition cost, in actuality, the program costs somewhere between \$0 and \$30,000, depending on a student's future income. Since the cost of tuition will vary by student, the disclosure of a fixed \$30,000 cost neither accurately reflects the total program costs, nor does it comport with the requirement to disclose the cost "normally charged" for tuition.<sup>3</sup>

An example illustrates why the Lambda ISA financing model does not conform to the Act and regulations. Even though the enrollment agreement lists the tuition and total charges as fixed at \$30,000, under the Lambda ISA, a student making \$50,000 per year

---

<sup>2</sup> With respect to Lambda's program, the "period of attendance" and the "entire educational program" are the same. (See Ed. Code, § 94854.)

<sup>3</sup> You indicate in your letter that 98% of Lambda students enter into an ISA.

would actually pay just \$17,000 for the educational program after 24 months. By contrast, a student earning \$100,000 per year would pay the full \$30,000 in less than 21 months for the same educational program. Other students who complete the program may each end up paying a different amount over a different duration. In all cases, at the point of initial disclosure, the total cost of the educational program is uncertain, because the amount each student will end up paying is uncertain. Because there is no true fixed cost for the program for students executing an ISA, Lambda cannot accurately disclose the total charges or tuition with certainty.

Lambda's ISA financing also does not comport with the laws governing cancellations, withdrawals and refunds. Institutions must have a refund policy for the return of unearned institutional charges if the student cancels an enrollment agreement or withdraws during a period of attendance. (Ed. Code, § 94920, subd. (d).) "The refund policy for students who have completed 60 percent or less of the period of attendance shall be a pro rata refund." (*Ibid.*) Likewise, when an institution defaults on the enrollment agreement, it must provide refunds to students on a pro rata basis if the school established a teach-out program. (Ed. Code, § 94927.) If no such teach-out is offered, the institution must provide a total refund. (*Ibid.*) Refunds must be paid within 45 days of cancelation or withdrawal, and the enrollment agreement must contain the institution's refund policy. (Ed. Code, §§ 94911, subd. (e)(2), 94920, subd. (e); Cal. Code Regs., tit. 5, §§ 71750, subd. (e), 71800, subd. (d).)

The Bureau's regulations prescribe how pro rata refunds must be calculated. Such refunds "shall be no less than the total amount owed by the student for the portion of the educational program provided subtracted from the amount paid by the student . . . ." (Cal. Code Regs., tit. 5, § 71750, subd. (c).)

For students that execute Lambda's ISA, the amount owed to Lambda is uncertain, and no amounts are owed until after a student completes or withdraws from the program, and after a student earns income that exceeds the minimum income threshold. (ISA at ¶¶ 4.a.) Consequently, Lambda cannot comply with the law's refund requirements. Lambda must have a pro rata refund policy for students who completed 60 percent or less of their coursework, or in the event of a default. (Ed. Code, §§ 94920, subd. (d), 94927.) The refund policy cannot be less than the total amount owed by the student for the completed portion of the program, subtracted from any amount paid by the student. Since, however, it is not possible to accurately calculate in advance the amount a student owes for a portion of the program, Lambda cannot adopt a policy that conforms to the Act and regulations. Moreover, the Act and regulations contemplate a "refund" and "return" of monies already paid within 45 days of cancelation or withdrawal, not a future reduction in the amount eventually owed. Thus, the Lambda ISA financing model does not comport with the Act and regulations.

The Bureau may authorize an alternative method for calculating tuition refunds, but only in cases in which the prescribed refund calculations "cannot be utilized because of the unique way in which the educational program is structured . . . ." (Ed. Code, § 94921.)

The enrollment agreement proposes an alternative pro rata refund policy, but Lambda's proposed alternative is a consequence of the unique way Lambda's *financing* is structured, and not the unique way its *educational program* is structured. For this reason, the Bureau may not approve the alternative refund calculation reflected in the enrollment agreement. (See Cal. Code Regs., tit. 5, § 71800, subd. (d).)

In addition, the withdrawal and refund policies described in the enrollment agreement conflict with the ISA. The enrollment agreement provides that students may withdraw without owing any tuition or penalty before the last class of "Sprint 5"—i.e., week five or week 10 of the program, depending on whether the student attends full-time or part time. Students who withdraw between Sprint 5 and Sprint 12 are responsible for a pro-rata portion of the total amount (\$30,000) that may ultimately be paid to Lambda under the ISA. The enrollment agreement provides that the pro rata amount will be "communicated to your ISA service provider for adjustment." Although withdrawal relieves students of the enrollment agreement's obligations, it does not relieve them of their ISA obligations. The enrollment agreement provides that for students electing to finance their education via an ISA, "the terms of that agreement control your obligations under it."

Contrary to the enrollment agreement, which provides for a pro rata reduction in the total amount owed, the ISA provides little information about how withdrawals and refunds will be calculated. It provides that Lambda may reduce on a pro rata basis the income share percentage owed to Lambda under the agreement, or reduce the length of the payment term, at Lambda's "sole discretion." (ISA at ¶ 7.d.) Lambda is not bound under the ISA to the pro rata cost reduction that is specified in the enrollment agreement, nor is it required to make any reduction in the total amount charged to students. Thus, the enrollment agreement does not accurately reflect Lambda's refund policy, in view of the ISA.

Finally, we do not agree with the suggestion in the Lambda Memo that Lambda's ISA is not subject to Article 12 of the Act relating to consumer loans. In particular, Education Code section 94916 requires an institution extending credit or lending money for charges such as tuition to provide a specified notice to students on "any note, instrument, or other evidence of indebtedness taken in connection with that extension of credit or loan . . . ." The enrollment agreement denotes that the ISA is such a loan, and the Bureau concurs. The enrollment agreement incorporates the notice requirement specified in Education Code section 94916, signifying that Lambda is an institution that extends credit or lends money. Indeed, under the ISA, Lambda credits students up to \$30,000 in tuition costs in exchange for a share of their future income. As an instrument or evidence of indebtedness, the ISA should also contain the consumer notice specified in section 94916, but it does not.

For these reasons, the Bureau cannot at this time approve Lambda's application. If you have any questions regarding this letter or would like to continue our discussion, please contact me at your convenience.



Cecilia Ziniti  
June 22, 2020  
Page 6

Very truly yours,

*Douglas L. Smith*

Douglas L. Smith

# **EXHIBIT H**

**Demand For Arbitration**



**Bureau for Private Postsecondary Education**  
 1747 N. Market Blvd. Ste 225 Sacramento, CA 95834  
 P.O. Box 980818, West Sacramento, CA 95798-0818  
 P (916) 574-8900 F (916) 263-1897 www.bppe.ca.gov



8/17 COPY

August 17, 2020

Juli Tarca  
 Lambda School  
 250 Montgomery Street, 16<sup>th</sup> Floor  
 San Francisco, CA 94104

**RE: Application for Approval to Operate for an Institution Non-Accredited #32274  
 Approval Granted – Institution Code: 83979039**

Dear Ms. Tarca:

The Bureau for Private Postsecondary Education (Bureau) completed the review of your Application for Approval to Operate for an Institution Non-Accredited, #32274. The review included your application and supplemental documentation most recently received by the Bureau on August 14, 2020. The Bureau determined that your application complies with the minimum standards contained in the California Education Code (CEC) and the California Code of Regulations (CCRs).

Approval to operate is granted effective August 17, 2020, with an expiration date of August 17, 2025.

Enclosed for your record is the Approved Educational Program List for your institution. Please post this approval information in a prominent location so prospective students and other interested parties are aware of your approval to operate.

Bureau records will reflect the following ownership for Lambda School (83979039):

Lambda Inc.	100%
Austen Allred, CEO	17.9%

Your institution is required to maintain compliance with the CEC and CCRs of the Bureau and is subject to review by the Bureau staff at any time for the purpose of monitoring compliance with the provisions of the California Private Postsecondary Education Act of 2009.

If your institution is planning to establish a website, or already has a website, you must ensure the website complies with Bureau laws and regulations as provided on the attached Approved School Fact Sheet.

It is highly recommended that a representative from the school attend one of the Bureau's Compliance Workshops, which are held in locations across the State.

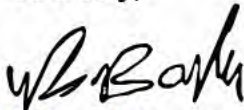
Juli Tarca  
Lambda School  
August 17, 2020  
Page 2 of 2

These workshops are designed to provide institutions with information and guidance on how to remain in compliance with Bureau laws and regulations.

Please refer to the attached flier for additional information regarding the workshops. Any failure to maintain compliance could affect your institution's approval status and could result in disciplinary action by the Bureau.

If you require additional assistance on this matter, please contact Senior Education Specialist Joanna Murray at 916-320-3872 or email at [Joanna.Murray@dca.ca.gov](mailto:Joanna.Murray@dca.ca.gov).

Sincerely,



Robert J. Bayles  
Education Administrator  
Quality of Education Unit

Enclosure(s)



Business Consumer Services and Housing Agency, Gavin Newsom, Governor  
**Bureau for Private Postsecondary Education**  
 1747 North Market Blvd., Suite 225, Sacramento, CA 95834  
 P.O. Box 980818, West Sacramento, CA 95798-0818



# Approved Educational Program List

*In accordance with the provisions of California Education Code 94866 or 94890, the Bureau for Private Postsecondary Education approves:*

## *Lambda School*

*250 Montgomery Street, 16th Floor  
 San Francisco, CA 94104*

*School Code #: 83979039  
 Site Type: Main*

*to offer the following program(s)/course(s):*

<u>Program Name</u>	<u>Length of Instruction</u>	<u>Program Approved</u>	<u>Program Type</u>	<u>Distance Learning</u>
Android Development 1200 hours (online)		08/17/2020	Non-Degree	Yes
Data Science 1200 hours (900 part-time) (online)		08/17/2020	Non-Degree	Yes
Full Stack Web Development 1200 hours (900 part-time) (online)		08/17/2020	Non-Degree	Yes
iOS Development 1200 hours (900 part-time) (online)		08/17/2020	Non-Degree	Yes
User Experience Design 1200 hours (900 part-time) (online)		08/17/2020	Non-Degree	Yes

**Non-Degree (Vocational) Programs/Courses: 5**  
**Total Programs/Courses: 5**

*The program list above represents all currently approved educational programs for this institution. The Main, Branch, or Satellite locations of this institution may offer any subset of this list.*

**Robert Bayles, Education Administrator**

This document is valid if all fees are current. Subject to earlier termination in accordance with the law.

# Approval Memorandum

To: Robert Bayles

CC: File

From: Joanna Murray

Date: 8/14/2020

Re: Lambda School, Application #32274, Institution Code: N/A

---

I have completed the review and analysis of the above noted Application for Approval to Operate for an Institution Non Accredited received on May 14, 2019.

I determined the application, including the educational programs, complies with the minimum standards contained in the California Education Code and the California Code of Regulations. The application, enrollment agreement, and catalog checklist are complete and all required information has been received.

The institution offers the following programs:

- Full Stack Web Development 1200 hours (900 part-time) (online)
- iOS Development 1200 hours (900 part-time) (online)
- Android Development 1200 hours (online)
- Data Science 1200 hours (900 part-time) (online)
- User Experience Design 1200 hours (900 part-time) (online)

The programs are found to meet the minimum operating standards as specified in 5, CCR §71710.

Faculty: Review of faculty demonstrates that the institution has contracted with duly qualified faculty. Faculty is found to meet the minimum operating standards as specified in 5, CCR §71720.

Method of Delivery: The institution's method of delivery is online, synchronous/asynchronous.

Lambda School has an operating unapproved hearing scheduled that may involve fines/fees.

I determined the educational programs comply with the minimum standards contained in the California Education Code and the Title 5, California Code of Regulation.

I recommend issuing an approval to operate for the institution.

I agree with the recommendation.



I do not agree with the recommendation.

Comments:

# **EXHIBIT I**

**Demand For Arbitration**



# Lambda School CATALOG

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**June 1, 2019 – May 31, 2020**

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Volume I

250 Montgomery Street, 16th floor, San Francisco, CA 94102  
(800) 833-1943 | [www.lambdaschool.com](http://www.lambdaschool.com)

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## WELCOME MESSAGE

The most important thing we tell new Lambda School students is: start now.

You have a fixed number of days between now and graduation. There's a good chance that the next several months will swing the trajectory of your career more than any others. Your time at Lambda School will be some of the most highly leveraged hours of your life. Now is the time to put your head down and work.

Sincerely,

Austen Allred,  
Co-Founder & CEO

## 10 MISSION

The mission of Lambda School is to find untapped or underutilized talent, and train that talent for in-demand careers in the computer science field; making entry to the computer science field more accessible.

Lambda School will provide an educational environment that respects the values of individual students and their intellectual, cultural, and social development. It is Lambda School's objective to:

- Foster among students, faculty, and staff a commitment to life-long learning.
- Provide opportunities for students to exercise a positive influence and be productive in society.
- Prepare students for entry-level employment in the computer science field.

## OBJECTIVES

In order to fulfill its mission, Lambda is committed to the following objectives for its educational and training programs:

- To provide the basic and prerequisite knowledge to specialize in the computer science field.
- To educate students to become well qualified professionals in their chosen field.
- To provide practical training to enhance students' capabilities in their chosen field.

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Founded in 2017, Lambda School ("Lambda") is a unique model of higher education in which the school invests in its students, instead of the other way around. Lambda offers no upfront tuition costs. Tuition payments do not have to begin until students find a job within field providing an annual salary of at least \$50,000. This commitment from Lambda School supports its mission to find untapped or underutilized talent and train that talent for in-demand jobs in the computer science field. The school is headquartered in San Francisco, while students attend remotely. The school has raised funds previously from investors including Y Combinator, Google Ventures, Bedrock Capital, and Tandem. Given the no upfront cost tuition model of Lambda, our school demographics typically cater to minority and diverse students. Our student body is far more diverse than the general population.

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Lambda School is a private institution approved to operate by the California Bureau for Private Postsecondary Education. Approval to operate means the institution is compliant with the minimum standards contained in the California Private Postsecondary Education Act of 2009 (as amended) and Division 7.5 of Title 5 of the California Code of Regulations.

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Lambda headquarters is located at 250 Montgomery Street, 16th floor, San Francisco, CA 94102. Lambda offers training in an online format in a virtual classroom with your instructors and fellow learners. Distance education coursework is completed at a location determined by the student. 5

### System Requirements

- Minimum
  - 1.6 GHz Processor
  - 4 GB RAM (8 GB of RAM for the iOS course)
  - 120 GB Hard Drive
  - Web Cam
  - Microphone
- Recommended
  - 2 GHz Processor
  - 8 GB RAM
  - 256 GB Hard Drive (preferably solid state)

Recommended operating systems (in descending order): macOS, Windows 10, Ubuntu. For UX and iOS, macOS is heavily encouraged. For iOS, Mojave 10.14 is required.

Other versions of Windows work but students should anticipate occasional environment issues. Chromebooks are *not* supported, as coursework involves installing and running software locally.

Please refer to the current [Student Manual](#) for full details system requirements.

### LOANER EQUIPMENT

If your computer becomes unusable during your time at Lambda School and you are unable to obtain a replacement, you can submit a request for a loaner laptop by submitting this form <https://airtable.com/shrEHS8dPFyhcYBMI>

Laptops are paid for by the Perpetual Access Fund and there is limited inventory. In order to be considered for a loaner laptop, you must be in compliance with the Code of Conduct, attendance, and participation policies. In addition to compliance, you need to have a record of meaningful progress with the curriculum.



# Lambda School CATALOG

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<sup>6</sup> June 1, 2019 – May 31, 2020

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Volume I

250 Montgomery Street, 16th floor, San Francisco, CA 94102  
(800) 833-1943 | [www.lambdaschool.com](http://www.lambdaschool.com)

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# Lambda School Catalog

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January 1, 2020 – December 31, 2020

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Volume I

2000 Ashton BLVD, Suite 400, Lehi, UT 84043  
250 Montgomery ST, 16th floor, San Francisco, CA 94104  
415.262.4219 | [www.lambdaschool.com](http://www.lambdaschool.com)

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## WELCOME MESSAGE

Welcome to Lambda School, and congratulations on taking the first step toward a high-paying career in tech.

The most important thing we tell new Lambda School students is: commit now to hustling harder than you ever have before.

You have a critical opportunity to develop your skills between now and graduation, and there's a good chance that the next several months will swing the trajectory of your career more than any others. Your time at Lambda School will be some of the most intense, impactful months of your life - now is the time to put your head down and work, and every instructor, career coach, and staff member will do everything possible to help you succeed. We're so excited that you're here.

Let's get started.

Sincerely,

Austen Allred,  
Co-Founder & CEO

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## MISSION

The mission of Lambda School is to unlock potential, regardless of circumstance. That means working with untapped or underutilized talent, and training that talent for in-demand careers in the technology fields including web development, engineering, data science, user experience design, and iOS development..

Lambda School is committed to making the field of technology more accessible, and will provide an educational environment that respects the values of individual students and their intellectual, cultural, and social development. It is Lambda School's intention to:

- Foster among students, faculty, and staff a commitment to life long learning.
- Provide opportunities for students to exercise a positive influence and be productive in society.
- Prepare students for entry-level employment in technology fields including web development, software engineering and data science.

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## OBJECTIVES

In order to fulfill its mission, Lambda is committed to the following objectives for its educational and training programs:

- To provide the basic and prerequisite knowledge to specialize in the field of technology via online learning on Zoom and multiple tools.
- To educate students to become well qualified professionals in their chosen field of Data Science or Full Stack Web Development.
- To provide practical training to enhance students' capabilities in their chosen program.

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## APPROVALS

Lambda School is a private institution approved to operate by the California Bureau for Private Postsecondary Education. Approval to operate means the institution is compliant with the minimum standards contained in the California Private Postsecondary Education Act of 2009 (as amended) and Division 7.5 of Title 5 of the California Code of Regulations.

## HISTORY

Founded in 2017, Lambda School ("Lambda") is a unique model of higher education in which the school invests in its students, instead of the other way around. Lambda requires no upfront tuition. Tuition payments do not begin until students find a job providing an annual salary of at least \$50,000. This commitment from Lambda School supports its mission of finding untapped or underutilized talent and training that talent for in-demand jobs in technology. The school has offices in Lehi, UT and San Francisco, CA, and students attend remotely. The school has raised funds