

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS**

EMMANUEL DUNAGAN, JESSICA MUSCARI,
ROBERT J. INFUSINO, and STEPHANIE PORRECA, on behalf
of themselves and a class of similarly situated
persons,

Plaintiffs,

v.

ILLINOIS INSTITUTE OF ART-SCHAUMBURG, LLC,
an Arizona limited liability company; ILLINOIS
INSTITUTE OF ART, LLC, an Arizona limited liability
company; DREAM CENTER FOUNDATION, a
California non-profit corporation; DREAM CENTER
EDUCATIONAL HOLDINGS, LLC, an Arizona limited
liability company; BRENT RICHARDSON, in his
individual capacity; CHRIS RICHARDSON, in his
individual capacity; SHELLY MURPHY, in her individual
capacity; and JOHN DOES 1–7, in their individual capacities,

Defendants.

**Case No. 19-cv-809
Hon. Charles Norgle**

**PLAINTIFFS' RESPONSE TO DEFENDANTS SHELLY MURPHY, BRENT
RICHARDSON, AND CHRIS RICHARDSON'S MOTION TO DISMISS**

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Plaintiffs Emmanuel Dunagan, Jessica Muscari, RJ Infusino, and Stephanie Porreca submit this response in opposition to the second Motion to Dismiss for Lack of Personal Jurisdiction filed by Defendants Brent and Chris Richardson (Dkt. 147) and Defendant Shelly Murphy (Dkt. 148) (collectively, the “Individual Defendants”). Ruling on the Individual Defendants’ original motions, on April 19, 2021, this Court found that “Plaintiffs allegations meet and exceed the *Calder* standard to establish a prima facie case for personal jurisdiction,” and granted Plaintiffs’ request to take jurisdictional discovery. (Dkt. 133 at 3). In the weeks that followed, Plaintiffs took jurisdictional depositions of each Individual Defendant. As discussed below, each deposition further confirms that this Court’s personal jurisdiction over the Individual Defendants is clear: each defendant had substantial contact with Illinois, and maintaining litigation in Illinois is reasonable. Yet the Individual Defendants—who were executives with control over the *Illinois* Institute of Art (“IIA”)—continue to contend, based on the exact same declarations attached to their original motions, that they had no contacts with the state of Illinois. This is not a close question. Plaintiffs respectfully request that the Court deny the Individual Defendants Motions to Dismiss for Lack of Personal Jurisdiction.

I. BACKGROUND

1. On January 25, 2021, Plaintiffs filed a Third Amended Class Action Complaint (“TAC”) naming Shelly Murphy, Brent Richardson, and Chris Richardson as additional Defendants in this case. (Dkt. 106).

2. On March 8, 2021, Brent and Chris Richardson filed a Motion to Dismiss for Lack of Personal Jurisdiction pursuant to Federal Rule of Civil Procedure 12(b)(2). (Dkt. 122). In support of their motion, the Richardsons each attached a declaration asserting, among other things, that they “do not (a) advertise or solicit business in Illinois, (b) maintain business

contracts in Illinois, (c) regularly and knowingly purchase products in Illinois to my knowledge, or (d) maintain any bank accounts in Illinois.” (Dkt. 122-1). On March 25, 2021, Defendant Shelly Murphy filed the same motion (Dkt. 127) and attached a nearly identical declaration (Dkt. 127-1).

3. On March 15, 2021, Plaintiffs filed a Motion to Take Jurisdictional Discovery, arguing that the Richardsons’ declarations opened the door to further inquiry. (Dkt. 124).

4. On April 19, 2021, the Court granted Plaintiffs’ discovery motion and denied the Individual Defendants’ motions to dismiss without prejudice, stating that “the standard for a prima facie case of personal jurisdiction is a low one, and Plaintiffs here have met it.” (Dkt. 133 at 3).

5. Brent Richardson was deposed on May 25, 2021. (Appendix A, Tr. of Brent Richardson Dep.). Shelly Murphy was deposed on May 26, 2021. (Appendix B, Tr. of Shelly Murphy Dep.). Chris Richardson was deposed on June 8, 2021. (Appendix C, Tr. of Chris Richardson Dep.).

6. On July 12, 2021, the Individual Defendants filed renewed motions to dismiss for lack of personal jurisdiction, supported only by the same declarations that they attached to their original Motion. (Dkt. 147 (Richardsons’ motion); Dkt.148 (Murphy’s motion)). Because the two motions were filed by the same counsel and raise the same issues, Plaintiffs respond to both motions here.

II. STANDARD

7. Specific jurisdiction requires a showing that the defendant purposefully directed its activities at the forum state and the cause of action arose out of or relates to the defendant’s contacts with the forum state. *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 472 (1985). A

nonresident defendant may be subjected to a forum state’s jurisdiction based on certain “single or occasional acts” in the state. *Goodyear Dunlop Tires Operations, S.A. v. Brown*, 564 U.S. 915, 923 (2011) (quoting *International Shoe Co. v. Washington*, 326 U.S. 310 (1945)). In *Burger King*, the United States Supreme Court explained the rationale for permitting the exercise of specific personal jurisdiction over a nonresident defendant who “purposefully directs” its activities toward the forum, even if only for single or occasional acts in the forum state. First, the state has a manifest interest in providing its residents with a convenient forum for redressing injuries caused by nonresidents. Second, when a nonresident defendant purposefully derives a benefit from interstate activities in other jurisdictions, it would be unfair to allow that defendant to avoid any legal consequences that proximately arose from those same activities. *Burger King Corp.*, 471 U.S. at 473-74.

8. In sum, specific jurisdiction requires the following: (1) the Individual Defendants must have minimum contacts with Illinois in that (a) they purposefully directed activities at this state and (b) Plaintiffs’ claims arose from or related to those contacts with Illinois, see *Burger King Corp.*, 471 U.S. at 472, and (2) it must be reasonable for Illinois to exercise jurisdiction over them. *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 292 (1980).

9. When assessing allegations of fraud and intentional misconduct, a court has personal jurisdiction over out-of-state defendants where the defendants engaged in: “(1) intentional conduct (or ‘intentional and allegedly tortious’ conduct); (2) expressly aimed at the forum state; (3) with the defendant’s knowledge that the effect would be felt—that is, the plaintiff would be injured—in the forum state.” *Tamburo v. Dworkin*, 601 F.3d 693, 703 (7th Cir. 2010); *Calder v. Jones*, 465 U.S. 783, 790 (1984).

10. “As long as the plaintiff has made a threshold showing of minimum contacts, that showing is generally defeated only where the defendant presents ‘a compelling case that the presence of some other considerations would render jurisdiction unreasonable.’” *Curry v. Revolution Labs. LLC*, 949 F.3d 385, 402 (7th Cir. 2020) (quoting *Burger King*, 471 U.S. at 477).

III. ARGUMENT

11. This Court has already found that “Plaintiffs allegations meet and exceed the Calder standard to establish a prima facie case for personal jurisdiction.” (Dkt. 133 at 3). The Individual Defendants attach no new evidence to their renewed motions to dismiss, relying instead on the exact same declarations that they attached to their original motions. They also make nearly identical arguments and do not cite to a single fact from the jurisdictional depositions. Defendants have not presented any case, let alone “a compelling case that the presence of some other considerations would render jurisdiction unreasonable.” *Curry*, 949 F.3d at 402.

12. As set forth below, the jurisdictional depositions provide substantial additional support that the Individual Defendants engaged in Illinois-specific activity to establish minimum contacts with the state, as they were aware of the Higher Learning Commission’s (“HLC”) decision to remove IIA’s accreditation and took numerous steps, over a six month period, to misrepresent and conceal the truth from students in Illinois. Illinois therefore has a clear interest in the litigation, as the students harmed (Plaintiffs and the class members) attended an Illinois school, and the misconduct was directed at and occurred in Illinois.

A. Shelly Murphy’s deposition reveals that she personally engaged in fraudulent activity directed at Illinois to establish minimum contacts with the state.

13. Despite Shelly Murphy’s alleged failure to remember facts central to Plaintiffs’ Third Amended Complaint,¹ her deposition produced additional evidence showing that she engaged in intentional conduct expressly aimed at Illinois.² For example, she admitted that she was personally involved in changing the accreditation language on IIA’s website, and admitted to having conversations with HLC regarding IIA’s loss of accreditation. Notably:

- Brent Richardson testified that Shelly Murphy was a member of the DCEH “C-suite,” or cabinet, that had decision making authority over the schools generally. App. A at 31:11-32:22.
- Shelly Murphy admitted that she was involved in discussions surrounding IIA’s placement on candidacy status following the receipt of a November 16, 2017 letter from HLC which stated that “[t]his approval is subject to the requirement of change of control candidacy status.” App. B at 22:3-14.
- Chris Richardson testified that Shelly Murphy was “at the very top” of DCEH’s “accreditation department,” which decided what disclosures should be posted on IIA’s website. App. C at 45:25-46:21. Chris testified that Murphy would likely “have to direct the publication on the website ‘cause its [*sic*] an accreditation issue.” *Id.* at 59:17-21.

¹ In her deposition on May 26, 2021, Shelly Murphy stated “I don’t remember” or “I don’t recall” or “I don’t know” no less than 100 times. Failing to “recall” the facts does not provide persuasive, uncontradicted evidence negating personal jurisdiction. App. B at 8:6; 13:13,20; 14:9; 16:10,14; 17:12,22; 18:14,17,20; 19:9,11,16,24; 20:3,10,12,17,21; 21:1,13; 22:8,13; 24:18; 25:3; 26:10,11,12,19,24; 27:3,4,10,21; 29:6,13,18,24;30:4,8,9,14,19,23; 31:3,16; 32:4,11,17,20,23; 33:20,23; 34:17; 35:2,5,15,19,24; 36:7; 37:22,25; 38:4,8,12,15; 39:2,9,11; 40:12,15,18; 41:11,14,16,23; 42:1,9; 43:19,22; 44:3,12; 45:1,4,7,10,15,18; 47:4,7,11,14,22,25; 48:3,7,9,13,22; 49:9,15,19,21; 50:2,5; 51:5,10,12,16,21; and 52:6,11,22.

² During her deposition, Shelly Murphy was confronted with a Chicago Tribune article that directly contradicts her declaration. *See* Abdel Jimenez, “Gamer-friendly Atari Hotel bringing ‘immersive experiences’ to Chicago,” Chicago Tribune (Jan. 29, 2020), available at: <https://www.chicagotribune.com/business/ct-biz-atari-theme-hotel-coming-to-chicago-20200129-3n4cmvrib5arbh3pk7uwxchuuq-story.html>. Specifically, Murphy stated in her declaration that “I do not (a) advertise or solicit business in Illinois, [or] (b) maintain business contracts in Illinois. The Chicago Tribune article, however, states that a company called GSD Group—which Murphy admitted was her “personal LLC,” *id.* at 11:3-8—made a deal with Atari Hotels to build a video-game themed hotel in Chicago. *See* Appendix D. The article identifies Shelly Murphy as the “GSD Group CEO” and quotes her as stating: “[w]e’ve been to Chicago a number of times . . . probably about a dozen times in the last six months.” After being confronted with this 2020 statement, Murphy provided multiple contradictory answers to whether she had even been to Chicago, stating: (i) that she “may have” told the reporter she had been to Chicago a number of times; (ii) that “I have never been to Chicago, my entire life,” and (iii) that “I think I’ve been to Chicago once in my entire life.” App. B, 14:1-9. While her business contacts on behalf of Atari Hotels are not at issue in this case, these statements undermine the credibility of Shelly Murphy’s testimony.

- Shelly Murphy acknowledged that she received an email from Ellyn McLaughlin (who was a member of the DCEH accreditation department according to Chris Richardson’s testimony, *id.* at 48:19-20) requesting all communications with HLC since November 2017. *Id.* at 31:11-25.
- Shelly Murphy was confronted with a February 21, 2018 email sent to her by Ellyn McLaughlin stating: “Right now both the AI Colorado and the IIA websites clearly say that the schools are accredited by HLC.” Murphy was also provided a February 22, 2018 email in which Chris DelSanto (who was a member of a DCEH team that ensured compliance with consent judgments, App. C at 14:19-15:9) stated, “Shelly’s direction, see attached email, is that we are not to implement anything yet.” App. B at 35:16-19. Shelly Murphy did not deny receiving these emails, or giving “direction” regarding the language on IIA’s website. Instead, she said “I don’t recall. I just recall relying a hundred percent on outside counsel.” App. B at 34:11-35:25. Later, Murphy stated that outside counsel instructed her to wait until June 20, 2018 to tell students about IIA, although Murphy knew IIA had lost accreditation long before. *Id.* at 42:10-23.
- In fact, Shelly Murphy directed the misleading language to be posted on the IIA website, and admitted that Chris Richardson asked her to change the website language. *Id.* at 39:16-41:1-3. *See also* Appendix E, Email Correspondence involving Shelly Murphy.
- Shelly Murphy admitted to making telephone calls to HLC employees—in Illinois—about IIA’s accreditation status. *Id.* at 19:19-20:9.
- Shelly Murphy admitted to participating in a call with the office of the Illinois Attorney General on August 13, 2018, and she did not deny that this call was about IIA’s loss of accreditation and what had been disclosed to Illinois students. *Id.* at 45:11-47:25.
- Chris Richardson confirmed that Shelly Murphy and Brent Richardson attended an HLC hearing in Chicago regarding IIA’s accreditation status. App. C at 94:11-95:2.
- Brent Richardson testified that Shelly Murphy spoke to Diane Jones (the former Principal Deputy Undersecretary of the U.S. Department of Education) “quite a bit” about HLC’s accreditation decision, and whether the Department was going to get HLC to restore IIA’s accreditation. App. A, 108:9-109:18.
- Shelly Murphy was unable to affirmatively deny that she knew HLC required IIA to update its website to disclose the new change of control candidacy status, and she admitted that students were not notified about the change to candidacy status in mid-January. *Id.* at 24:20-25:4; 26:9-20.

14. Shelly Murphy knew that the effect of her conduct would be felt by students

living in Illinois. For example:

- She knew that IIA offered in-person classes to students located in Chicago. *Id.* at 17:3-18.
- In response to the question, “When a school loses accreditation, are the effects felt by students?” Shelly Murphy stated, “It could, yes,” in “many” ways. *Id.* at 29:14-18.

B. Brent Richardson’s deposition reveals that he personally engaged in fraudulent activity directed at Illinois to establish minimum contacts with the state.

15. Despite Brent Richardson’s alleged failure to remember facts central to Plaintiffs’ TAC,³ his deposition produced additional evidence showing that he engaged in fraudulent conduct in that he intentionally concealed IIA’s loss of accreditation from Illinois students. Brent Richardson admitted that he was involved in discussions involving loss of accreditation and did nothing to advise students of the same. Notably:

- Brent Richardson was a member of the DCEH “cabinet,” or “C-suite,” which had decision making authority over IIA. App. A at 31:11-33:9.
- Brent Richardson admitted that he invested in the purchase of the schools from EDMC by taking out two loans, which were paid off while he was CEO at DCEH. *Id.* at 22:19-24:22.
- Brent Richardson was also involved in the negotiations leading up to the acquisition of the schools, and “gave input to [Dream Center] on . . . the price they would pay.” *Id.* at 28:11-23. When he consulted on the purchase, he knew that some of the schools were in Illinois. *Id.* He also stated that “early on” he expected to be compensated for his work at DCEH as a result of the acquisition of IIA. *Id.* at 86:10-88:9.
- Contrary to his Declaration, Brent Richardson testified that he has advertised or solicited business in Illinois in the past 40 years. He specifically admitted, as he must, that DCEH conducted business in Illinois during the years he was CEO of DCEH. *Id.* at 129:17-20.

³ In his deposition on May 25, 2021, Brent Richardson stated “I don’t remember” or “I don’t recall” or “I don’t know” or “I have no idea” no less than 120 times during. App. A at 7:7,17; 8:4,7,10; 12:18; 14:20; 17:11; 19:16,23; 20:8,11; 21:5; 29:7; 33:20; 34:23; 35:7; 38:2,15; 39:24; 40:17,19,24,25; 45:24; 46:8,20; 48:22; 49:25; 50:3,8,14; 52:10; 53:8,13; 54:22,24; 55:3,9,13,14, 20; 57:18; 59:8,13; 60:5; 62:11,17,18; 67:25; 68:14; 69:8,19; 71:10; 74:17; 75:22; 76:6,18; 77:2; 80:5; 81:16,17,24; 82:3; 87:12,14; 88:25; 89:3,10,14,23; 90:10; 92:13; 93:4,5,8; 94:8,9; 97:5; 98:3,5,13,18; 99:5; 100:6,7; 102:11; 105:13; 107:14,16; 108:15,16,19; 109:3,12,23; 110:6,7,20; 112:15; 114:4,6,13,14; 115:23; 118:8,13; 119:9,10,17,20; 120:8,18; 121:5,11; 125:3; 127:15,18; 128:3,4,11,15,21; 129:12,22; 130:8,9; 131:10; and 132:22,23. Failing to “recall” the facts does not provide persuasive, uncontradicted evidence negating personal jurisdiction.

- Brent Richardson could not deny that Woz U, “a company that . . . [his] family office owns a part of” during the time he was CEO of DCEH, solicited business in Illinois. *Id.* at 35:17-24, 38:12-17, 59:9-22. Brent Richardson was also unable to deny that DCEH advertised and solicited business in Illinois when he was CEO. *Id.* at 59:5-17.
- Brent Richardson testified that at one point, he and his brother Chris attempted a deal between Woz U and IIA to offer Woz U programs at IIA—a transaction from which Woz U and the Richardsons would likely have benefited financially. *Id.* at 35:17-37:16, 88:5-9
- Brent Richardson could not deny that he signed the IIA Program Participation Agreement (“PPA”) and temporary PPA during his tenure as DCEH CEO. *Id.* at 48:14-22. When he was provided a copy of the IIA PPA that he signed, he stated he did not “have a reason to confirm or dispute” that he signed the document. *Id.* at 49:10-50:18.
- Brent Richardson admitted that he registered with the state of Illinois as a manager of IIA. *Id.* at 46:22-47:1.
- Brent Richardson was a co-chair of the DCEH board of directors. *Id.* at 41:11-15. As a board member, he testified that he had “oversight of . . . different policies . . . [i]ssues surrounding schools, any legal complaint . . . major purchases, any kind of thing like that. Any kind of finance. Any kind of financial stuff.” *Id.* at 42:1-43:14. This includes anything that would affect a school’s Title IV eligibility, such as the loss of accreditation.
- Brent Richardson explained that everyone on the DCEH “org chart” ultimately reported to him. *Id.* at 43:14-44:25.
- Brent Richardson admitted to participating in a call with the office of the State Attorney General on August 13, 2018, although at first, he could not remember the details of what was discussed. *Id.* at 89:15-92:18. Later, he admitted that during this call he knew IIA students had not been informed of the loss of accreditation until May or June 2018. *Id.* 97:11-99:24.
- Brent Richardson admitted that he was involved in discussions regarding IIA’s loss of accreditation and that he took no steps to inform students. In response to a question about what he did to inform students about the risk they were exposed to by the loss of accreditation, he said that the Department of Education “told us to do nothing,” and that the Department explicitly told him not to file a lawsuit against HLC for changing IIA’s accreditation status. *Id.* at 74:11-75:22. Later, Brent clarified that the Department “didn’t say don’t tell or do tell” the student about the loss of accreditation. *Id.* 92:3-25.
- Brent Richardson admitted that he was aware that HLC changed the accreditation status for IIA at least sometime around January or February 2018, and further admitted that the November 16, 2017 letter from HLC—which outlined the numerous reasons why IIA was not in compliance with HLC’s standards and which was addressed directly to Brent— “might have gone to him.” *Id.* at 61:21-64:4; *see also* Appendix F.

- Brent Richardson admitted he was aware IIA was accredited when DCEH closed the transaction, and that IIA subsequently lost its accreditation. *Id.* at 65:12-68:15. Later, he admitted that HLC told DCEH that the IIA was not accredited. *Id.* at 119:22-120:2.
- Brent Richardson admitted that he received HLC’s public disclosure notice—which stated that effective January 20, 2018, IIA was no longer accredited—and he did not deny that the public disclosure notice also stated that students should be made aware of the effect the loss of accreditation could have on them. *Id.* 78:1-80:15.
- Brent Richardson admitted he was involved in discussions about filing suit against HLC, and was present for discussions about whether to appeal the HLC decision through the HLC process. *Id.* at 81:7-19. He also stated that “we had quite a few meetings” about the loss of accreditation. *Id.* at 109:24-110:8.
- Brent Richardson admitted that he took no steps to make sure that Illinois students were notified about the loss of accreditation. *Id.* at 82:23-83:3. In response to the question, “And you didn’t make any efforts to make sure that [Illinois students] knew what you knew HLC had done?” Brent replied, “The short answer, I guess, is no.” *Id.* at 84:2-8.
- Brent Richardson admitted that he visited IIA in Chicago at some point during his tenure at DCEH (October or November 2017-January 2019), and during this visit he “met the people running the staff, the professors, some of the students, you know, spoke to some of the upper management of the school about how things were going, what they needed, how do we fix some of the problems, et cetera.” *Id.* at 17:17-21:1.
- Brent Richardson admitted that once he found out IIA lost accreditation, he flew to Washington to meet with the Department of Education, and Shelly Murphy went with him. *Id.* at 70:1-71:14.
- Brent Richardson admitted to having interactions with HLC during his tenure as CEO of DCEH, including in person meetings in Illinois and telephone conversations with HLC personnel located in Illinois. He specifically recalled traveling to Chicago to attend a meeting with the HLC in September, 2018. *Id.* at 60:6-23. Email correspondence demonstrates that this meeting took place in October 2018. Appendix G. At this meeting, Brent stated that he “answered questions” related to IIA’s accreditation status. *Id.* at 121:20-122:4.

16. Brent Richardson knew that the effect of his conduct would be felt by students

living in Illinois. For example:

- Brent Richardson was aware that IIA had campuses in Illinois, and assumed students from Illinois would attend the Illinois campuses. *Id.* at 29:1-24. He also stated that he knew IIA recruited students who resided in Illinois to attend the school. *Id.*

- Brent Richardson testified that he was aware of the negative impact the loss of accreditation would have on Illinois students, *id.* at 82:8-15, yet he did nothing to disclose the loss of accreditation to them.
- Brent Richardson did not deny that IIA students were entitled to know about HLC's decision and the loss of accreditation. *Id.* at 100:1-9.
- Brent Richardson stated that he was worried the change in accreditation status would hurt IIA students, that there was a risk students would graduate from an unaccredited school, and that it was possible IIA courses would not be accepted by other schools if students tried to transfer. *Id.* at 72:10-74:9. He was also specifically concerned about students who took out loans to pay for their education. *Id.*
- Brent Richardson agreed that the accreditation status of a school is important for students to know, and would be relevant to potential students' decision to apply, spend their money, or take out loans to attend, *id.* at 100:10-23, yet he did nothing to disclose the loss of accreditation to students.
- Brent Richardson agreed that students who received an unaccredited degree were "impacted." *Id.* at 123:23-124:6.
- Brent Richardson did not deny that he discussed financial reparations for IIA students, and saw proposals for how that would be done. *Id.* at 127:12-128:21.
- Brent Richardson testified that he was aware that IIA was in Illinois, *id.* at 19:24-20:8, and the IIA website, which contained misleading statements about the school's accreditation, was used by Illinois students and prospective Illinois students to obtain information about the school, *id.* at 115:24-116:10. Thus, Brent was aware that the misrepresentation on the website would impact Illinois residents. *Id.*

C. Chris Richardson's deposition reveals that he personally engaged in fraudulent activity directed at Illinois to establish minimum contacts with the state.

17. Despite Chris Richardson's alleged failure to remember facts central to Plaintiffs'

TAC,⁴ his jurisdictional deposition produced additional evidence showing that he was personally involved in the decision to use the misleading language on IIA's website. Indeed, Chris Richardson specifically approved and directed publication of the misleading "we remain accredited" language on IIA's website. Therefore, he intentionally misrepresented and concealed IIA's loss of accreditation from Illinois students. Notably:

- Brent Richardson testified that Chris Richardson was a member of the DCEH "cabinet," or the "C-suite" that had decision making authority over the schools generally. App. A at 31:11-33:9.
- Chris Richardson stated that he oversaw "all legal matters" at the schools; with respect to issues of accreditation, he explained that, "to the extent someone thought that it was a legal issue, it'd be forwarded to our office," and stated that he was part of a team of people who received emails regarding accreditation issues. App. C at 12:7-13:25.
- Chris Richardson stated that he "would read all" legal disclosures. *Id.* at 16:20-17:13. While he stated he did not draft any disclosures regarding the school's accreditation, he testified that he read them, and had the authority to make changes or at least comments to the language used. *Id.*
- Chris Richardson admitted that he had conversations with HLC before DCEH purchased the schools, and he knew that the schools DCEH purchased from EDMC had to apply to their accreditors for approval of change of control. *Id.* at 27:22-28:25.
- Chris Richardson admitted that in late January or early February 2018, he saw a letter from the HLC, dated January 12, 2018. *Id.* at 34:3-9. This letter included information regarding IIA's loss of accreditation. Chris Richardson admitted that he had several meetings about this letter with outside counsel. *Id.* at 40:12-25.

⁴ In his deposition on June 8, 2021, Chris Richardson stated "I don't remember" or "I don't recall" or "I don't know" or "I forget" no less than 135 times during the deposition. Failing to "recall" the facts does not provide persuasive, uncontradicted evidence negating personal jurisdiction. App. C at 10:10; 15:9,23; 16:5,24; 17:19; 20:23; 21:6,13,16,22; 22:19,24; 24:12,14,16; 25:1,3,5,14,22; 26:4,6; 28:14; 29:4,13; 30:9,18; 31:23; 32:20; 33:5,7,20; 34:11,13; 35:3,14; 36:3,22; 37:3,13,20; 38:9; 39:10,12; 40:4,7,11,17,24; 41:5; 42:20; 43:10,15,17; 44:1,16,17,23; 46:17,24; 47:12; 48:15; 49:10,19,22; 50:10,12,16; 51:18; 52:11;17; 53:4,8,12,14; 55:4; 57:6,24; 62:16,19,23; 63:6,13,18; 66:1,6; 68:6; 69:7,18,20; 70:6,10,20; 71:16,21; 72:25; 73:4,7; 75:14; 79:21; 83:1,10,13; 84:8,11,15,18,20; 85:8,11; 88:8,18,23; 89:6; 90:12; 91:2,13,14; 92:11; 93:19; 94:20,22,23; 96:16,25; 98:8,15; 101:14; 103:14; 105:7; 106:5; 107:12,14; and 109:3,7.

- Chris Richardson claimed that outside counsel advised him what disclosures should be made on IIA’s website in response to the January 12, 2018 letter, and that he personally read the disclosure before it was posted. *Id.* at 41:6-44:23. Chris admitted that he had the authority to recommend not using the language proposed by outside counsel, did not make any changes, and later directed the language to be published on the IIA website. *Id.*
- Chris Richardson approved the misleading “we remain accredited” language and instructed DCEH staff to publish it on the website. *Id.* at 91:25-92:7.
- Chris Richardson admitted that as legal counsel, it was his responsibility to ensure that IIA was making accurate legal disclosures. *Id.* at 45:4-10. Additionally, he testified that he would be involved with any investigation by state attorneys general, the Better Business Bureau, and/or the Consumer Financial Protection Bureau. *Id.* at 78:12-79:11.
- Chris Richardson admitted to receiving an email from Ellyn McLaughlin on February 26, 2018, expressing concern that the accreditation representation on IIA’s website is “not in compliance . . . [with] HLC’s requirements for review.” *Id.* at 50:18-53:1. Despite Ellyn McLaughlin’s concerns, outside counsel recommended to “stay the course,” and Chris decided to follow that advice and not change the accreditation language. *Id.* at 55:18-57-18. Chris Richardson further clarified that outside counsel cannot direct what goes on the IIA website—explaining that they give DCEH advice, and DCEH chooses whether or not to accept it. *Id.* at 60:4-8.
- Chris Richardson acknowledged that outside counsel David Harpool had identified some risks in using the “change of control candidacy status” language on the website. *Id.* at 63:8-64:15.
- Chris Richardson “thinks” he was included on all emails regarding HLC and how to respond to HLC’s correspondence. *Id.* at 66:20-67:23. Chris Richardson also admitted that he drafted a memo, where he “laid out the chronological order of events of what happened with HLC” for the consent judgment administrator in May 2018. *Id.* at 103:5-104:23.
- Chris Richardson directed IIA to use the same misleading accreditation language posted on the website in all other IIA publications referencing the school’s accreditation. *Id.* at 70:21-71:11, 72:6-25. Appendix H. Again, Chris Richardson stated that he “would guess” that he asked outside counsel about whether the disclosure on the website should be disseminated in other places, and he “would guess” outside counsel told him yes, “since we did it.” *Id.* at 91:25-92:7.
- While Chris Richardson admitted he was an owner of Woz U (which Brent Richardson confirmed did business in Illinois), Chris Richardson testified that Woz U does not have any business in Illinois, in direct contradiction to his brother’s testimony. *Id.* at 100:3-6.

18. Chris Richardson knew that the effect of his conduct would be felt by students

living in Illinois. For example:

- Chris Richardson knew that some of the schools DCEH acquired had physical locations in Illinois. *Id.* at 26:13-20.
- Chris Richardson recognized the importance of accreditation, explaining that “it’s important that students have access to varying sources of funding to pay their education, and without accreditation, they’re not able to access Federal funding.” *Id.* at 76:13-77:13. *See also* 95:4-96:5.
- In response to the question, “And is it your understanding that disclosures made on the website would be seen by students attending [IIA] or Illinois-Schaumburg?,” Chris Richardson stated, “I mean, I guess if they were interested in accreditation, they’d be seeing it...” *Id.* at 90:21-91:4.

IV. CONCLUSION

The Court has already found that “[p]laintiffs allegations meet and exceed the *Calder* standard to establish a prima facie case for personal jurisdiction,” Dkt. 133 at 3, and the Individual Defendants provide no new evidence or argument in their renewed motions. After taking jurisdictional depositions, Plaintiffs have unambiguously demonstrated that the claims in this case arise out of or relate to the Individual Defendants’ substantial contacts with Illinois. Shelly Murphy, Brent Richardson, and Chris Richardson all engaged in fraudulent and intentional activity directed at the state of Illinois, causing harm to Illinois residents. The state of Illinois has a manifest interest in providing its residents with a convenient forum for redressing injuries caused by nonresidents.

WHEREFORE, Plaintiffs respectfully request that this Court deny the Individual Defendants’ Motions to Dismiss for Lack of Personal Jurisdiction.

Date: July 26, 2021

Respectfully Submitted,

/s/ Daniel A. Edelman

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CERTIFICATE OF SERVICE

I, Cassandra P. Miller, certify that on Monday, July 26, 2021, I had a copy of this document filed via the Court's CM/ECF system which caused to be noticed all counsel of record:

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APPENDIX A

Page 1

1 IN THE UNITED STATES DISTRICT COURT
 2 FOR THE NORTHERN DISTRICT OF ILLINOIS
 3
 4 EMMANUEL DUNAGAN, et al.,)
 5 Plaintiffs,)
 6 vs.) No. 19-cv-809
 7 ILLINOIS INSTITUTE OF ART -)
 8 CHICAGO, LLC, et al.,)
 9 Defendants.)
 10
 11
 12
 13
 14 DEPOSITION OF BRENT RICHARDSON
 15 Via Zoom Videoconference
 16 Scottsdale, Arizona
 17 May 25, 2021
 18 9:00 a.m.
 19
 20
 21
 22 REPORTED BY:
 23 Robin L. B. Osterode, CSR, RPR
 24 CA Certified Shorthand Reporter No. 7750
 25 AZ Certified Reporter No. 50695

Page 2

1 DEPOSITION OF BRENT RICHARDSON, via Zoom
 2 Videoconference, commenced at 9:00 a.m. on May 25,
 3 2021, at Scottsdale, Arizona, before Robin L. B.
 4 Osterode, CSR, RPR, California Shorthand Reporter
 5 No. 7750 and Arizona Certified Reporter No. 50695.
 6
 7
 8 * * *
 9
 10 APPEARANCES:
 11 For Plaintiffs:
 12 NATIONAL STUDENT LEGAL DEFENSE NETWORK
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Page 3

1 APPEARANCES (Continued):
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 3 and Shelly Murphy:
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 11
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 9 [Exhibit 3](#) Document on the Office of the Illinois Secretary of State letterhead entitled "LLC File Detail Report"; 2 pages 46
 10 [Exhibit 4](#) U.S. Department of Education Temporary Program Participation Agreement; 8 pages 47
 11 [Exhibit 5](#) Bates stamped documents DCEH-Studio 026604 - DCEH-Studio 026773 51
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4		DCEH-Studio 219069 -
		DCEH-Studio 219075
5	Exhibit 11	Bates stamped documents
6		BR-Receiver 041571 -
		BR-Receiver 041592
7	Exhibit 12	Letter dated May 3rd, 2018
8		from the Department of
		Education to David Ray;
9		3 pages
10	Exhibit 13	Bates stamped documents
		DUN-PLS 004456 -
		DUN-PLS 004457
11	Exhibit 14	Bates stamped documents
12		BR-Receiver 032871 -
		BR-Receiver 032875
13	Exhibit 15	Bates stamped documents
14		DCEH-Studio 007870 -
		DCEH-Studio 007911
15	Exhibit 16	Bates stamped documents
16		DCEH-Studio 135911 -
		DCEH-Studio 135913
17	Exhibit 17	Bates stamped documents
18		DCEH-Studio 153796 -
		DCEH-Studio 153804
19	Exhibit 18	Bates stamped documents
20		DCEH-Studio 138536 -
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21		
22		
23		
24		
25		

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1 Is this the first time you've given a
 2 deposition?
 3 A. Ever?
 4 Q. Yes.
 5 A. No.
 6 Q. How many times have you done it.
 7 A. I don't know. More (inaudible) --
 8 THE REPORTER: I'm sorry, Mr. Richardson,
 9 we can't really hear you.
 10 THE WITNESS: I don't know. More than one.
 11 BY MR. ROTHSCHILD:
 12 Q. And are you represented by counsel today?
 13 A. Yes.
 14 Q. Who is that?
 15 A. Mike Schern.
 16 Q. When did you retain him to represent you?
 17 A. I don't know.
 18 THE REPORTER: I'm sorry, excuse me,
 19 Mr. Richardson, this could be an ongoing problem; I
 20 need you to be very loud, because you are very faint.
 21 BY MR. ROTHSCHILD:
 22 Q. Mr. Schern's firm is called Schern
 23 Richardson & Finter; is the Richardson in that firm
 24 someone related to you?
 25 A. Yes.

Page 6

1 Scottsdale, Arizona
 2 May 25, 2021
 3 9:00 a.m.
 4 THE REPORTER: Before we proceed, I will
 5 ask counsel to agree on the record that there is no
 6 objection to this officer of the court administering
 7 a binding oath to a witness not appearing personally
 8 before me.
 9 Please state your agreement on the record.
 10 MR. ROTHSCHILD: Eric Rothschild, on behalf
 11 of the plaintiffs, we agree.
 12 MR. SCHERN: Mike Schern on behalf of the
 13 witness; no objection.
 14 MR. OCHOA: John Ochoa, I agree.
 15
 16 BRENT RICHARDSON,
 17 called as a witness herein, having been first duly
 18 sworn, was examined and testified as follows:
 19
 20 EXAMINATION
 21 BY MR. ROTHSCHILD:
 22 Q. Good morning, Mr. Richardson. My name is
 23 Eric Rothschild. I represent the plaintiffs in the
 24 lawsuit against the Dream Center Foundation,
 25 yourself, Chris Richardson, and Shelly Murphy.

Page 8

1 Q. Who is that?
 2 A. My brother.
 3 Q. Is he still practicing in that firm?
 4 A. I don't know.
 5 Q. Is the firm also representing your brother,
 6 Chris, in this matter?
 7 A. I don't know.
 8 Q. Have you entered into any joint defense
 9 agreements with any of the parties in this lawsuit?
 10 A. Not to my -- I don't know. I don't know.
 11 I believe so.
 12 Q. You are sounding again faint to me; I don't
 13 know if it's whether you're leaning back or far away
 14 from the microphone.
 15 THE REPORTER: Yes, Mr. Schern, can we do
 16 something about the sound, because it will be a very
 17 long day if we have to do this after every answer. I
 18 don't know where the microphone is.
 19 MR. SCHERN: It's on the camera. I don't
 20 know if there's anything I can do.
 21 THE REPORTER: Is the computer in front of
 22 the witness?
 23 MR. ROTHSCHILD: We can hear you fine.
 24 MR. SCHERN: You can hear me?
 25 THE REPORTER: Yes.

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1 **MR. SCHERN:** Let me try something.
2 **BY MR. ROTHSCHILD:**
3 Q. Mr. Richardson, have you been asked to
4 waive any conflicts between yourself and any of the
5 other defendants in this litigation?
6 **A. Not to my knowledge.**
7 Q. Okay. I appreciate that you've gone
8 through this deposition process before, but I'm just
9 going to give you a few general guidelines or
10 instructions that will hopefully make the process go
11 more efficiently. Obviously, I'm going to ask
12 questions. After I'm done, Mr. Ochoa, on behalf of
13 the foundation, or your own counsel, Mr. Schern, may
14 ask you some questions as well.
15 Robin here, the court reporter, is going to
16 be transcribing the written record. A few things
17 that you and I need to do to make her life easier,
18 one is, obviously, speaking loud enough so that she
19 can hear us.
20 A second thing is I'm going to ask you to
21 do as you have been, answering with words, rather
22 than with gestures or nonverbal utterances that are
23 more difficult for her to transcribe.
24 Do you understand that?
25 **A. Yes.**

Page 10

1 Q. And then I'm going to also ask, and I'm
2 going to try and follow myself, the request that we
3 not interrupt each other. There will surely be times
4 when I start asking a question and you can anticipate
5 where I'm going, and in ordinary conversation you
6 might interject to be helpful and answer the
7 question, but that makes Robin's life more difficult.
8 Similarly, if at any time I cut off your answer,
9 thinking you're done, that's not my intention, and
10 let me know and I'll give you the chance to complete
11 your answer. Okay?
12 **A. Yeah.**
13 Q. If I ask you a question and you don't
14 understand it, please let me know. Occasionally,
15 your attorney may object to some of my questions.
16 Unless he instruct you not to answer, you still need
17 to answer the question. And if you need to take a
18 break at any point, just let us know and I'm happy to
19 accommodate that.
20 What did you do to prepare for this
21 deposition?
22 **A. I read the letter with my -- the letter you**
23 **sent, the letter you sent to Mike.**
24 Q. You read the letter sent to Mike?
25 **A. The order for the deposition.**

Page 11

1 Q. That's the Court's order?
2 **A. Yes.**
3 Q. Four-page document?
4 **A. Yes.**
5 Q. Okay. Did you review any other documents
6 to prepare for this deposition?
7 **A. I did not.**
8 Q. Did you meet with counsel to prepare?
9 **A. Yes.**
10 Q. When did you do that?
11 **A. Yesterday.**
12 Q. For how long?
13 **A. An hour.**
14 Q. Okay. And in that meeting, you were not
15 shown any documents, other than possibly this order?
16 **A. Correct.**
17 Q. Okay. Independent of your meeting with
18 counsel, did you -- sorry, let me withdraw that
19 question.
20 Was anybody else present when you met with
21 Mr. Schern yesterday for an hour?
22 **A. Part of the time, yes, my brother was**
23 **there.**
24 Q. Anybody else?
25 **A. No.**

Page 12

1 Q. How long was he there?
2 **A. About 15 minutes.**
3 Q. Other than meeting with counsel, did you,
4 on your own, review any documents to prepare?
5 **A. No.**
6 Q. Have you discussed this deposition with
7 your brother, Chris, other than being in that
8 meeting?
9 **A. Not really.**
10 Q. When you say "not really," is there any
11 reason for that qualification?
12 **A. No.**
13 Q. Have you discussed this lawsuit regarding
14 your work at DCEH and regarding the Illinois
15 Institute of Art students with your brother Chris?
16 **A. Yes.**
17 Q. What did you discuss?
18 **A. I don't even remember the general points**
19 **of, I guess, the case or the complaint in the case.**
20 Q. I'm sorry, the general points, what, about
21 the case?
22 **A. The complaint of the case or whatever.**
23 Q. So you have reviewed the complaint?
24 **A. Oh, no, I haven't -- I haven't spent a lot**
25 **of time on it, no.**

Page 13

1 **MR. OCHOA:** Hey, Eric, just to jump in for
2 a second with the volume level for the witness.
3 Mike, one thing you can try, if you go to preferences
4 in Zoom, you could turn up the input volume on the
5 microphone on your microphone, like all the way to
6 the top, and that might help things.
7 **MR. SCHERN:** Okay. Hang on a minute.
8 **THE REPORTER:** Thank you very much.
9 **BY MR. ROTHSCHILD:**
10 Q. Mr. Richardson, you're aware that a
11 receiver was appointed a couple years ago to manage
12 the affairs of Dream Center Education Holdings and
13 some of the schools that it had owned?
14 **A. Yes.**
15 Q. And you know that receiver is Mark Dottore?
16 **A. Yes.**
17 Q. Have you received any instructions or
18 directions from the receiver or from the receiver's
19 lawyers about asserting attorney-client privilege on
20 DCEH's behalf during this deposition?
21 **A. Yeah, what? Could you ask it again?**
22 Q. Have you received instructions or direction
23 from the receiver of DCEH about asserting
24 attorney-client privilege for any reason, for
25 documents, for questions I ask you, on DCEH's behalf

Page 14

1 during this deposition?
2 **A. No.**
3 Q. Since you were sued, have you spoken with
4 the receiver for DCEH or counsel for the receiver of
5 DCEH or anyone else representing the receiver on any
6 subject?
7 **A. Have I spoken to the receiver? Yes.**
8 Q. Okay. After you were sued, which was on
9 January 25th?
10 **A. Yes.**
11 Q. What was the subject matter of that
12 conversation?
13 **A. Basically the only time we spoke is to**
14 **help, I remember two -- there was release documents**
15 **that there were a couple of things that needed to get**
16 **signed by different people in the organization and**
17 **they had called us to help get those signatures and**
18 **we helped them.**
19 Q. When, approximately, did that happen?
20 **A. I don't remember. I don't recall, but**
21 **maybe January or February.**
22 Q. And do you remember what was being released
23 in those documents? What were you signing your
24 agreement to?
25 **A. Yeah, the release, I believe, was for, that**

Page 15

1 **if they settled that, then we would release our**
2 **rights to go back to the insurance company for more**
3 **money.**
4 Q. I may have a few more questions about that
5 later.
6 Just, briefly, describe your education
7 after high school?
8 **A. It started at UCLA, and then attended**
9 **Eastern Illinois University, got a degree in**
10 **business; that's it. Graduated '84.**
11 Q. And that completes your --
12 **A. 1984.**
13 Q. Sorry to interrupt.
14 And that concluded your post-high school
15 education?
16 **A. Yes.**
17 Q. Where have you worked since graduating from
18 college and you can tick them off; just want to make
19 sure I know your background.
20 **A. You want to start 40 years ago or?**
21 Q. You can go backwards if that makes it
22 easier, and if your memory runs out, that's fine.
23 **A. I worked for some banks in Illinois in '85,**
24 **'86. Then started a company with my dad called**
25 **Educational Management Group, which is a K-12**

Page 16

1 **company, sold that to Simon & Schuster in '90 -- this**
2 **is approximately -- '92. Started another company**
3 **called Private Networks in '92, sold that to a**
4 **private equity in '96. '97, started another group of**
5 **companies, and we bought a company, called Learning**
6 **24/7. And then out of that we spun out a company,**
7 **which was an online company that we combined when we**
8 **bought Grand Canyon in 2003, '-4 time frame.**
9 **I was the CEO of Grand Canyon from 2004 to**
10 **2009, approximately. Then I became executive**
11 **chairman from 2009 to 2000 -- beginning of '18, end**
12 **of '17, when we took over DCEH. I was CEO there for**
13 **about a year, or however long that lasted. And**
14 **that's it.**
15 Q. So let me make sure I understand. For
16 Grand Canyon you were CEO from 2004 to 2009. And
17 then you said you were executive chairman of the
18 board; is that right?
19 **A. Yes.**
20 Q. Okay. And that was from 2009 until --
21 **A. 2017.**
22 Q. And why did you leave Grand Canyon?
23 **A. Because we were pursuing other educational**
24 **deals.**
25 Q. Because you were pursuing other educational

Page 17

1 deals?

2 **A. Yeah, and that was one of the reasons that**

3 **we were -- I was (inaudible) --**

4 **THE REPORTER:** You were what?

5 **THE WITNESS:** Going to get off the board

6 anyway, sorry.

7 **BY MR. ROTHSCHILD:**

8 Q. And then you became CEO of DCEH in what

9 year?

10 **A. That was -- I think we started in -- I**

11 **can't remember the dates, sorry. I think it was the**

12 **fall of -- late 2017 until end of, like, January 2nd**

13 **of 2019.**

14 Q. Do you mean 2018? Oh, until 2019, I'm

15 sorry.

16 **A. Yes.**

17 Q. All right. So fall of 2017 until early

18 January 2019 was your tenure at DCEH?

19 **A. Yeah, it was like October or November of**

20 **20 -- yeah, 2017 until January 1st of 2018 -- I mean**

21 **2019, sorry.**

22 Q. Thank you. No worries.

23 Before you became the CEO of DCEH, are you

24 aware that Dream Center Foundation was in the process

25 of purchasing schools from EDMC that would be owned

Page 18

1 by DCEH?

2 **A. Yes.**

3 Q. And did you have any involvement in that

4 transaction period before the sales closed?

5 **A. Yes, a little bit.**

6 Q. Describe your involvement in the

7 transactional period?

8 **A. I went out to them and looked at a couple**

9 **of the schools, went on a site visit, and had some**

10 **discussions with the bankers and other people**

11 **involving the deal.**

12 Q. How did you become involved with the

13 transaction?

14 **A. Their board and Randy Barton called me and**

15 **wanted to know if I would be interested in helping**

16 **out.**

17 Q. At the point that they called you, was the

18 prospect of purchasing the schools from EDMC already

19 in play, was already on the table?

20 **A. No, that was before, it was -- I mean,**

21 **yeah, it was in play, but it wasn't done.**

22 Q. Okay. But they had already started

23 discussions with EDMC before you became involved?

24 **A. Yes.**

25 Q. Okay. Did you know anybody at DCF, the

Page 19

1 foundation, before they reached out to you?

2 **A. Yes.**

3 Q. Who did you know?

4 **A. I knew Randy Barton; I knew Matthew**

5 **Barnett, Tommy Barnett. And one other gentleman, his**

6 **name is escaping me that was on the board.**

7 Q. Michael Clifford?

8 **A. No. He wasn't on the board.**

9 Q. When they reached out to you, what did they

10 ask you to do?

11 **A. They asked me if I would be CEO, run it.**

12 Q. You said you made some site visits; do you

13 mean site visits to schools?

14 **A. Yes.**

15 Q. Do you remember what schools you visited?

16 **A. I don't -- I don't. I mean, I remember**

17 **one, one school in Atlanta, but I don't know where**

18 **else --**

19 Q. One of the schools, where, I'm sorry?

20 **A. Atlanta.**

21 Q. During this period, did you visit any of

22 the schools in Illinois that were owned by EDMC?

23 **A. I don't remember, but I think I did.**

24 Q. Do you remember -- there were -- the group

25 EDMC -- the schools owned by EDMC fell under three

Page 20

1 systems, right, South, Argosy, and the Art

2 Institutes?

3 **A. Correct.**

4 Q. Do you remember whether the school in

5 Illinois, which one of those systems it was part of?

6 **A. I went to the Art Institute once in**

7 **Chicago, but I can't, because of when I started I**

8 **can't remember when it was.**

9 Q. So you don't know whether it was before or

10 after DCEH had purchased the schools?

11 **A. I don't remember.**

12 Q. Do you remember what your purpose was for

13 visiting the schools?

14 **A. Well, as soon as we took over it was -- I**

15 **was -- one of the things I wanted to do was visit all**

16 **63 campuses, which I set out to do. And I don't**

17 **think I made all of them, but I came close. So it**

18 **took me about four months or longer to get that done.**

19 Q. What did you do visiting each of these

20 schools? What was it that you did when you were

21 there?

22 **A. I met the people running the staff, the**

23 **professors, some of the students, you know, spoke to**

24 **some of the upper management of the school about how**

25 **things were going, what they needed, how do we fix**

Page 21

1 some of the problems, et cetera.

2 Q. Do you remember anything specific about who

3 you met with or what you talked about at the Illinois

4 Institute of Art in Chicago?

5 A. No, I don't.

6 Q. How were you compensated for your work at

7 DCEH?

8 A. I was not compensated.

9 Q. And that's all through no salary, no

10 bonuses, no severance payments, nothing?

11 A. Right.

12 Q. Why was that?

13 A. Two reasons: One, the Department asked

14 me -- the Department asked us to come in and help

15 with this. They didn't want, you know, 50,000 -- it

16 was going to keep 50,000, students, 15,000 employees

17 from being thrown out on the street. And I felt like

18 I could help, so I said yes, I would do it. And,

19 secondly, Dream Center is a big charity organization,

20 does a lot of good in California; Tommy Barnett was

21 my chancellor at Grand Canyon when we did Grand

22 Canyon; he helped us a lot, and I wanted to help this

23 charity, and so I thought I could be helpful and, you

24 know, in that regard, so that's why.

25 Q. Was it your intention to never receive

Page 22

1 compensation as CEO of DCEH or just it didn't happen

2 in the time you were there?

3 A. I wasn't looking for compensation. I

4 wasn't looking to be there forever. I was looking to

5 help turn it around and have someone else come in

6 there to take over, so I wasn't expecting

7 compensation.

8 Q. You said you left DCEH in January of 2019;

9 why did you do that?

10 A. Because the Department essentially came in

11 and said we're giving the schools to several

12 different -- the bankers and private equity, and they

13 put the lawyer for the private equity guys in charge

14 of all funds. They said you guys have no --

15 essentially, you guys don't control anything. I

16 said, "Well, no sense in being here if we're not

17 going to control anything and be responsible for

18 this."

19 Q. Did you personally make any investment in

20 the purchase of the schools from EDMC?

21 A. We didn't personally make an investment

22 when -- well, that depends how you look at

23 investment, I guess. No equity. But when we did the

24 deal, the bankers -- there were several tranches of

25 loans. The bankers asked us to go in on one of the

Page 23

1 tranches, so the loans, about a million and a half

2 dollars, I think it was, in one of the tranches.

3 Q. When you say "we," who is the "we" you're

4 referring to?

5 A. It would be one of -- it would be our

6 family office here (inaudible) --

7 THE REPORTER: What's it called?

8 THE WITNESS: Lopes Capital.

9 BY MR. ROTHSCHILD:

10 Q. So, okay, so you were a -- and who was the

11 loan to?

12 A. The loan was essentially to the schools.

13 Q. To the schools collectively?

14 A. Yes.

15 Q. Okay. And that would include the Illinois

16 Institute of Art, along with the other 60 or so

17 schools?

18 A. It was a cash -- it was a -- yes.

19 Q. Why did you loan money for -- to the

20 schools for this transaction?

21 A. Well, there were two -- one was for working

22 capital, which we were in that loan. And one was a

23 cash-based loan, meaning we had to have -- the cash

24 had to be sitting there, so it was secure. And that

25 loan was if the companies needed cap cash to be put

Page 24

1 into there at the end of the year to try to make sure

2 that they hit their different ratios, if it was

3 cap (inaudible) --

4 THE REPORTER: If it was what?

5 THE WITNESS: If there was capital there to

6 do it.

7 BY MR. ROTHSCHILD:

8 Q. Why did that money need to come from your

9 family business rather than the other lenders who

10 were participating in the transaction?

11 A. It didn't. The lenders asked for it as, I

12 guess, you know, like anything a part of good faith,

13 they wanted to say if you guys believe in this, why

14 aren't you putting some of the money in. It was a

15 small part, it was -- the loan was 20-plus million.

16 I think it was 22 million or something like that. It

17 was very minor.

18 Q. Has that loan been paid back?

19 A. Yes.

20 Q. Did that happen while you were still CEO at

21 DCEH?

22 A. Yes.

23 Q. Who was the debtor that paid that loan back

24 to you?

25 A. Like I said, it was mostly from -- I'm

Page 25

1 going to have to look that name up. There was -- it
 2 was -- so it was cash collateralized, so the cash was
 3 sitting there the whole time. So it was like an
 4 emergency loan, if you will. And the problem was it
 5 was costing, you know, four -- I can't remember the
 6 rate on it, but it was costing, you know, 400-
 7 \$500,000 a year interest payments for something we
 8 weren't using or needing at the time.
 9 So we asked the bankers to just dissolve
 10 the loan, because the company needed cash. We didn't
 11 need to be paying, you know, 500,000 a year or
 12 400,000 for something that we weren't using.
 13 Q. Who is the "we" in the we aren't using,
 14 sorry to be --
 15 A. The company wasn't -- you can only borrow
 16 for like five days, so it was really, you know,
 17 again, it wasn't -- it didn't make sense to pay that
 18 kind of interest for a five-day loan that you didn't
 19 need, or whatever.
 20 Q. And if we look at your tenure as CEO, going
 21 from fall of 2017 to January 2019, when in that
 22 period would you estimate that the loan was paid
 23 back?
 24 A. You know, it was -- I think it was the end
 25 of June note. So I think it was sometime after that,

Page 26

1 like July-ish time frame.
 2 Q. 2018?
 3 A. Yes.
 4 Q. Okay. I'm going to show you our first
 5 exhibit today.
 6 (Marked for identification [Exhibit 1.](#))
 7 **BY MR. ROTHSCHILD:**
 8 Q. Mr. Richardson, do you see there's a
 9 document that says "Exhibit A" on the screen?
 10 A. Yes.
 11 Q. And then scrolling down, there's a
 12 page-long declaration signed by you. Correct?
 13 **MR. OCHOA:** Can you make it a little bit
 14 bigger, Eric?
 15 **MR. ROTHSCHILD:** Does that help?
 16 **MR. OCHOA:** Yeah, thanks.
 17 **BY MR. ROTHSCHILD:**
 18 Q. Do you recognize this document as the
 19 declaration that you signed in support of --
 20 A. Yes.
 21 Q. -- your motion to dismiss plaintiffs' third
 22 amended class action complaint?
 23 A. Yes.
 24 Q. And you signed this under penalty of
 25 perjury. Correct?

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1 A. Yes. That's what it says.
 2 Q. Okay. So paragraph 4 you say I -- you
 3 state, "I do not own property in Illinois or maintain
 4 any assets in Illinois."
 5 Is that true?
 6 A. As far as I know.
 7 Q. Has that always -- has that always been
 8 true?
 9 A. Always? What does that mean?
 10 Q. Have you ever owned -- better question,
 11 have you ever owned property in Illinois or
 12 maintained assets in Illinois?
 13 A. Well, many years ago I worked in Illinois.
 14 I had a bank account in Illinois, probably --
 15 Q. How long ago was that?
 16 A. About 30 years ago.
 17 **THE REPORTER:** Counsel, I'm sorry to be a
 18 pain; I'm just trying to get a good record, and now
 19 Mr. Richardson has moved over so that I can't see his
 20 mouth, and I need to see his mouth, since the sound
 21 is a bit muffled. So would you mind moving over a
 22 little bit?
 23 **THE WITNESS:** Yeah, I was trying to read
 24 the document.
 25 **THE REPORTER:** I understand.

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1 **BY MR. ROTHSCHILD:**
 2 Q. Mr. Richardson, you do not consider the
 3 loan that you gave to the schools that you just
 4 described as constituting ownership of any of the
 5 schools, including the schools in Illinois?
 6 A. Absolutely not.
 7 Q. Did you have any involvement with valuing
 8 the assets that the Dream Center organizations
 9 purchased from EDMC?
 10 A. Not -- I didn't do the valuation work.
 11 Q. Did you have anything to do with
 12 negotiating the purchase of the schools?
 13 A. My -- my role was I didn't negotiate any of
 14 it, but I gave input to them on that -- on the price
 15 they would pay.
 16 Q. You knew that there were schools in
 17 Illinois that DC -- that the Dream Center
 18 organizations were purchasing at the time that this
 19 transaction was occurring. Right?
 20 A. They were contemplated.
 21 Q. And so you did know that there were
 22 Illinois schools when you consulted on the purchase?
 23 A. Yes.
 24 Q. Okay. Specifically regarding the Illinois
 25 Institute of Art, you were -- I know these questions

Page 29

1 seemed obvious -- but you were aware that the
 2 Illinois Institute of Art had campuses in Illinois?
 3 **A. Yes.**
 4 Q. And did you know that many or most of the
 5 students that attended that school resided in
 6 Illinois?
 7 **A. I didn't know where they all resided from.**
 8 Q. At a minimum, it was a brick and mortar
 9 school, right, so students resided in Illinois while
 10 they attended?
 11 **MR. SCHERN:** Objection; form, foundation.
 12 **THE WITNESS:** Yes, I assumed there were
 13 students there from Illinois.
 14 **BY MR. ROTHSCHILD:**
 15 Q. Did Illinois Institute of Art recruit
 16 students in Illinois?
 17 **MR. SCHERN:** Object to the form,
 18 foundation.
 19 **THE WITNESS:** Yes, in general, yes.
 20 **BY MR. ROTHSCHILD:**
 21 Q. And when I say did they recruit students in
 22 Illinois, did the school recruit applicants who
 23 resided in Illinois to attend that school?
 24 **A. Yes.**
 25 Q. Did DCEH participate in those efforts?

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1 **A. What does that -- I don't understand what**
 2 **that means.**
 3 Q. Did Dream Center Education Holdings
 4 participate in Illinois Institute of Art's
 5 recruitment efforts?
 6 **A. I still don't understand it. DCEH was the**
 7 **parent company --**
 8 Q. Right?
 9 **A. -- they didn't do the day-to-day recruiting**
 10 **of students.**
 11 Q. Did they have any involvement with the
 12 marketing of the schools they owned to the applicant
 13 population?
 14 **A. I would say, generally, no.**
 15 Q. What were your duties and responsibilities
 16 as chief executive officer of DCEH?
 17 **A. Well, my duties were basically, like I said**
 18 **earlier, one was to turn around the**
 19 **organization -- you know, work with the schools. We**
 20 **were trying to provide any kind of programming into**
 21 **the schools for students, work with the team at**
 22 **DCEH that oversaw this to some degree. That's my**
 23 **general -- like I said, most of the first -- we**
 24 **didn't really get started until January. Most of the**
 25 **first four to five months I spent on the road, either**

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1 **at schools or states or Department of Ed.**
 2 Q. And you said you were trying to turn things
 3 around; what did you mean by that?
 4 **A. Meaning a lot of the schools were**
 5 **struggling, declining student populations, all the**
 6 **problems with any struggling schools.**
 7 Q. That was a big concern for the schools?
 8 **A. What?**
 9 Q. Declining student population.
 10 **A. Yes.**
 11 Q. As CEO, did you have final authority over
 12 decisions at DCEH?
 13 **A. No -- I mean, no.**
 14 Q. Who did?
 15 **A. Well, it depends on the -- depends on what**
 16 **you're talking about. The board had -- on some**
 17 **issues it would be the board. A lot of issues it**
 18 **would be the C-suite that reported up to them. And**
 19 **then, you know, we also made -- we -- mostly we had a**
 20 **committee of the C-suite that made a lot of those**
 21 **decisions, a group.**
 22 Q. Okay. So the C-suite, did -- did that
 23 group of officers or leaders sometimes call
 24 themselves "the cabinet"?
 25 **A. Sorry, I couldn't hear you.**

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1 Q. Sure. Did that group of officers or
 2 leaders at DCEH, did you sometimes call yourselves
 3 "the cabinet"?
 4 **A. Yes.**
 5 Q. And so are those terms co-extensive, "the
 6 C-suite" and "the cabinet"?
 7 **A. Essentially.**
 8 Q. And you're saying that much of the
 9 decision-making was made collectively within that
 10 group?
 11 **A. Yes.**
 12 Q. Which included yourself?
 13 **A. Yes.**
 14 Q. Included Chris Richardson, your brother?
 15 **A. Yes.**
 16 Q. He was general counsel?
 17 **A. He was general counsel.**
 18 Q. Included Shelly Murphy?
 19 **A. Yes.**
 20 Q. And she was chief regulatory officer?
 21 **A. No, she was -- I don't know the title, but**
 22 **she was over the government affairs mostly.**
 23 Q. Who else was in that cabinet?
 24 **A. Mike Lacrosse, John Crowley, Shelley**
 25 **Gardner -- who else -- Monica Carson, Melissa**

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1 **Ebensshade. That's about it. There's a few other**
 2 **people that came in and out, depending on the timing.**
 3 Q. Did you consider Randy Barton part of that
 4 cabinet or C-suite?
 5 **A. He certainly had a -- he would come in, but**
 6 **he wasn't day-to-day.**
 7 Q. The group that you did mention, did they
 8 all work in the same physical location?
 9 **A. Yes, I believe so.**
 10 Q. And that was in Scottsdale?
 11 **A. Yeah, actually, in -- not Mesa, what's that**
 12 **other one, Gilbert -- no, not Gilbert -- Chandler.**
 13 **Chandler, Arizona.**
 14 Q. And, Mr. Richardson, I'm going to ask that
 15 you give your recollection to the best of your
 16 memory, not seek help from counsel. Obviously, this
 17 is a pretty innocuous topic; I'm not suggesting
 18 anything untoward.
 19 **A. No, because he lives down there; I couldn't**
 20 **remember Chandler or Gilbert.**
 21 Q. I understand. I know it wasn't with any
 22 bad intention; I just want to make sure we get your
 23 best memory.
 24 And, Robin, I'm going to mark that first
 25 exhibit we used with Mr. Richardson as Brent

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1 Richardson [Exhibit 1](#). That was that declaration.
 2 **THE REPORTER:** Okay.
 3 **MR. ROTHSCHILD:** Now I'm going to show
 4 [Exhibit 2](#).
 5 (Marked for identification [Exhibit 2](#).)
 6 **BY MR. ROTHSCHILD:**
 7 Q. Mr. Richardson, what I've marked as Exhibit
 8 2, which begins with the Bates stamp DCEH-Studio
 9 13908, has a title of "Third Annual Report of the
 10 Settlement Administrator Under the Consent Judgments
 11 with Education Management Corporation, as Succeeded
 12 by Dream Center Education Holdings."
 13 Do you remember that during the time that
 14 you were CEO of DCEH, it was subject to the oversight
 15 of the settlement administrator acting on behalf of
 16 the attorneys general, that had started while the
 17 schools were owned by EDMC?
 18 **A. Yes.**
 19 Q. Okay. And you -- during your tenure, you
 20 received reports like the one we have in front of you
 21 now marked as [Exhibit 2](#) from that settlement
 22 administrator?
 23 **A. I don't remember them, but possibly.**
 24 Q. Do you remember speaking to the settlement
 25 administrator or lawyers representing the settlement

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1 administrator during your tenure?
 2 **A. Yes, I spoke to them one time.**
 3 Q. One time, okay. And do you remember, did
 4 you speak with Mr. Perelli or someone acting on his
 5 behalf?
 6 **A. I think I spoke with Mr. Perelli, and I**
 7 **don't remember, I think there were a couple other**
 8 **people there.**
 9 Q. Okay. I'm going to show you on
 10 page -- page 21 or the Bates stamp 138931, you see
 11 there's a discussion that starts that starts, "Woz
 12 U," and it talks about DCEH's flirtation with the Woz
 13 U partnership. Do you see that?
 14 **A. Yes. Can you make it bigger.**
 15 Q. Sure.
 16 **A. Uh-huh.**
 17 Q. What is Woz U?
 18 **A. Woz U is a company that the -- the -- our**
 19 **family office owns a part of; it's a school that**
 20 **teaches different kinds of coding, data analytics,**
 21 **and other things to students.**
 22 Q. Did your family company own a share of Woz
 23 U during the time that you were the CEO of DCEH?
 24 **A. Yes.**
 25 Q. And did Woz U try to partner with schools

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1 owned by DCEH to sell its services to schools owned
 2 by DCEH?
 3 **A. I'm going to say the answer to that**
 4 **is -- well, I'll give you the background. When we**
 5 **did this -- when we did this -- when I talked to the**
 6 **Department of Ed, when we first started down this**
 7 **road, they asked -- they were familiar with Woz.**
 8 **They were very interested in the programs, because**
 9 **they were low cost and high return, meaning that**
 10 **students got very good jobs.**
 11 **So it was their interest and their kind of**
 12 **working with us that they wanted to try to put some**
 13 **of these programs in our schools, make the programs**
 14 **applicable -- I mean available to our students.**
 15 **However, as with any great bureaucracy, our own**
 16 **people in these schools, when we brought this up as a**
 17 **possibility to be able to work with students and**
 18 **provide programs, it was not received well by the**
 19 **schools that we talked to, and so we never went**
 20 **forward with it.**
 21 Q. So you tried to partner with DCEH-owned
 22 schools, but never did; is that fair?
 23 **A. Yeah.**
 24 Q. Did you -- did that -- those partnership
 25 efforts include Woz U partnering with the Illinois

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1 Institute of Art?
 2 **A. We never spoke directly to them. This was**
 3 **all a higher level.**
 4 Q. Was the intention that the Woz U
 5 partnership would be with Art Institutes?
 6 **A. Sorry?**
 7 Q. Sure. Was it your intention that the Woz U
 8 partnership include the Art Institutes that DCEH
 9 owned?
 10 **A. Yeah, we were going to make them available**
 11 **at all schools, if they wanted them.**
 12 Q. And I ask this question not with any
 13 judgment, but Woz U would have profited from such
 14 arrangements. Correct?
 15 **A. Well, they would have got revenue; let's**
 16 **say that.**
 17 Q. Fair enough.
 18 Does Woz U, putting the DCEH-owned schools
 19 aside, does Woz U solicit business -- let me back up.
 20 Do you still -- do you or your family company own any
 21 shares -- share of Woz U now?
 22 **A. Yes, we still do.**
 23 Q. And does Woz U solicit customers who reside
 24 in Illinois?
 25 **A. Not to my knowledge.**

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1 Q. Where does it solicit its customers?
 2 **A. I don't know -- I think we're mostly in the**
 3 **Southwest now because -- but I don't know. I'm not**
 4 **involved with the day-to-day anymore.**
 5 Q. And there's no, for example, national
 6 marketing program of Woz U?
 7 **A. Not currently. They've changed the mold.**
 8 Q. At any point in time since you've owned Woz
 9 U, did Woz U solicit business in Illinois?
 10 **A. I can't hear you now, I'm sorry.**
 11 Q. No problem. Thank you for telling me.
 12 At any point in time since you -- since you
 13 owned a share of Woz U, has Woz U solicited business
 14 in Illinois?
 15 **A. I don't know the answer to that.**
 16 Q. It's possible it has?
 17 **A. I mean, possible.**
 18 Q. I'm going to go down to the next page,
 19 sorry, actually, that was -- let me go back to that.
 20 In the paragraph that starts, "In March
 21 2018," take a minute to read it, but it seems like
 22 it's describing some of the bureaucratic conflict
 23 that you just described a moment ago between yourself
 24 and some of the people you were working with; is that
 25 fair?

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1 **A. Yes, fair.**
 2 Q. And the administrator has some language in
 3 quotes that starts, "Pittsburgh is the place where
 4 everything goes to die," and when we get through the
 5 several quoted sentence, it states, "Richardson has
 6 acknowledged making the remarks along these lines."
 7 Did you acknowledge making the remarks
 8 along the lines that are quoted in this paragraph, in
 9 this group of sentences that begins "Pittsburgh is
 10 the place where everything goes to die"?
 11 **A. No, I mean, those were misquoted. That was**
 12 **on a phone call with leaders at the different**
 13 **schools.**
 14 Q. So you're saying now the settlement
 15 administrator misquoted you here?
 16 **A. Excuse me?**
 17 Q. You are testifying that the settlement
 18 administrator misquoted you when he attributed the
 19 words within quotes at the bottom of this
 20 paragraph --
 21 **A. Yes.**
 22 Q. Okay. In what way -- in what ways did he
 23 misquote you?
 24 **A. Well, I don't remember exactly what was**
 25 **said, but I didn't say "Pittsburgh is the place where**

Page 40

1 **everything goes to die."**
 2 Q. Did you say, "I run DCEH," "I run Woz U"?
 3 **A. Again, I don't believe I would ever say**
 4 **that.**
 5 Q. Okay. Was it true at the time that you ran
 6 DCEH?
 7 **A. It's true that I was CEO.**
 8 Q. And is it true that at the time you ran Woz
 9 U?
 10 **A. No, I was not running Woz U.**
 11 Q. Given all the errors that you're now
 12 pointing out, did you do anything to correct the
 13 record that the settlement administrator had set
 14 forth here in this report?
 15 **MR. SCHERN:** Objection; form, foundation.
 16 **THE WITNESS:** I don't even know that I
 17 saw -- maybe I saw this. I don't remember.
 18 **BY MR. ROTHSCHILD:**
 19 Q. So you don't remember doing anything to
 20 communicate anything to the settlement administrator
 21 that you had been misquoted?
 22 **MR. SCHERN:** Same objection.
 23 **THE WITNESS:** Yeah, correct. I don't
 24 remember -- I remember this -- this coming up. I
 25 don't remember anything about this coming through the

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1 administrator.

2 **BY MR. ROTHSCHILD:**

3 Q. You do remember that language -- you

4 remember hearing that language like this was

5 attributed to you, though?

6 A. **That language was what?**

7 Q. That language of this nature was attributed

8 to you, statements of this nature were attributed to

9 you, you knew that?

10 A. **Yes.**

11 Q. Were you a member of the DCEH board of

12 directors?

13 A. **Yes.**

14 Q. Were you the chair of the board?

15 A. **I believe I was co-chair.**

16 Q. Who was the other co-chair or co-chairs?

17 A. **Randy Barton.**

18 Q. What were your responsibilities as a board

19 member of DCEH?

20 A. **Typical board responsibilities, but I**

21 **wasn't on any committees.**

22 Q. When you say typical responsibilities, what

23 do you mean?

24 A. **Well, typical board responsibilities.**

25 Q. I've been on boards; I'm sure others have

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1 been members of boards of different organizations. I

2 don't want to make any assumptions; when you say

3 typical responsibilities, what do you mean?

4 A. **Attending board meetings, you know,**

5 **oversight of, you know, different policies the board**

6 **was looking at. The reality was, being on the road**

7 **all the time, I missed several of the board meetings**

8 **because I was out, so Randy essentially ran most of**

9 **the board meetings.**

10 Q. Did you report to the DCEH board in your

11 capacity as executive director or CEO?

12 A. **Yes.**

13 Q. And what did you understand your

14 responsibilities to be to the board in terms of

15 keeping them informed? What did they need to know

16 from you?

17 A. **Lots of things. The health and wellness of**

18 **the business. Issues surrounding schools, any legal**

19 **complaint, you know, in general, anything that -- you**

20 **know, major purchases, any kind of thing like that.**

21 **Any kind of finance. Any kind of financial stuff**

22 **would be reported to the board.**

23 Q. One of the things that you said was issues

24 with schools; did that include anything -- issues

25 that would affect the financial condition of the

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1 schools?

2 A. **Sorry, can you say that again?**

3 Q. Yeah, you said one of the things that you

4 were responsible as CEO for doing, for informing the

5 board about, was issues with schools; did that

6 include issues with individual schools' financial

7 condition?

8 A. **Yeah. Sure.**

9 Q. Did it include anything that would affect a

10 school's Title IV eligibility?

11 A. **Yeah, I guess if there was a problem with**

12 **Title IV, in a general sense. I don't know about**

13 **individually, but yeah.**

14 Q. Dream Center Education Holdings was owned

15 100 percent by Dream Center Foundation. Correct?

16 A. **Yes.**

17 Q. You were not on the board of the Dream

18 Center Foundation. Correct?

19 A. **Correct.**

20 Q. In your capacity as CEO of DCEH, did you

21 sometimes give reports to the Dream Center Foundation

22 board?

23 A. **Typically Randy did. I went to the -- I**

24 **went to one board meeting at DCF, but I didn't report**

25 **out on -- on anything.**

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1 Q. What was Randy's position at Dream Center

2 Education Holdings?

3 A. **He was -- we would try to get -- he was in**

4 **charge of development, trying to raise dollars. It**

5 **was supposed to be a nonprofit.**

6 Q. Fair to say that in the org chart he

7 reported to you?

8 A. **I guess in the org chart -- I guess not**

9 **really. He didn't really report to me,**

10 **but -- but --**

11 Q. So the answer -- is the answer yes or no?

12 A. **The answer's no.**

13 Q. What about the CFO, the general counsel,

14 chief government affairs, were they -- in the org

15 chart, do they report to you?

16 **MR. OCHOA:** Object to the form.

17 **THE WITNESS:** In the org chart sense, yes.

18 In general, everybody reported up; John was the chief

19 operating officer, he basically ran the day-to-day.

20 **BY MR. ROTHSCHILD**

21 Q. So from a practical standpoint, they

22 reported to John, but on the org chart everybody

23 reported to you. Right?

24 **MR. SCHERN:** Form, foundation.

25 **THE WITNESS:** Yes, on the org chart.

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1 **BY MR. ROTHSCHILD:**
 2 Q. And is there something distinct about Randy
 3 that he didn't report to you when all the other
 4 officers did or from a formal standpoint was he --
 5 did he also report to you?
 6 **MR. SCHERN:** Objection; form and
 7 foundation.
 8 **THE WITNESS:** Yeah, I don't think -- he
 9 came on later; I don't think he ever reported
 10 directly to me.
 11 **BY MR. ROTHSCHILD:**
 12 Q. Why was he the person communicating more
 13 regularly to the DCF board rather than you, as the
 14 chief executive officer?
 15 **A. Because he had a lot of board experience,**
 16 **and he was -- essentially had more time to -- he was**
 17 **better at working with the board than I was.**
 18 Q. Better at working with the DCF board in
 19 particular?
 20 **A. Just with boards.**
 21 Q. Were you a board member of any of the
 22 schools owned by DCEH?
 23 **A. I believe I was, but I don't know, because**
 24 **I think we -- that whole thing I remember we had to**
 25 **have so many people, we each had to sit on -- I think**

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1 **I -- I think I was on Argosy.**
 2 Q. Okay. So you were on the board of Argosy
 3 but not the Art Institute or South systems?
 4 **A. I believe that's correct.**
 5 Q. Were you registered with the State of
 6 Illinois as a manager of the Illinois Institute of
 7 Art?
 8 **A. I have no idea.**
 9 **(Marked for identification Exhibit 3.)**
 10 **BY MR. ROTHSCHILD:**
 11 Q. Showing you a document that was Exhibit A
 12 to a motion filed by the plaintiffs from the office
 13 of the Illinois Secretary of State.
 14 Would you take a look at that, and tell me
 15 if it refreshes your recollection about whether you
 16 were a manager of the Illinois Institute of Art; you
 17 can see the name "Illinois Institute of Art," your
 18 name, Randy's name, Matthew Barton's name on the
 19 document?
 20 **A. I have no idea. I've never seen this**
 21 **document. I have no idea what it is.**
 22 Q. Do you have any reason to dispute that you
 23 registered as the manager, one of the managers of the
 24 Illinois Institute of Art with the State of Illinois?
 25 **A. My dispute was somebody registered me. I**

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1 **didn't register.**
 2 **MR. SCHERN:** Hey, Eric, can we take a
 3 break?
 4 **MR. ROTHSCHILD:** Sure.
 5 **MR. SCHERN:** Okay.
 6 **MR. ROTHSCHILD:** How long do you need? Was
 7 that Mike asking or John? Sorry.
 8 **MR. SCHERN:** Yeah, that was Mike.
 9 Shouldn't be more than 15 minutes. I have to get a
 10 power cord for my laptop here.
 11 **MR. ROTHSCHILD:** Okay. So we're going to
 12 take a 15-minute break?
 13 **MR. SCHERN:** Yes.
 14 **MR. ROTHSCHILD:** So 1:20?
 15 **MR. SCHERN:** Sure.
 16 **MR. ROTHSCHILD:** Before we go off the
 17 record, the exhibit I just showed the witness will be
 18 [Exhibit 3](#).
 19 **THE REPORTER:** Okay. Thank you.
 20 (Recessed from 10:05 a.m. until 10:20 a.m.)
 21 (Marked for identification [Exhibit 4](#).)
 22 **BY MR. ROTHSCHILD:**
 23 Q. Mr. Richardson, I've marked as [Exhibit 4](#) a
 24 United States Department of Education document; it's
 25 titled "Temporary Program Participation Agreement."

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1 Is -- are program participation agreements
 2 between universities and Department of Education
 3 something that you are familiar with from your work
 4 at Grand Canyon and Dream Center?
 5 **A. In general terms, but I'm not an expert on**
 6 **them.**
 7 Q. You understand them to be agreements that
 8 institutions of higher education enter into with the
 9 Department in order to be eligible for federal
 10 funding, including through Title IV?
 11 **MR. SCHERN:** Objection; form, foundation.
 12 **THE WITNESS:** Yes, in general.
 13 **BY MR. ROTHSCHILD:**
 14 Q. And are you familiar with program
 15 participation agreements sometimes being temporary as
 16 this document is titled?
 17 **A. Yes.**
 18 Q. Did you sign the PPAs and temporary PPAs
 19 for the schools that DCEH owned during your tenure as
 20 CEO of that organization?
 21 **MR. SCHERN:** Form, foundation.
 22 **THE WITNESS:** I don't recall.
 23 **BY MR. ROTHSCHILD:**
 24 Q. This document was produced from the
 25 Department of Education, and it begins with the Bates

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1 stamp DUN-PLS 5139 -- 0005139. If you go to the
 2 bottom of the document, where the signature blocks
 3 are, you'll see there are signature spaces and they
 4 have redactions that were placed here by the
 5 Department of Education.
 6 Do you see that for -- and you saw that
 7 this one was for the Illinois Institute of Art, this
 8 temporary PPA. Right?
 9 **A. Yes.**
 10 Q. And you see that your name is listed as the
 11 signature of institution's owner. Correct?
 12 **A. Yes.**
 13 Q. I appreciate that signature is largely
 14 blocked out, but given the parts of the signature
 15 that you see below on the left and above on the
 16 middle, does that look like that's your signature?
 17 **A. I have no idea.**
 18 Q. Okay. You -- you were the CEO of the
 19 Illinois Institute of Art's owner. Correct?
 20 **MR. SCHERN:** Objection; form, foundation.
 21 **THE WITNESS:** I was the CEO of DCEH.
 22 **BY MR. ROTHSCCHILD:**
 23 Q. And that was Illinois Institute of Art's
 24 owner in February 2018. Correct?
 25 **A. I don't remember when we took over, because**

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1 **it was late. But it was the second -- it was the**
 2 **second -- there was a tranche that closed in October**
 3 **and then a tranche that closed, I can't remember**
 4 **when, January or February.**
 5 Q. Is that your handwriting in the date space
 6 next to the signature space where your name is
 7 listed?
 8 **A. I can't tell.**
 9 Q. Is -- is this the dating convention you
 10 typically use when you numerically date a document,
 11 with dashes rather than backslashes like the other
 12 signatories have used?
 13 **A. I have no -- I don't do -- I don't think**
 14 **so, but I don't know. I've never looked at it.**
 15 Q. Do you have any reason to dispute that you
 16 signed this document?
 17 **A. I don't have a reason to confirm or**
 18 **dispute.**
 19 Q. And that looping text that has made it out
 20 from under the redactions, that does not refresh your
 21 recollection that that's your signature?
 22 **MR. SCHERN:** Objection; form, foundation.
 23 **THE WITNESS:** I can't see it.
 24 **BY MR. ROTHSCCHILD:**
 25 Q. You can't see where I put the cursor?

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1 **A. Yeah, I can see that --**
 2 Q. Okay.
 3 **A. -- the line.**
 4 **(Marked for identification Exhibit 5.)**
 5 **BY MR. ROTHSCCHILD:**
 6 Q. I'm going to mark as [Exhibit 5](#), a document
 7 beginning with -- Bates stamped 266 -- DCEH-Studio
 8 026604. And I'm going to just show you this
 9 signature block on this page -- on this document.
 10 Is the signature on page 26758 your
 11 signature?
 12 **A. Looks like it.**
 13 Q. Okay. And seeing that signature here, does
 14 that give you any more confidence that the signature
 15 blocked out on the previous document was, in fact,
 16 your signature?
 17 **A. It doesn't have anything to do with it.**
 18 Q. What is Arcadia Education Holdings, LLC?
 19 **A. Arcadia Education Holdings. I don't know.**
 20 **We have a lot of LLCs.**
 21 Q. "We" meaning your family companies?
 22 **A. Family office.**
 23 **(Marked for identification Exhibit 6.)**
 24 **BY MR. ROTHSCCHILD:**
 25 Q. Mr. Richardson, what I've now put up on the

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1 screen is a document filed in this litigation on
 2 January 25th, 2021. It's Docket Number 106. It's
 3 titled, "Third Amended Class Action Complaint and
 4 Jury Demand."
 5 Do you see your name, Mr. Richardson's
 6 name, and Shelly Murphy's name in that caption there?
 7 **A. Yeah.**
 8 Q. Do you recognize this as the document that
 9 initiated the lawsuit against yourself, this lawsuit?
 10 **A. I have no idea.**
 11 Q. You're aware that you have been sued by a
 12 group of former Illinois Institute of Art students.
 13 Right?
 14 **A. Yes.**
 15 Q. That's the case that your deposition is
 16 being taken in. Right?
 17 **A. Yes, I assume so.**
 18 Q. How did you find out that you had been
 19 sued?
 20 **A. I believe I was served or someone dropped**
 21 **it off at my house, I believe.**
 22 Q. And when you say "dropped it off," was it a
 23 document that looked like this?
 24 **A. As far as I can tell, yes. I didn't study**
 25 **the document in detail.**

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1 Q. Did you read it at all?
 2 A. **I did peruse it.**
 3 Q. You looked for your name in it?
 4 A. **My name's right -- yeah, my name's on the**
 5 **front.**
 6 Q. Did you look for your name throughout the
 7 document?
 8 A. **Oh, I don't recall. I haven't looked at it**
 9 **in a while.**
 10 Q. What is your understanding of why the
 11 students have sued you?
 12 A. **Because they have -- the reason that -- I**
 13 **have no idea why they've sued me. I guess misplaced**
 14 **blame.**
 15 Q. Misplaced blame for what?
 16 A. **For whatever you're suing me for.**
 17 Q. So you -- you have no understanding beyond
 18 that of -- you have no -- you have no understanding
 19 that you can express beyond what you just said about
 20 why the students are suing you?
 21 A. **No, I don't know why the students are suing**
 22 **me.**
 23 Q. Do you understand that it has something to
 24 do with the change of accreditation that happened to
 25 their school after Dream Center Education Holdings

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1 took over ownership of the Illinois Institute of Art?
 2 A. **Yes.**
 3 Q. Okay. How did you develop that
 4 understanding?
 5 A. **I think that's been bantered around, that**
 6 **that's -- whether through reading or talking, that**
 7 **that's the complaint.**
 8 Q. Has anybody else sued you for issues
 9 arising out of the Illinois Institute of Art's loss
 10 of accreditation?
 11 A. **Not to my knowledge.**
 12 Q. Has the receiver sued you for any reason?
 13 A. **Has the receiver sued me?**
 14 Q. Has the receiver filed a lawsuit against
 15 you?
 16 A. **I don't believe so.**
 17 Q. I'm sorry, go ahead.
 18 A. **I don't believe so.**
 19 Q. Has the receiver threatened to file a
 20 lawsuit against you?
 21 A. **The receiver sent me a letter, but I don't**
 22 **remember the contents of the letter as far as**
 23 **how -- how it was worded, if -- you know, so -- I**
 24 **don't remember if there was any litigation threatened**
 25 **or not.**

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1 Q. Did the receiver in that letter describe
 2 any claims that he might bring against you?
 3 A. **I don't recall. I haven't read -- it's**
 4 **been quite a while since I got that, probably a year.**
 5 **And maybe not quite that long, but --**
 6 Q. Did that letter come directly to you, or
 7 did it come to you through your -- through an
 8 insurance company?
 9 A. **I don't remember.**
 10 Q. Did that letter in any way address the
 11 issues of -- any issues around the change of
 12 accreditation for the Illinois Institute of Art?
 13 A. **I don't remember the letter. I don't**
 14 **remember what was said in the letter.**
 15 Q. You spoke earlier about releasees. Have
 16 you entered into an settlement agreement with the
 17 receiver?
 18 A. **Yes.**
 19 Q. What was being settled?
 20 A. **I don't know specifically all the -- the**
 21 **answer to that. As far as I know, the -- there were**
 22 **several people that filed against the -- the**
 23 **receiver -- or the -- the State, or whatever you want**
 24 **to call it. And so I think that that was, you know,**
 25 **releasing from them and any further**

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1 **complaint -- further suits, or whatever.**
 2 Q. You didn't make a claim against the
 3 receiver. Right?
 4 A. **I did not.**
 5 Q. Okay. Never have?
 6 A. **No.**
 7 Q. Okay. So you didn't need to -- and you
 8 hadn't threatened to file a lawsuit against the
 9 receiver or any of the entities he -- he manages?
 10 **MR. SCHERN:** Objection; form, foundation.
 11 **THE WITNESS:** I don't believe so.
 12 **BY MR. ROTHSCHILD:**
 13 Q. Okay. So what were you -- what were you
 14 releasing the receiver -- what were you -- what
 15 release were you granting to the receiver?
 16 **MR. SCHERN:** Objection; form, foundation,
 17 irrelevant.
 18 Eric, how does this have anything to do
 19 with jurisdiction?
 20 **MR. ROTHSCHILD:** I'm trying to -- I'll
 21 withdraw that question.
 22 **MR. SCHERN:** Yeah, let's get going on
 23 jurisdiction, because I've been really, really --
 24 **MR. ROTHSCHILD:** I'll withdraw that
 25 question.

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1 **MR. SCHERN:** I've been real patient so far.
2 I want you to stick to what's on page 3 of the
3 judge's order with respect to jurisdiction. And if
4 you don't, I'll just terminate the deposition and go
5 to the judge.
6 **MR. ROTHSCHILD:** I'm not going to tell you
7 what to do, Mike; you can make your judgments.
8 **MR. SCHERN:** Okay. Stick with the
9 jurisdiction.
10 **BY MR. ROTHSCHILD:**
11 Q. Does your settlement include a bar of the
12 claims that the students I represent, a bar of the
13 claims that they brought against you?
14 **MR. SCHERN:** Objection; form, foundation,
15 relevancy.
16 You can answer, if you know.
17 **THE WITNESS:** Yeah, I don't -- I don't
18 recall who all the -- they do have a borrower. I
19 don't know who all is listed in that.
20 **BY MR. ROTHSCHILD:**
21 Q. Did you request the bar order?
22 **A. My lawyers, I believe, did.**
23 Q. And what lawyers are those?
24 **A. Leo Beus. Beus Gilbert.**
25 Q. Go back to the first exhibit, which was

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1 your declaration. Paragraph 5 says, "I do not
2 advertise or solicit business in Illinois, maintain
3 business contracts in Illinois, regularly and
4 knowingly purchase products in Illinois, to my
5 knowledge, or maintain any bank accounts in
6 Illinois."
7 Is that sentence intended to be only in the
8 present tense or is it intended to go back -- back in
9 time?
10 **MR. SCHERN:** Objection; form, foundation.
11 **THE WITNESS:** Yeah, I mean, as far as I
12 know currently -- currently, today, I don't have -- I
13 don't -- statement 5 is correct.
14 **BY MR. ROTHSCHILD:**
15 Q. How about in the past, have you ever
16 advertised or solicited business in Illinois?
17 **A. Ever?**
18 Q. Yes.
19 **A. In the past 40 years?**
20 Q. Sure.
21 **A. I suppose I have.**
22 Q. Okay. What about during the time that you
23 were the CEO of DCEH, did you advertise or solicit
24 business in Illinois?
25 **A. Are you asking me personally or are you**

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1 **asking if the companies I operated might have**
2 **solicited business in the state of Illinois.**
3 Q. Let's start with personally?
4 **A. Personally, no.**
5 Q. What about the companies you owned or
6 operated, did they solicit business in Illinois
7 during the years that you were CEO of DCEH?
8 **A. I don't know, but I assume they did.**
9 Q. Okay. For example, in DCEH's management of
10 the Illinois Institute of Art, would you agree that
11 those companies advertise and solicited business in
12 Illinois during those years?
13 **A. I don't know.**
14 Q. You can't deny it?
15 **MR. SCHERN:** Objection; form and
16 foundation.
17 **THE WITNESS:** I can't.
18 **BY MR. ROTHSCHILD:**
19 Q. And you also can't deny that for Woz U
20 during that time period either. Correct?
21 **MR. SCHERN:** Objection; form, foundation.
22 **THE WITNESS:** Correct.
23 **BY MR. ROTHSCHILD:**
24 Q. Did the schools that DCEH purchased from
25 EDMC have to apply to their creditors for approval of

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1 change of control?
2 **A. I must -- I think so.**
3 Q. Did you play a role in the -- in requesting
4 that approval?
5 **A. I can't recall.**
6 Q. Was the Illinois Institute of Art a
7 creditor of the Higher Learning Commission or HLC?
8 **A. Yes.**
9 Q. Where is HLC located?
10 **A. Chicago, I believe.**
11 Q. Did you have interactions with HLC during
12 your tenure as CEO of DCEH?
13 **MR. SCHERN:** Objection; form, foundation.
14 **THE WITNESS:** Yes. Limited, but yes.
15 **BY MR. ROTHSCHILD:**
16 Q. Were those interactions in person or by
17 phone or both?
18 **A. I think I was on one phone call with them,**
19 **and I went in person to fight for the -- help the**
20 **students to one meeting.**
21 Q. In Chicago?
22 **A. No, that was in -- oh, yeah, it was in**
23 **Chicago, sorry.**
24 **MR. ROTHSCHILD:** Robin, what exhibit number
25 are we on? Is it 6 or 7.

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1 **THE REPORTER:** Give me a minute and I'll
2 look.
3 **MR. ROTHSCHILD:** 6 was the amended
4 complaint, so this will be 7.
5 **THE REPORTER:** Okay, sounds good.
6 (Marked for identification [Exhibit 7.](#))
7 **BY MR. ROTHSCHILD:**
8 Q. Mr. Richardson, I've marked as [Exhibit 7](#), a
9 document Bates stamped beginning DCEH-Studio 199580,
10 and you see that it's addressed to an interim
11 president at the Art Institute of Colorado, president
12 of Illinois Institute of Art, and yourself, as
13 president and CEO of Dream Center Education Holdings.
14 Correct?
15 **A. Yes.**
16 Q. And just let me know how much of this you
17 need to read, but reading the first paragraph, do you
18 understand that this was HLC's formal response to
19 these two schools' application for change of control?
20 **A. Yeah, I don't know that, but it's possible.**
21 Q. Okay. And you do remember that HLC
22 made -- changed the accreditation status for Illinois
23 Institute of Art, from what it was under EDMC
24 ownership, to what it would be under Dream Center
25 Education Holdings' ownership?

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1 **A. I knew it postscript.**
2 Q. I'm not sure I understand what that means,
3 "postscript"?
4 **A. I know it after the change of control.**
5 Q. Okay. This letter, which is dated November
6 16, 2017, that was before the change in control.
7 Correct?
8 **A. What was the date?**
9 Q. November 16, 2017.
10 **A. Yeah, that was before we took -- I remember**
11 **when we -- I don't remember when we took over,**
12 **sometime at the end of January, I think.**
13 Q. So this was before, and this was -- in this
14 letter, HLC communicated to you and the presidents of
15 the two universities that the accreditation status
16 would be changed. Correct?
17 **A. I don't know -- I don't remember. I don't**
18 **know what they said in this letter.**
19 Q. Okay. And I -- I don't want to deprive you
20 of the opportunity to read fully the letter; I'm
21 going to show you certain language in it, but you
22 should take the opportunity to look at whatever you
23 need to. At the top of page 2, which is Bates
24 stamped 199581, it says, "The board found that the
25 Institutes did not demonstrate that the five approval

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1 factors were met without issue, as outlined in the
2 findings below, but found that the Institutes
3 demonstrated sufficient compliance with the
4 eligibility requirements to be considered for
5 pre-accreditation status identified as change of
6 control candidate for accreditation."
7 Do you see that?
8 **A. Okay. Do I see it? Okay. Go ahead.**
9 Q. Do you see that?
10 **MR. SCHERN:** Objection; form, foundation.
11 **THE WITNESS:** I don't know.
12 **MR. SCHERN:** What's your question?
13 **MR. ROTHSCHILD:** I'm first calling his
14 attention to this text so that I can ask him
15 questions about it.
16 **THE WITNESS:** Yeah, I see the text.
17 **BY MR. ROTHSCHILD:**
18 Q. Okay. So the board found that it -- these
19 two schools were eligible for pre-accreditation
20 status identified as change of control candidate for
21 accreditation. Correct?
22 **A. That's what it looks like it says.**
23 Q. And that was sent to you. This letter went
24 to you. Correct?
25 **A. It might have gone to me, but I wasn't**

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1 **handling this; I had -- we had counsel, two sets of**
2 **counsel on this, we had a regulatory -- two sets of**
3 **regulatory counsel and probably our regulatory**
4 **people.**
5 Q. Okay. So you relied on them to read and
6 interpret this letter that communicated to the
7 schools in DCEH that the schools would be in
8 pre-accreditation status?
9 **A. Absolutely. I told you, I know**
10 **accreditation is very -- I don't know much about**
11 **accreditation, as far as technically.**
12 Q. Okay. HLC required the schools to agree to
13 the conditions in this letter before -- as -- in
14 order for it to approve the change of control.
15 Correct?
16 **A. Again --**
17 **MR. SCHERN:** Objection; form, foundation.
18 **THE WITNESS:** Again, I don't -- I assume
19 that. I don't know.
20 **BY MR. ROTHSCHILD:**
21 Q. Okay.
22 **MR. SCHERN:** By the way, Court Reporter,
23 are you able to hear Mr. Richardson better after we
24 took that break?
25 **THE REPORTER:** Yes, actually, much better.

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1 **MR. SCHERN:** Okay. I should have confirmed
2 that earlier. I switched out the microphone.
3 Thanks.
4 **THE REPORTER:** Thank you.
5 **BY MR. ROTHSCHILD:**
6 Q. If you go down to the page that ends in
7 199583, it states that the board provides the
8 Institutes and the buyers with 14 days from the
9 receipt of this letter to accept the conditions in
10 writing. Correct?
11 **A. Yes.**
12 Q. Okay. So -- and so DCEH and the schools
13 understood they had to accept the accreditation
14 status that HLC determined the schools were eligible
15 for in order to get approval of the change of
16 control. Correct?
17 **A. That's what it says.**
18 Q. Okay. And DCEH and the schools did accept
19 those conditions. Correct?
20 **A. DCEH closed on the transaction.**
21 Q. When DCEH closed on the transaction, what
22 was your understanding of what the accreditation
23 status was for the -- for the Illinois Institute of
24 Art?
25 **A. Well, if you look at the purchase**

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1 **agreement, we had to -- in order to close, we had to**
2 **have, I know, accreditation and full Title IV for all**
3 **students for all the schools.**
4 Q. Okay.
5 **A. That's what I understood that we had.**
6 Q. Because you understood that the Illinois
7 Institute of Art had -- was accredited at the time
8 you closed?
9 **A. Yeah, absolutely.**
10 Q. And who did you rely on for that
11 understanding?
12 **A. Our lawyers. Our regulatory people.**
13 **Mostly the lawyers. They're regulatory lawyers.**
14 Q. When you refer to lawyers, are there
15 particular lawyers inside or outside; I mean, your
16 brother was a lawyer for DCEH; are you referring to
17 him or are you referring to --
18 **A. No, he wasn't involved; he didn't handle**
19 **any of this. This was handled by outside counsel,**
20 **Ron, David Harpool, Ron -- I can't think of Ron's**
21 **last name. But they're outside counsel. I think you**
22 **understand, we wouldn't have closed the deal if we**
23 **didn't have accreditation and Title IV. The school**
24 **would shut down; there's no reason to do a deal;**
25 **there was no reason to accept the schools.**

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1 Q. Okay. And I understand that was your
2 understanding. You do see that the HLC said
3 pre-accredited. Correct?
4 **A. I never saw the letter.**
5 Q. Okay. So your understanding,
6 notwithstanding that letter, as the deal closed, was
7 this school is accredited?
8 **A. Absolutely.**
9 Q. Okay. Did there come a point in time when
10 that understanding changed?
11 **A. Yes.**
12 Q. What happened?
13 **MR. SCHERN:** Objection; form, foundation.
14 **THE WITNESS:** Well, nobody understood what
15 happened, but basically, at some time in the end of
16 June -- January, February time frame, we were alerted
17 that this was a -- that we may not have accreditation
18 and we may have an issue.
19 **BY MR. ROTHSCHILD:**
20 Q. Were you alerted by HLC?
21 **A. No, I never spoke to HLC.**
22 Q. Okay. Did you see documents from HLC that
23 communicated that new understanding that the school
24 was not accredited?
25 **A. I don't remember seeing the document.**

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1 **(Marked for identification [Exhibit 9.](#))**
2 **BY MR. ROTHSCHILD:**
3 Q. I'm going to mark as [Exhibit 9](#), a document
4 beginning with the Bates stamp DCEH-Studio 029024.
5 This document is from HLC; it's a public disclosure
6 for both Illinois Institute of Art and Art Institute
7 of Colorado.
8 And just for clarity, was it your
9 understanding, that those two -- we've been focusing
10 on Illinois Institute of Art; that's where the
11 students brought -- where the students we represent
12 attended, but you understand the issue with
13 accreditation arose for both of these schools?
14 **A. I can't remember at the time if it was both**
15 **or just Chicago.**
16 Q. Do you remember this document, this public
17 disclosure document, from the Higher Learning
18 Commission?
19 **A. No.**
20 Q. The document says on the last line of the
21 third paragraph, and I'll blow that up, "During
22 candidacy status, an institution is not accredited,
23 but holds a recognized status with HLC indicating the
24 institution meets the standards for candidacy."
25 Was this the first time that HLC took the

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1 position that the institution was not accredited?
 2 **A. Like I said, I don't know this document. I**
 3 **became aware that there was an issue. I was on the**
 4 **road sometime in the end of January, first of**
 5 **February.**
 6 Q. All right. So describe how you became
 7 aware of the issue; who communicated it to you?
 8 **A. I don't remember. One of -- it might have**
 9 **been the lawyers. It might have been my staff that**
 10 **we might have a -- we have -- we might have a problem**
 11 **with accreditation and, therefore, a problem with**
 12 **Title IV for the students. And I said, "What are we**
 13 **even talking about here?" This -- everybody knew --**
 14 **every accrediting body and the Department all knew to**
 15 **do this transaction we had to have accreditation and**
 16 **Title IV. That was my --**
 17 Q. So the -- and did -- what specifically was
 18 communicated to you about the action HLC had taken?
 19 **A. I don't remember the specifics, just that**
 20 **we had a problem.**
 21 Q. Okay. And what was your understanding of
 22 what the problem was?
 23 **A. The problem that we may not -- we have some**
 24 **problem with the accreditation which might be a**
 25 **problem with Title IV.**

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1 Q. And that was -- just to clarify, that was a
 2 new understanding -- that was a problem that, until
 3 that conversation occurred, you didn't think you had?
 4 **A. Absolutely.**
 5 Q. What did you -- what did you do about it?
 6 **A. Well, what I did was I was -- I talked to**
 7 **the lawyers and said "What are we even talking about**
 8 **here?" And I said, "This is ridiculous; it's not**
 9 **fair to these students. There's no reason. Nothing**
 10 **changed at the Art Institute from an educational**
 11 **standpoint. What are we even talking about?"**
 12 **So I got on a plane -- I called the**
 13 **Department; I said "We have a problem; you guys know**
 14 **the deal. You guys assured us that we're going to be**
 15 **able to operate these schools and have Title IV,"**
 16 **because if we didn't have accreditation, obviously we**
 17 **didn't have Title IV. And it's not right for the**
 18 **students.**
 19 **So they gave me an appointment and I flew**
 20 **out there to meet with the Department. Shelly went**
 21 **with me. We met with the Department, laid out the**
 22 **issues. They basically told us several things: One**
 23 **was, A, this isn't even a -- what their words were,**
 24 **this isn't even a legal status; they can't put you in**
 25 **this, basically. B, don't do anything; we're going**

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1 **to fix this. We're going to get you Title IV, and**
 2 **we're going to work with you on this accreditation**
 3 **issue, was the first thing they told us. So that was**
 4 **our marching orders.**
 5 Q. Who told you that?
 6 **A. The Department of Ed.**
 7 Q. Who at the Department of Ed?
 8 **A. It was a group of them.**
 9 Q. Do you remember any of their names?
 10 **A. Mike Frola. I don't remember who else was**
 11 **in the meeting.**
 12 Q. This was an in-person meeting or on the
 13 phone?
 14 **A. In person.**
 15 Q. Why did you conclude this wasn't fair to
 16 the students?
 17 **A. What?**
 18 Q. Why wasn't it fair -- why did you -- why
 19 did you come to the conclusion this was unfair to the
 20 students?
 21 **A. Why? Because the students essentially**
 22 **signed -- you know, they were going to a school that**
 23 **was accredited, they woke up -- they signed up for**
 24 **school, and I don't know when school started, June**
 25 **8th or 9th or whatever, and nothing at the school**

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1 **changed, no teachers changed, no education changed,**
 2 **and then for HLC, you know, decides -- pulls a fast**
 3 **one on them and they wake up and they don't have an**
 4 **accredited school.**
 5 **The very least they could have done is**
 6 **said, okay, the students that have been here for**
 7 **three and a half years, getting ready to graduate,**
 8 **we're going to do something for you or help students**
 9 **that had been there or something. So, yeah.**
 10 Q. Were you worried that this change would
 11 hurt the students?
 12 **A. Yeah, of course I was worried. I'm -- I**
 13 **don't know what you think, but we're the only ones**
 14 **that, us and the Department to some degree, are the**
 15 **only ones that fought for the students.**
 16 Q. What were --
 17 **A. Nobody else gave a rat's.**
 18 Q. What were the ways you thought students
 19 could be hurt by the school not being accredited?
 20 **A. Well, mostly that they done -- they have**
 21 **done, you know, several -- if they had been there,**
 22 **the work they had done would be -- some schools would**
 23 **accept. But they're coming out of a not-accredited**
 24 **school.**
 25 Q. So there's a risk to the students that

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1 their courses wouldn't, if they transferred, that
 2 their courses wouldn't be accepted?
 3 **A. Possible.**
 4 Q. And for those -- you mentioned the students
 5 that had been there for three and a half years and
 6 nothing was being done for them; was there a risk
 7 that some students would just graduate from an
 8 unaccredited school?
 9 **A. Yeah, that's possible.**
 10 Q. And as you first found out about this, were
 11 you worried that their education wouldn't be funded
 12 through loans from the Department of Education?
 13 **A. Was I worried about their education not
 14 being funded?**
 15 Q. Yeah, through Title IV, that they would
 16 lose their eligibility to Title IV funding, and be on
 17 the hook themselves for the cost of their education
 18 at the unaccredited school?
 19 **MR. SCHERN:** Form, foundation.
 20 **THE WITNESS:** Yeah, absolutely I was -- you
 21 know, all aspects of that I was worried that students
 22 had already -- you know, loans were being -- students
 23 had taken out loans, you know, obviously just one of
 24 the reasons. You know, what are we even talking
 25 about here? Everybody knew what the deal was. So

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1 what are we even talking about that students now out
 2 of 63 schools that we have this issue, and now if
 3 they don't -- so we -- at the time, then, the
 4 Department wouldn't have been able to administer
 5 financial aid, which had already been administered to
 6 some of these students, so what do we do? Do we take
 7 it away from them? You know, I don't know.
 8 So lots of issues there, obviously, that
 9 could have been resolved very easily.
 10 **BY MR. ROTHSCHILD:**
 11 Q. What did you do to inform students about
 12 the risk they had been exposed to by the change in
 13 accreditation?
 14 **A. I didn't handle the -- any of the stuff at
 15 the school as far as any of that.**
 16 Q. What did DCEH do?
 17 **A. I don't recall what we did. I know the
 18 Department told us to do nothing, and the Department
 19 assured us that these students were going to get
 20 their accreditation back.**
 21 Q. Who at the Department told you that?
 22 **A. Several people.**
 23 Q. During the time between January 20th and
 24 June 20th, did anybody at the Department assure you
 25 that the schools would be getting their accreditation

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1 back?
 2 **A. Yes.**
 3 Q. Who did that?
 4 **A. I got a call -- we were going to -- we were
 5 going -- one of the things that we did was the
 6 lawyers, if nothing happened, we were preparing a
 7 lawsuit against HLC, if we couldn't, you know, as a
 8 backup plan, if nothing. I mean, we were confident
 9 that the Department was going to come through on the
 10 their word if they got the students Title IV, and the
 11 next step was to get the accreditation.**
 12 **We were going to file the lawsuit, I
 13 believe it was in the end of May, first of June time
 14 frame. We spoke to several people at the Department
 15 who told us -- explicitly told us "Do not file the
 16 lawsuit; we are in the final throes of getting this
 17 reaccredited. If you file a lawsuit, it's going to
 18 stop all of that. So don't file a lawsuit." So we
 19 didn't file a lawsuit.**
 20 Q. Who told you that?
 21 **A. It was a group, Diane Jones, and I don't
 22 remember who else was in the group.**
 23 Q. Did anybody at the Department tell you that
 24 DCEH and the Illinois Institute of Art should not
 25 disclose to students that the school's accreditation

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1 status had changed?
 2 **A. I'm sorry, say that again.**
 3 Q. Yeah. Did anybody at the Department tell
 4 you or anybody at DCEH to not disclose to students
 5 that their school's accreditation status had changed?
 6 **A. I don't recall.**
 7 Q. In the exhibit we're looking at under "What
 8 this means for students," the document says,
 9 "Students taking classes or graduating during the
 10 candidacy period should know that their courses or
 11 degrees are not accredited by HLC, and may not be
 12 accepted in transfer to other colleges and
 13 universities or recognized by prospective employers."
 14 Did DCEH or the Illinois Institute of Art
 15 make sure that students knew that -- knew those
 16 things?
 17 **MR. SCHERN:** Objection; form, foundation.
 18 **THE WITNESS:** I have no idea what
 19 was -- that was handled by the school and regulatory
 20 people.
 21 **BY MR. ROTHSCHILD:**
 22 Q. Who are you referring to in terms of
 23 "regulatory people"?
 24 **A. The regulatory staff at DCEH.**
 25 Q. Who would be included in that?

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1 **A. And the lawyers.**
2 **I don't remember all the people on the**
3 **staff; Ellen McGrath, Deana Echols, and our lawyers.**
4 Q. Does that include your brother, who was the
5 general counsel?
6 **A. No, I don't think he was -- no, he wouldn't**
7 **be involved in that.**
8 Q. Did the DCEH cabinet discuss what should be
9 communicated to students about the change in
10 accreditation?
11 **A. Not -- no, I don't believe so.**
12 Q. Are you aware that students were not told
13 about the change of accreditation until June 20th,
14 approximately five months after the -- after the
15 change went into effect?
16 **A. No, I was not aware of that.**
17 Q. Do you agree that students should have been
18 told about the change of accreditation when it
19 occurred?
20 **A. I --**
21 **MR. SCHERN:** Objection; form, foundation.
22 **THE WITNESS:** Yeah, I -- I can't comment on
23 that. I'm not a -- that's not my expertise in what
24 should have been said at that time, because there was
25 a lot of crosscurrents who knew.

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1 **BY MR. ROTHSCHILD:**
2 Q. Mr. Richardson, you see that this is a
3 public disclosure; it states, effective January 20,
4 2018, and it describes that the schools are not
5 accredited, right, we've covered that?
6 **A. I see that.**
7 **MR. SCHERN:** John [sic], can you -- what
8 was the Bates number on that, the beginning Bates
9 number on the first page?
10 **MR. ROTHSCHILD:** Yeah, let me make sure I'm
11 getting it right. Hold on. So that's DCEH-Studio
12 029024.
13 **MR. SCHERN:** Thank you.
14 **MR. ROTHSCHILD:** No problem.
15 I'm marking [Exhibit 10](#), the document starts
16 DCEH-Studio 219069.
17 (Marked for identification [Exhibit 10](#).)
18 **BY MR. ROTHSCHILD:**
19 Q. Do you see that?
20 **MR. SCHERN:** Can you make it bigger,
21 please.
22 **MR. ROTHSCHILD:** I can.
23 Q. Do you see the number?
24 **A. Yeah.**
25 Q. Okay. And the first e-mail in this thread

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1 right above this on this first page of the document,
2 there is other e-mail traffic, which I'm happy to
3 show you, but I don't have questions about that right
4 now, is an e-mail from an Anthea Sweeney at HLC to
5 Josh Pond.
6 Do you know who Josh Pond is?
7 **A. Yes.**
8 Q. And was he the president at the Illinois
9 Institute of Art around this time?
10 **A. Yes, I believe so.**
11 Q. Okay. And he -- what Dr. Sweeney
12 communicates to President Pond is, "The public
13 disclosure notice has now been posted and can be
14 accessed on either Institutions' profile on the HLC
15 website."
16 Do you see that?
17 **A. Yeah.**
18 Q. And Mr. Monday, or Dr. Monday, who is also
19 a school president, forwards it to Shelly Murphy.
20 Do you see that?
21 **A. Yeah.**
22 Q. And then she forwards it to you and Chris.
23 Correct?
24 **A. Looks like it.**
25 Q. Okay. And so seeing that, does that

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1 indicate to you that you did receive the public
2 disclosure notice that I -- that we marked as Exhibit
3 9?
4 **MR. SCHERN:** Objection; form, foundation.
5 **THE WITNESS:** I don't know what I
6 received -- it looks like I received it -- a text
7 that said that something was posted, that the thing
8 was posted.
9 **BY MR. ROTHSCHILD:**
10 Q. And that posting contained the language
11 that the school was unaccredited, and that students
12 should be made aware of -- of the effect of that on
13 them. Right?
14 **MR. SCHERN:** Objection; form, foundation.
15 **THE WITNESS:** Yeah, I guess. I don't know.
16 **BY MR. ROTHSCHILD:**
17 Q. Did you give instructions to outside
18 counsel to challenge HLC's decision?
19 **A. I wasn't running any of that. Just**
20 **instructions, but -- I believe that they were trying**
21 **to work with an out -- I mean, David Harper was a**
22 **former HLC board member, so he was working with them**
23 **to try to understand what was going on. And then**
24 **I -- we appealed. I think we ended up appealing it,**
25 **which we -- then I went and, you know, tried to get**

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1 them to be reasonable, and later in the year -- so,
 2 anyway, long answer, I wasn't involved in strategy
 3 around this.
 4 Q. Who was?
 5 A. Just Randy, who is also a lawyer, and the
 6 lawyers.
 7 Q. You knew that the organization was
 8 contemplating a lawsuit against HLC. Correct?
 9 A. I did know that.
 10 Q. Okay. And so you took part in the
 11 discussions about whether to do that?
 12 A. Yes.
 13 Q. And you took part in the discussions about
 14 whether to appeal the HLC decision through the HLC
 15 process?
 16 A. Yeah, I don't remember that. I mean, I
 17 know there was -- I don't remember the whole thing,
 18 but I know we ended -- all's I remember is we did end
 19 up appealing.
 20 Q. Did your students at Illinois Institute of
 21 Art graduate the school not knowing that their school
 22 was not -- was unaccredited?
 23 MR. SCHERN: Objection; form, foundation.
 24 THE WITNESS: I have no idea.
 25 BY MR. ROTHSCHILD:

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1 Q. Did you consider that as you were
 2 determining how to respond to what HLC had done?
 3 A. I don't know that I considered that exact
 4 point, but I -- I -- you know, yes, we were -- I
 5 guess, again, we were -- us and the Department were
 6 fighting for what was right for the students. That's
 7 what I'll tell you.
 8 Q. You thought what HLC did was wrong; is that
 9 fair?
 10 A. Well, no one had ever heard of what they
 11 put us in. They didn't hold out -- they, in a
 12 sense -- they, in a sense, I'm going to say dealt in
 13 bad faith, and they hurt the -- they're the ones
 14 that -- they hurt the students. And they didn't
 15 stick to the words of the deal, which everybody knew.
 16 Q. So as CEO of the company, what steps did
 17 you take to make sure that the students knew what you
 18 knew?
 19 A. I -- I did not deal directly with the
 20 school or the students. My dealing was -- I was --
 21 again, I was on the side of fighting with
 22 bureaucracies to try to get the right outcome.
 23 Q. But you took no steps to make sure that
 24 students knew what you knew about what HLC had done?
 25 MR. SCHERN: Objection; form, foundation.

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1 THE WITNESS: Yeah, I mean, the school and
 2 the people that dealt with it day-to-day would be
 3 working with that.
 4 BY MR. ROTHSCHILD:
 5 Q. And did you --
 6 A. And they were working with the lawyers and
 7 other people to try to figure out what was going on.
 8 Q. As CEO of the company, did you take any
 9 steps to make sure that those people were making sure
 10 students knew what you knew about what HLC had done?
 11 MR. SCHERN: Objection; form, foundation.
 12 THE WITNESS: I guess we never believed
 13 that -- we never believed that the -- I mean, I guess
 14 we thought with the Department -- we believed the
 15 Department was -- and we believed at the time was
 16 going to be fixed in March to April time frame. So I
 17 don't think we ever believed that the students were
 18 not going to be, this wasn't going to be -- this was
 19 going to be an issue.
 20 BY MR. ROTHSCHILD:
 21 Q. So did you make the decision that -- not to
 22 tell students because you thought the situation could
 23 be resolved before they needed to find out?
 24 A. I didn't make any decisions on anything
 25 that was sent to the students or communicated to the

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1 students.
 2 Q. And you didn't make any efforts to make
 3 sure that they knew what you knew about what HLC had
 4 done?
 5 MR. SCHERN: Objection; form and
 6 foundation.
 7 THE WITNESS: The short answer, I guess, is
 8 no.
 9 BY MR. ROTHSCHILD:
 10 Q. Are you aware that the Illinois Institute
 11 of Art website had language about the school's
 12 accreditation status at all times that you were the
 13 CEO?
 14 A. No.
 15 Q. Are you aware that your brother, Chris
 16 Richardson, participated in what this language would
 17 say after the HLC sent that public disclosure notice
 18 stating the accreditation status?
 19 MR. SCHERN: Objection; form, foundation.
 20 THE WITNESS: No, I don't know that he
 21 did -- I don't know who worked on that.
 22 MR. ROTHSCHILD: All right. Let's take a
 23 10-minute break, until 2:30.
 24 MR. SCHERN: Yeah, let's go off the record,
 25 then.

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1 (Recessed from 11:21 a.m. until 12:21 p.m.)
 2 **MR. ROTHSCHILD:** Back on the record.
 3 Q. Good afternoon, Mr. Richardson, real
 4 quickly on the compensation issue that we discussed
 5 earlier, and let me just for the record indicate,
 6 this is going to be marked as Exhibit 8. I missed
 7 Exhibit 8 before; Robin called that to my attention.
 8 And so this will be Exhibit 8, and then we'll pick
 9 back up at [Exhibit 11](#).
 10 (Marked for identification Exhibit 8.)
 11 **BY MR. ROTHSCHILD:**
 12 Q. This is a documents "Minutes of the Dream
 13 Center Foundation Board of Directors Meeting, October
 14 12, 2017," Bates stamp begins DCF 001808.
 15 And do you see, Mr. Richardson, that you
 16 are listed as one of the staff and guests present?
 17 **A. Yup.**
 18 Q. And you participated via conference call,
 19 it indicates?
 20 **A. I see that.**
 21 Q. Okay. All right. And then on page Bates
 22 stamp -- I believe it's -- I believe it's 15, DCF
 23 1815, there's a discussion about compensation,
 24 beginning of the third paragraph. Do you see that it
 25 indicates, "Randy Barton said that the agreement with

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1 you and your future team are all in good faith, and
 2 that the board of DCEH, with third-party consultants
 3 will develop and approve all compensation plans post
 4 closing."
 5 Do you see that?
 6 **A. Yup.**
 7 Q. Okay. And then in the next paragraph, it
 8 talks about your commitment to the project. And then
 9 towards -- I guess the second-to-last sentence it
 10 states, "Brent stated he trusted the board would be
 11 fair with his compensation package, and that of the
 12 team he brings."
 13 So you did expect compensation for your
 14 work at DCEH, didn't you?
 15 **A. Early on I talked about it, but when it got**
 16 **farther down the line, I said I don't want to be paid**
 17 **because there's -- I didn't want to have any**
 18 **conflicts.**
 19 Q. So because earlier you'd said you didn't
 20 have an expected compensation from the outset, so I
 21 just wanted to make sure I clarify that
 22 understanding. You did expect --
 23 **A. I didn't say I didn't expect compensation.**
 24 **I said we expected to get money after we started the**
 25 **thing, and once I started, I was not.**

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1 Q. Okay. So this is October 12, 2017; that's
 2 when the first -- the closing on most of the schools
 3 occurred that you had started as a member of the
 4 board of directors. Correct?
 5 **A. Right.**
 6 Q. And at that time you did expect
 7 compensation?
 8 **A. No, I'd say that wouldn't be fair. I said**
 9 **when I went back after a later date, I said I don't**
 10 **want compensation.**
 11 Q. When -- when did that occur?
 12 **A. I don't recall.**
 13 Q. Who did you tell that to?
 14 **A. I don't recall this -- this board meeting,**
 15 **but -- Randy and Tommy.**
 16 Q. Was that done in a board meeting or in some
 17 other setting?
 18 **A. It was at a board meeting.**
 19 Q. Okay. And can you place it in time
 20 relative to your tenure at DCEH?
 21 **A. It was, you know, probably a month or so**
 22 **after this.**
 23 Q. And did you instruct the DCEH board to stop
 24 any efforts in determining your compensation and
 25 consulting with outside consultants or third-party

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1 consultants about what you would be paid?
 2 **MR. SCHERN:** Objection; form, foundation.
 3 **THE WITNESS:** No, I did not.
 4 **BY MR. ROTHSCHILD:**
 5 Q. Did you expect to make money from the
 6 business Woz U would do with the schools that DCEH
 7 had purchased?
 8 **A. It was a possibility, but I didn't expect**
 9 **it.**
 10 Q. Give me one --
 11 (Marked for identification [Exhibit 11](#).)
 12 **BY MR. ROTHSCHILD:**
 13 Q. All right. [Exhibit 11](#) begins with Bates
 14 stamp BR-Receiver 041571, and before I ask you
 15 subsequent questions, Mr. Richardson, did there come
 16 a point in time when you were involved in a process
 17 of getting documents to a congressional committee?
 18 **A. I was not involved, but my lawyers were.**
 19 Q. Were documents collected from yourself,
 20 from your own computer, by your lawyers?
 21 **A. I believe so, yes.**
 22 Q. And were those provided directly to
 23 Congress or provided to the receiver to produce to
 24 Congress?
 25 **A. I have no idea.**

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1 Q. Do you know whether a privilege review took
 2 place for those documents?
 3 **A. I have no idea.**
 4 Q. The document I've marked as [Exhibit 11](#)
 5 is -- it's entitled "Conference Call with the State
 6 AG's Office," Monday, August 13th, 2018. And at the
 7 very beginning it says "Hi, it's Brian Hauck, from
 8 Jenner and Block," and you said "You're on."
 9 Do you remember who Brian Hauck was?
 10 **A. No.**
 11 Q. Do you remember he was a lawyer that worked
 12 at Jenner & Block, the same office as the settlement
 13 administrator, Thomas Perelli?
 14 **A. No.**
 15 Q. Okay. You had a meeting with a group of
 16 representatives from the State Attorney General's
 17 Office in August of 2018. Correct?
 18 **A. State Attorney General's Office? What**
 19 **state?**
 20 Q. So like the State of Illinois, the State of
 21 Colorado. Did that occur?
 22 **MR. SCHERN:** Objection; form, foundation.
 23 **THE WITNESS:** I don't remember it.
 24 **BY MR. ROTHSCILD:**
 25 Q. Okay. You do see there's a transcript here

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1 of -- that includes references to you. Right?
 2 **A. Yes.**
 3 Q. Okay. And you see if I go on the second
 4 page, you see there's a General Miller; that's Tom
 5 Miller, the actual attorney general in the State of
 6 Iowa, does that --
 7 **A. Yes.**
 8 Q. Okay. And do you remember now that you did
 9 participate in a call with the attorneys general?
 10 **A. I don't remember it, but apparently I did.**
 11 Q. Okay. If you go down to page 13. And just
 12 to maybe further refresh your recollection, you can
 13 see there's a list of names associated with states;
 14 do you see Joe -- you see somebody from Illinois,
 15 somebody from Kentucky, somebody from Maryland, et
 16 cetera. I'm going to go down to page 13. And I'll
 17 try and blow it up a little bit more.
 18 So there's a speaker here that says it's
 19 Joe, and he asks some questions about the HLC
 20 accredited campuses. He said, "My understanding is
 21 there was about a six-month period where the school
 22 was not accredited, but that information was not
 23 disclosed to prospective students or students that
 24 were enrolled at the time. Is that surrounding the
 25 HLC accreditation?" And you answered, "Yeah, this is

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1 Brent," and you give an explanation. Right?
 2 **A. Uh-huh.**
 3 Q. Is that a yes?
 4 **MR. SCHERN:** Objection; form, foundation.
 5 **THE WITNESS:** Yes.
 6 **BY MR. ROTHSCILD:**
 7 Q. And you say it was a complete surprise; you
 8 say the Department was blindsided. Right?
 9 **A. Yes.**
 10 Q. You go on to say you thought it was unjust
 11 that you will be in school on Monday and then on
 12 Wednesday, because of the change in control, you had
 13 no accreditation, a lot of the same things you said
 14 to me today. Right?
 15 **A. I'm not reading it, but yes.**
 16 Q. You can go ahead and read it.
 17 **A. What's the question? This is similar to**
 18 **what we talked about before.**
 19 Q. What you told the attorneys general here
 20 about how you felt about what HLC did, it's pretty
 21 similar to what you told me today?
 22 **A. Yeah, it's similar.**
 23 Q. Okay. You were surprised and you thought
 24 it was unjust. And then you said in the paragraph
 25 that I'm pointing to with my cursor you say, "So we

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1 were talking to the Department because we didn't have
 2 Title -- they didn't have a way to give us Title IV,"
 3 and you said, "They were supposedly working with HLC,
 4 and we were holding to see what kind of resolution
 5 would come out."
 6 So what you were saying there is you were
 7 holding about telling students while you saw what
 8 happened with the Department. Right?
 9 **MR. SCHERN:** Objection; form, foundation.
 10 **THE WITNESS:** No, not -- no.
 11 **BY MR. ROTHSCILD:**
 12 Q. What were you holding?
 13 **A. I don't remember. I mean, just holding.**
 14 **We were just, as I told you earlier, we were waiting**
 15 **for a response to what I told you they told us. Was,**
 16 **A, don't do anything; B, we're going to get you Title**
 17 **IV; and C, we're going to get the students**
 18 **reaccredited.**
 19 Q. Okay. But they didn't tell you "Keep this
 20 from the students," right, the Department did not say
 21 "Don't tell the students"?
 22 **A. They didn't say don't tell or do tell.**
 23 Q. Okay. And so you were holding --
 24 **A. To me.**
 25 Q. Fair enough.

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1 And you were holding telling the students
 2 until you saw what happened with the Department.
 3 Right?
 4 **A. No, I don't -- again, I don't know what was**
 5 **told to the students, and I don't know that probably**
 6 **anybody knew what to tell the students, because we**
 7 **were getting mixed messages, although I'm supposing,**
 8 **because I don't know what the people that were**
 9 **working on it day to day were --**
 10 Q. Okay. But you were answering the attorneys
 11 general's questions here. Right?
 12 **A. Yeah.**
 13 Q. And in the next paragraph you say, "What
 14 happened was the Department ended up doing another
 15 method to be able to provide financial aid because
 16 they didn't want to hurt the students."
 17 What is that referring to?
 18 **A. They -- I think what happened is they found**
 19 **a different way to provide financial aid in the short**
 20 **run.**
 21 Q. Okay. And you say, "As soon as we found
 22 out that or shortly after that, because we thought
 23 HLC was going to do the accreditation back possibly,
 24 then we posted." Right?
 25 **A. Yeah.**

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1 Q. So what you were telling the attorneys
 2 general is after you heard from the Department with
 3 this different method of getting financial aid to the
 4 students, then you posted the information about
 5 accreditation; that's what you were telling them.
 6 Right?
 7 **MR. SCHERN: Objection; form, foundation.**
 8 **THE WITNESS: I don't remember what that**
 9 **all was in -- yeah, I don't remember.**
 10 **BY MR. ROTHSCHILD:**
 11 Q. Okay. In the next paragraph, you say,
 12 "Nobody at any of the institutions or here was trying
 13 not to tell the students anything. We were in limbo
 14 trying to figure out." Right?
 15 **A. Yup.**
 16 Q. Okay. So while you were in limbo, you were
 17 not telling the students anything. Right?
 18 **A. Yeah, I was not -- again, I was not at the**
 19 **school. I was not directing traffic on what**
 20 **information was going to the students.**
 21 Q. But you were -- had no problem answering
 22 these questions by the attorney general that while
 23 this limbo period was going on with the Department,
 24 with HLC, you were not telling students?
 25 **MR. SCHERN: Objection; form, foundation.**

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1 **THE WITNESS: Again, I don't know what was**
 2 **being communicated to the students at this particular**
 3 **time, this is -- what is this, August?**
 4 **BY MR. ROTHSCHILD:**
 5 Q. Yes.
 6 **A. Yeah.**
 7 Q. Then there's a question when was
 8 it -- "When was it that it was first disclosed to
 9 students that accreditation had been lost?"
 10 Do you see that?
 11 **A. I see it.**
 12 Q. And then Speaker 1, which was previously
 13 identified as you, says, "Must have been June or end
 14 of May, I think," right, so you knew that?
 15 **MR. SCHERN: Objection; form, foundation.**
 16 **BY MR. ROTHSCHILD:**
 17 Q. Right? You knew that, Mr. Richardson.
 18 Right?
 19 **A. Is that me, Speaker 1?**
 20 Q. It has been -- I can show you, if you'd
 21 like.
 22 **A. That's all right.**
 23 **What?**
 24 **MR. SCHERN: Objection; form, foundation.**
 25 **What's the question?**

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1 **BY MR. ROTHSCHILD:**
 2 Q. That you knew that the students weren't
 3 told until, according to your answer here to the
 4 attorneys general, June or end of May. Right?
 5 **A. When was this -- this was in August.**
 6 **Right?**
 7 Q. That's right.
 8 **A. Yeah, so by this time I probably did know.**
 9 Q. And you knew that they had -- that this
 10 information had been kept from students until June or
 11 the end of May. Right?
 12 **MR. SCHERN: Objection; form, foundation.**
 13 **BY MR. ROTHSCHILD:**
 14 Q. Right?
 15 **A. I'm saying I don't know what was given to**
 16 **the students, and taking it forward to August, then,**
 17 **we must have done something that was to post**
 18 **something at end of May or June.**
 19 Q. Okay. So at least as of August, you knew
 20 that the students had not been informed about the
 21 accreditation status until at least the end of May or
 22 June. Correct?
 23 **MR. SCHERN: Form and foundation.**
 24 **THE WITNESS: It says, "Uh, I don't --**
 25 **cross-talk -- know," was probably what I said there.**

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1 **BY MR. ROTHSCHILD:**
 2 Q. You remember that's what you said in
 3 that --
 4 **A. No, I'm just -- I'm just -- saying the same**
 5 **thing; I don't know what exactly what time was done**
 6 **on any of this stuff.**
 7 Q. Well, you did say you knew it must have
 8 been June or end of May. Right?
 9 **A. Yes.**
 10 Q. Okay. And then you see a Speaker 2 that
 11 asks, was there a reason the websites weren't changed
 12 when you first learned of -- when you first learned
 13 that the schools were not accredited? And you see
 14 Shelly's answer is, "It goes back to what Brent's
 15 saying, we were in limbo, we were shocked." And then
 16 the speaker asks, "So when prospective students were
 17 calling up interested in the school, talking February
 18 to end of May, were they told at all about the loss
 19 of accreditation?" And she says, "Not in May, no."
 20 Do you see that?
 21 **A. Yeah.**
 22 Q. And so the DCEH had made the decision not
 23 to tell students and not to tell prospective students
 24 about the loss of accreditation for all that period?
 25 **MR. SCHERN: Objection; form, foundation.**

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1 **BY MR. ROTHSCHILD:**
 2 Q. That's what DCEH did. Right?
 3 **A. Again, I don't know what was communicated**
 4 **to the students at the school level, on the website**
 5 **level, or on an e-mail level. I don't know any of**
 6 **that or the timing of it.**
 7 Q. But you knew in August of 2018 that the
 8 students hadn't been told until May or June. Right?
 9 **A. That's what they say. That's what they're**
 10 **alleging.**
 11 Q. No, it's what you're answering and what
 12 Shelly Murphy's answering, Mr. Richardson, isn't it?
 13 **A. I don't know. I think that's referring to**
 14 **something that was posted on the website. I don't**
 15 **know about any other communication.**
 16 Q. And you're certainly not aware that other
 17 communications were happening at any other level --
 18 **A. I don't know what the head of the school is**
 19 **talking to the students about, all the counselors,**
 20 **all of that.**
 21 Q. Okay. But you certainly didn't tell the
 22 attorneys general in response to their questions
 23 about whether students were informed, "Oh, it's cool;
 24 they were informed by their school"?
 25 **MR. SCHERN: Objection; form, foundation.**

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1 **BY MR. ROTHSCHILD:**
 2 Q. You didn't tell them anything like that,
 3 did you?
 4 **A. I don't believe I did, but I don't**
 5 **remember.**
 6 Q. Okay. Seems like that would -- if that
 7 were true, that would be something you would be eager
 8 to tell them. Right?
 9 **MR. SCHERN: Objection; form, foundation.**
 10 **THE WITNESS: Not necessarily.**
 11 **BY MR. ROTHSCHILD:**
 12 Q. You think if it had been the case that all
 13 students had been informed by their schools earlier
 14 than May or June that you and Shelly are talking
 15 about here, that wouldn't have been helpful
 16 information to tell the attorneys general who are
 17 asking you questions on this subject?
 18 **MR. SCHERN: Form and foundation.**
 19 **THE WITNESS: What I'm saying is during the**
 20 **time you're talking about, from whatever time frame**
 21 **to May, I believe everybody in the organization**
 22 **worked to their best ability to try to get an outcome**
 23 **for these students and try to do the best they could**
 24 **for these students.**
 25 **BY MR. ROTHSCHILD:**

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1 Q. Mr. Richardson, couldn't it be the case
 2 that the HLC decision was the wrong one, that you
 3 were trying your best to fix it, but the students
 4 were still entitled to know what had happened, to
 5 know the same things you did?
 6 **A. Well, I don't -- we didn't know what**
 7 **happened, so I don't know what -- you know, I'm not**
 8 **sure what should have been communicated, to be**
 9 **honest.**
 10 Q. Mr. Richardson, you've worked in higher
 11 education for, you know, a good part of the last,
 12 whatever, 15, 20 years; don't you think the
 13 accreditation status of a school is important
 14 information for students to know?
 15 **A. Yes. In general, yes.**
 16 Q. Okay. And for students who are --
 17 **A. I don't think students -- yes, never mind.**
 18 Q. And for students who are contemplating
 19 enrollment in school, that would apply to spend their
 20 money there, to take out loans to go there, that
 21 would be important information for them to know.
 22 Right?
 23 **A. Yes.**
 24 Q. I mean, it's common sense that if students
 25 knew that the school had lost accreditation, they

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1 would be less likely to enroll there. Right?

2 **MR. SCHERN:** Objection; form, foundation.

3 **THE WITNESS:** One, if it was just a

4 straight -- I would agree with your points that

5 you're trying to make if it was a straight, you

6 know -- if it was a black-and-white case. It's not.

7 It's -- this was a special deal to save a bunch of

8 schools. The Department's telling everybody one

9 thing; HLC's saying something different. The

10 students, you know, don't -- if you tell them one

11 thing; do they have Title IV? Do they not have Title

12 IV? We're trying to get answers, and, you know,

13 we're trying to work the best we can to, you know,

14 have the students have a good outcome. If HLC does

15 the right thing, you know, none of this really

16 matters.

17 **BY MR. ROTHSCCHILD:**

18 Q. If you had informed students about all

19 these special situations, what HLC had done, what you

20 were trying to do to fix it, how Title IV was being

21 addressed with the Department of Education, do you

22 think you might have lost some enrollment

23 from -- that some students who were previously

24 enrolled at the Illinois Institute of Art might have

25 decided to leave the school?

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1 **A. Maybe, maybe not. I mean, they started**

2 **school and two weeks later they don't have**

3 **accreditation; where are they going to go? What are**

4 **they going to do; there's a million problems.**

5 Q. And for students who were -- who were

6 deciding whether to enroll, do you think that might

7 have affected their decisions about whether to enroll

8 in this particular school if they knew all the things

9 that you knew about HLC and all its complexities?

10 **A. We didn't know. Our lawyers didn't know.**

11 **And so, you know, I can't formulate. I don't know**

12 **what students would think.**

13 Q. Were you worried that the school and a

14 school system that already had some financial

15 challenges was going to lose revenue if you provided

16 all the information that you knew about the HLC

17 accreditation to the students?

18 **A. That never crossed my mind.**

19 **(Marked for identification Exhibit 12.)**

20 **BY MR. ROTHSCCHILD:**

21 Q. Mr. Richardson, I'm going to mark as

22 [Exhibit 12](#), a letter dated May 3rd, 2018, from the

23 Department of Education to David Ray, who was the

24 interim president of the Illinois Institute of Art.

25 Do you see that?

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1 **A. Yup.**

2 Q. And you are copied on that, so is Shelly

3 Murphy. Correct?

4 **A. Yup.**

5 Q. And it's from Mr. Frola. Right?

6 **A. Yup. What was the date on that again,**

7 **sorry?**

8 Q. May 3rd, 2020?

9 **A. Okay. May 3rd, 2020.**

10 Q. I'm sorry, 2018, I apologize.

11 **A. Okay.**

12 Q. And I'm going to show you on page 2 of the

13 document on the second paragraph, it says, "With

14 regard to accreditation approval, the Department has

15 learned that HLC transitioned the Art Institute from

16 being accredited to being a candidate for

17 accreditation effective January 20th, 2018."

18 Do you see that?

19 **A. Yup.**

20 Q. And bottom paragraph it says, "Due to this

21 accreditation status, the Art Institute no longer

22 qualifies as an eligible institution to participate

23 in the Title IV HEA programs as a for-profit

24 institution."

25 Do you see that?

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1 **A. Yup.**

2 Q. Okay. So from the Department's perspective

3 on May 3rd, Illinois Institute of Art is not

4 accredited. Right?

5 **A. I'm not sure about that, because they were**

6 **providing Title IV.**

7 Q. Well, it says here they're not accredited,

8 right, and then in the next paragraph it says, "To

9 avoid the lapse of eligibility, the Department is

10 granting the Institution temporary interim nonprofit

11 status during the review of the pending change of

12 ownership application." Right?

13 **A. Yup.**

14 Q. And that was the -- the different thing

15 that the Department did, right, rather than the

16 accreditation issue hadn't been fixed, but by giving

17 you temporary nonprofit status, that was a way to

18 preserve Title IV eligibility. Right?

19 **A. I guess so, yes.**

20 Q. And that's what you were referring when you

21 were explaining things to the attorney general, that

22 they came up with this different way of doing things.

23 Right?

24 **A. That's correct.**

25 Q. Okay. And in that conversation with the

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1 attorneys general you said "After the Department did
2 this," this was their solution, "then we posted."
3 Do you remember you said that?
4 **A. Yes.**
5 Q. Okay. But that's not true, right, it
6 didn't -- after this Department of Education solution
7 to the Title IV problem, you didn't go right out and
8 disclose to students that the accreditation status
9 had changed. Right? You didn't do that on May 3rd,
10 4th, 5th, at any time in May, did you?
11 **MR. SCHERN:** Objection; form and
12 foundation.
13 **THE WITNESS:** I don't remember.
14 **MR. ROTHSCCHILD:** Robin, next exhibit is 13.
15 Right?
16 **THE REPORTER:** Correct.
17 (Marked for identification [Exhibit 13.](#))
18 **BY MR. ROTHSCCHILD:**
19 Q. All right. Give me one second.
20 Mr. Richardson, [Exhibit 13](#) begins with a
21 Bates stamp DUN-PLS 004456. And do you see it's an
22 e-mail to a Stephanie Porreca?
23 **A. I don't see anything.**
24 Q. Is the screen shared right now?
25 **THE REPORTER:** No.

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1 **MR. ROTHSCCHILD:** Sorry about that.
2 Q. All right. Now do you see it?
3 **A. Yes.**
4 Q. An e-mail to Stephanie Porreca from the
5 Illinois Institute of Art, dated June 20th. And in
6 this document it says, "As a result of a the
7 transaction with EDMC, HLC's Board of Trustees voted
8 to impose change of control candidacy on DCEH's HLC
9 accredited schools."
10 Do you see that?
11 **A. Yup.**
12 Q. It says, "During candidacy status, an
13 institution is not accredited, but holds a recognized
14 status indicating the institution meets the standard
15 for candidacy."
16 So even after the Department had waited and
17 come up with this solution for Title IV, DCEH and the
18 schools waited another six weeks or more to tell
19 students about what happened to their accreditation.
20 Right?
21 **MR. SCHERN:** Objection; form and
22 foundation.
23 **THE WITNESS:** Again, you keep -- again, I
24 don't know what was being conveyed to the students
25 verbally, and I don't know what period of time that

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1 this letter looks like it -- when did you say it was
2 sent? I don't know.
3 **BY MR. ROTHSCCHILD:**
4 Q. I'll show you again. June 20th.
5 **A. Yeah. Okay.**
6 Q. All right. So -- so contrary to what you
7 said to the attorneys general about posting right
8 after the Department waited on Title IV, you actually
9 waited more than six weeks to let students know --
10 six more weeks to let students know about the
11 accreditation status?
12 **MR. SCHERN:** Objection; form, foundation.
13 **THE WITNESS:** Yeah, you said August. I
14 don't remember exact dates. And, again, as I said
15 earlier, the whole time from when they fixed, which I
16 don't remember the dates, but when they fixed the
17 Title IV issue, they were working with us telling us,
18 "We are going to fix the accreditation issue, and HLC
19 is going to accredit that students," up to the point
20 where we were getting ready to file a lawsuit, and
21 then called us and said "Don't file the lawsuit,
22 because HLC is going to reaccredit this."
23 **BY MR. ROTHSCCHILD:**
24 Q. So I just want to be very clear on this,
25 because I think it's really important. And I just

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1 want the best of your recollection; I want to make
2 sure I get the very best of your recollection.
3 When -- who at the Department told you, "We're going
4 to make sure HLC gets the accreditation"?"
5 **MR. SCHERN:** Objection; form, foundation.
6 Asked and answered.
7 **THE WITNESS:** You asked me that already.
8 **BY MR. ROTHSCCHILD:**
9 Q. Okay. I want to make sure I know
10 every -- I want to know every name that -- you know,
11 because these may be the witnesses at trial,
12 Mr. Richardson, I want to know who told you that, and
13 when were you told that?
14 **MR. SCHERN:** Objection; form, foundation.
15 **THE WITNESS:** I don't remember the dates,
16 but Diane Jones, and I don't remember if there was
17 someone else. If there were other people there at
18 the time or not. It was a call, and I think there
19 were others, but I don't remember who was on.
20 **BY MR. ROTHSCCHILD:**
21 Q. What did Ms. Jones tell you about what they
22 were going to do to get HLC to restore the
23 accreditation?
24 **A. She just told me, "Don't file a lawsuit**
25 **because we are going to get HLC to reaccredit the**

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1 schools."
 2 Q. When did she say that?
 3 A. I don't know. You mean date?
 4 Q. Yes. Give me your best estimate.
 5 A. It was when -- around the time when we
 6 didn't -- we were going to file, I believe it was
 7 sometime in late May, early June, the lawsuit, and we
 8 quashed it right around that same time because we got
 9 the call.
 10 Q. Late May or -- that's very helpful. Who
 11 else was witnesses to that conversation?
 12 A. I think it was just me. I can't remember
 13 if Shelly was there. But I know Shelly also spoke to
 14 her about it. Shelly spoke to her quite a bit. I
 15 did not.
 16 Q. This conversation you're remembering, was
 17 it on a phone call or in person?
 18 A. Phone call.
 19 Q. Was anybody else on the call from either
 20 the Department or your organizations?
 21 A. Like I said, I don't know. I think there
 22 were other people in the Department, and I can't
 23 recall if Shelly was on or not.
 24 Q. Okay. Other than that conversation in
 25 which Deputy Secretary Jones said "Don't file a

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1 lawsuit; we're going to get the accreditation fixed,"
 2 or words to that effect, did anybody else say, from
 3 the Department, say to you, "We're going to get HLC
 4 to restore your accreditation," or anything to that
 5 effect?
 6 A. I don't -- I don't recall. We had quite a
 7 few meetings, but --I don't recall if anybody else
 8 said that.
 9 Q. Okay. Okay. This e-mail is dated June
 10 20th. Do you remember that there was a Pittsburgh
 11 Post Gazette article about the accreditation
 12 situation at Illinois Institute of Art that disclosed
 13 that the students hadn't been told about is the loss
 14 of accreditation?
 15 A. No.
 16 Q. Do you remember there was a reporter who
 17 worked for the Pittsburgh Post Gazette named Daniel
 18 Moore who covered various Dream Center issues
 19 including that one?
 20 A. No, I don't remember.
 21 MR. SCHERN: Eric, does this one-minute
 22 pause between questions mean you're almost done?
 23 BY MR. ROTHSCHILD:
 24 Q. Mr. Richardson --
 25 MR. SCHERN: Is that a no? You've got to

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1 stop pausing between these questions like this, Eric.
 2 If you're not prepared, that's one thing, but you're
 3 wasting our time.
 4 MR. ROTHSCHILD: Mr. Richardson, usually
 5 counsel is more pleasant to each other, and I
 6 apologize you have to listen to that, but
 7 let's go.
 8 THE REPORTER: Counsel, everybody froze for
 9 me. Hello?
 10 MR. ROTHSCHILD: Hello, can you hear us
 11 now, Robin?
 12 THE REPORTER: I can hear you now. I just
 13 wanted to make sure you didn't go forward.
 14 MR. ROTHSCHILD: Next exhibit is 14; is
 15 that right?
 16 THE REPORTER: Yes.
 17 (Marked for identification [Exhibit 14.](#))
 18 BY MR. ROTHSCHILD:
 19 Q. I've marked as [Exhibit 14](#) BR-Receiver
 20 032871; do you see it's an e-mail from Melissa
 21 Markovsky, Mr. Richardson?
 22 A. Yes.
 23 Q. Okay. And it's sent to you and a number of
 24 other officers at DCEH?
 25 A. Yes.

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1 MR. SCHERN: Objection; form, foundation.
 2 BY MR. ROTHSCHILD:
 3 Q. Do you see that, Mr. Richardson?
 4 A. I do.
 5 Q. Okay. And it's forwarding a Pittsburgh
 6 Post Gazette article published by Daniel Moore?
 7 A. Yup.
 8 Q. So you received that article that's
 9 attached below?
 10 A. Yes.
 11 Q. And you received --
 12 A. I mean, did I receive it; is that what
 13 you're asking me?
 14 Q. Yes.
 15 A. I have no idea.
 16 Q. You were on this e-mail. Right?
 17 A. Yeah, I'm on the e-mail.
 18 Q. Okay. And you would check your e-mails
 19 when you were the CEO of DCEH. Right?
 20 A. Would I check them, yeah, but I
 21 didn't -- yeah, some of them, yeah.
 22 Q. Okay. And this article is titled, "Deal
 23 under scrutiny as Art Institutes face accreditation
 24 setbacks." Right?
 25 A. Yup.

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1 Q. And do you see it says, "HLC temporarily
2 removed the school's institutional accreditation"?

3 A. Yup.

4 Q. And it says, "The four Art Institutes
5 failed to communicate that change to students as the
6 Higher Learning Commission had instructed in its
7 January 20th letter to Dream Center"?

8 A. Yup.

9 Q. Okay. And that was, again, forwarded to
10 you on June 19 by Melissa Markovsky?

11 A. Yup.

12 Q. And forwarded to pretty much all the
13 officers at DCEH. Right?

14 MR. SCHERN: Objection; form, foundation.

15 THE WITNESS: Looks that way.

16 BY MR. ROTHSCHILD:

17 Q. Okay. And that was one day before students
18 were finally told about what had -- what HLC had
19 done. Right?

20 MR. SCHERN: Objection; form and
21 foundation.

22 BY MR. ROTHSCHILD:

23 Q. That e-mail we just looked at.

24 A. What was the question?

25 Q. This was one day before the students were

Page 114

1 finally told about the loss of accreditation. Right?

2 MR. SCHERN: Objection; form and
3 foundation.

4 THE WITNESS: I don't know about "told";
5 I'm saying, again, you're saying that something was
6 posted, I guess. I don't know what was talked about
7 at the schools, communicated through anybody at the
8 schools.

9 BY MR. ROTHSCHILD:

10 Q. You have no -- you have no knowledge or
11 evidence of that. Right?

12 MR. SCHERN: Objection; form, foundation.

13 THE WITNESS: I don't know -- I don't have
14 knowledge of what was -- what they were talking to --

15 BY MR. ROTHSCHILD:

16 Q. Okay. You took part in a lengthy
17 conversation with state attorneys general in which
18 you talked -- you and Shelly Murphy, in each other's
19 presence, talked about disclosures that didn't take
20 place until May or June and never brought up that
21 maybe the students found out through some other
22 means. Right?

23 MR. SCHERN: Objection; form, foundation.

24 THE WITNESS: Say that again.

25 BY MR. ROTHSCHILD:

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1 Q. You keep trying to retreat to the
2 possibility that the schools told the students
3 something that DCEH itself did not. And I'm asking
4 you -- and I'm asking you, you agree you have no
5 evidence that's the case. Right?

6 MR. SCHERN: Objection; form, foundation.

7 THE WITNESS: I don't have evidence that it
8 is the case or isn't the case.

9 BY MR. ROTHSCHILD:

10 Q. And you went to a meeting with state
11 attorneys general, in which you were a spokesperson
12 for your organization, and told those state attorneys
13 general that the disclosures didn't happen until late
14 May or early June and neither you nor Ms. Murphy
15 brought up any evidence that the students had
16 actually received disclosures much earlier; isn't
17 that right?

18 MR. SCHERN: Objection; form, foundation.

19 THE WITNESS: Yes, written.

20 BY MR. ROTHSCHILD:

21 Q. Okay. And you were not aware of any -- any
22 verbal communications to any of the students either?

23 A. I'm not aware or -- either way.

24 Q. Okay. Now, one way that schools
25 communicate to students and prospective students is

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1 the information on the website. Right?

2 A. Some do.

3 Q. Okay. And Grand Canyon did. Right?

4 A. Yeah, sometimes.

5 Q. And the schools owned by DCEH did as well.
6 Right?

7 A. Yeah, there's many forms of communication
8 to students.

9 Q. Including websites. Right?

10 A. Generally, yes.

11 Q. Okay. Going back to [Exhibit 11](#), and
12 continuing where that conversation that you were
13 having about disclosures, Speaker 2 here says, "Was
14 there a reason the websites weren't changed when you
15 first learned of -- when you were in control of the
16 HLC campus, you first learned that the schools were
17 not accredited?" And Speaker 5 answering, "This is
18 Shelly, I think it goes back to what Brent was just
19 saying. We were in limbo and quite honestly shocked
20 by the decision and were not quite sure."
21 So were you aware that the websites weren't
22 changed to reflect the new accreditation status?

23 A. No, I -- I didn't deal with the website.

24 Q. Were you aware that the websites were
25 actually affirmatively changed by DCEH to represent

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1 to students that candidacy status meant that the
 2 schools were accredited?
 3 **MR. SCHERN:** Objection; form, foundation.
 4 **THE WITNESS:** No.
 5 **MR. ROTHSCHILD:** This will be [Exhibit 15](#).
 6 (Marked for identification [Exhibit 15](#).)
 7 **BY MR. ROTHSCHILD:**
 8 Q. Do you have a document up? Do you have a
 9 document visible?
 10 **A. We have a document --**
 11 **MR. SCHERN:** Who are you talking to?
 12 **MR. ROTHSCHILD:** Is the e-mail -- I'm
 13 asking the court reporter, is the e-mail from Anthea
 14 Sweeney up?
 15 **THE REPORTER:** I'm sorry, I have my
 16 screen configured to focus on the speakers.
 17 **BY MR. ROTHSCHILD:**
 18 Q. All right. We're going to mark as Exhibit
 19 15 what is Bates stamped DCEH-Studio 007870.
 20 And, Mr. Richardson, do you see that that's
 21 a letter from HLC to the presidents of Illinois
 22 Institute of Art and Art Institute of Colorado?
 23 **A. Yes.**
 24 Q. Okay. And it says that HLC received a
 25 complaint regarding certain activities related to the

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1 Art Institute of Colorado and the Illinois Institute
 2 of Art?
 3 **A. Yes.**
 4 Q. And you were aware that a, I'll call it a
 5 whistleblower, somebody sent in documents from the
 6 schools to HLC. Right?
 7 **MR. SCHERN:** Objection; form, foundation.
 8 **THE WITNESS:** I don't recall that.
 9 **BY MR. ROTHSCHILD:**
 10 Q. So there are a group of documents, DCEH
 11 e-mails that were sent along to LLC; are you aware of
 12 that?
 13 **A. I don't recall it.**
 14 Q. All right. So in this group of documents
 15 there's a group of e-mails, and starting at 785, you
 16 see an e-mail from your brother, Chris Richardson, on
 17 his Lopes Capital address, and he says, "Can you
 18 provide the actual language we should put on our
 19 website, and I will get it put up."
 20 Do you see that?
 21 **A. Yup.**
 22 Q. Okay. And right above that, in response,
 23 there's a response from David Harpool?
 24 **A. Yup.**
 25 Q. And it includes -- and this is for the

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1 Colorado Institute of Arts, but it says, "We remain
 2 accredited as a candidate school."
 3 Do you see that?
 4 **A. Yup.**
 5 Q. And on February 26, 2018, that was not
 6 true, according to HLC's position on what the
 7 accreditation status was. Right?
 8 **MR. SCHERN:** Objection; form, foundation.
 9 **THE WITNESS:** I don't know what HLC -- I
 10 don't even know what you're talking about. I don't
 11 know.
 12 **BY MR. ROTHSCHILD:**
 13 Q. You knew that the HLC had taken the
 14 school's accreditation away; right or wrong, that's
 15 what they had done. Right?
 16 **MR. SCHERN:** Objection; form, foundation.
 17 **THE WITNESS:** I don't know at the time,
 18 because at the time we were being told that -- from
 19 the Department, that HLC -- that wasn't even a
 20 status, so I don't know.
 21 **BY MR. ROTHSCHILD:**
 22 Q. But that's not what HLC told you, right?
 23 HLC had told DCEH that the Illinois Institute of Art
 24 and the Art Institute of Colorado were not
 25 accredited. Right?

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1 **MR. SCHERN:** Objection; form, foundation.
 2 **THE WITNESS:** I believe you're correct.
 3 **BY MR. ROTHSCHILD:**
 4 Q. Okay. So the statement "We remain
 5 accredited" would not be consistent with what HLC had
 6 determined the school's accreditation status was.
 7 Right?
 8 **A. I don't know. That's what the lawyer's**
 9 **saying, the Ph.D. on the board, and the accreditation**
 10 **expert.**
 11 Q. So then your brother, Chris, says, "See
 12 direction from regulatory counsel. Shelly, will you
 13 get the website taken care of?"
 14 Do you see that?
 15 **A. Yup.**
 16 Q. And the language, "We remain accredited,"
 17 that is what was on the website. Right?
 18 **A. I have no idea.**
 19 Q. Okay. If that was the language on the
 20 website, that would not have been accurate. Right?
 21 **MR. SCHERN:** Objection; form and
 22 foundation.
 23 **BY MR. ROTHSCHILD:**
 24 Q. From the perspective of HLC?
 25 **A. Yeah. Again, this is under -- this is from**

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1 our counsel that is dealing with HLC and is on the
 2 board of -- or was on the board of HLC, and we
 3 believed from him was accurate.
 4 Q. Were you --
 5 A. I don't know. I don't know what Chris on
 6 this particular was doing or Shelly.
 7 Q. You did -- you did not know what Chris and
 8 Shelly were doing in terms of the language on the
 9 website?
 10 A. No, I don't -- no, I don't particularly
 11 remember any of this.
 12 Q. If inaccurate information was put on the
 13 website, that was under their management, not yours?
 14 A. I'm not saying that they put in inaccurate
 15 information on the website.
 16 (Marked for identification [Exhibit 16.](#))
 17 BY MR. ROTHSCHILD:
 18 Q. [Exhibit 16](#) is beginning Bates stamp
 19 DCEH-Studio 135911. It's an e-mail from you to Stacy
 20 Sweeney saying "See you in the morning." And the
 21 heading is "Welcome to Chicago."
 22 You had mentioned before that you had had a
 23 meeting with HLC in Chicago, and I'm just going to
 24 ask you to scroll down and confirm that this was the
 25 meeting that you were referring to, and just let me

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1 know.
 2 A. I believe it was.
 3 Q. Okay. And you spoke at that meeting?
 4 A. I answered questions.
 5 (Marked for identification [Exhibit 17.](#))
 6 BY MR. ROTHSCHILD:
 7 Q. All right. I'm going to mark as [Exhibit 17](#)
 8 a series of e-mails that begins with DCEH-Studio
 9 153796. And I'm going to go to the, I think, the
 10 first e-mail in the thread, so it's going to be the
 11 second-to-last page, 153803. And you can see from
 12 the carry-over page, you're not a recipient of this
 13 e-mail, so this is from Stacy Sweeney to other people
 14 at DCEH.
 15 But I want to ask you about the subject
 16 matter of the e-mail. So she says, "Hi, gang, as
 17 many of you may know, the Attorney General is waiting
 18 to hear back from us on what we will be doing to
 19 compensate students impacted by the HLC situation."
 20 Were you aware -- well, first of all, who
 21 is Stacy Sweeney?
 22 A. She came -- I don't know what her title
 23 was. She came in later and took over some of
 24 the -- she -- Shelly left and she took over, not
 25 really Shelly's job, but more of some of the

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1 regulatory stuff.
 2 Q. Were you aware that she was developing a
 3 plan to compensate students impacted by the HLC
 4 situation?
 5 A. No.
 6 Q. She -- in the next sentence she says, "They
 7 are looking for an action plan of sorts, threatening
 8 to investigate DCEH's leadership, Brent, John, et
 9 cetera."
 10 Were you aware that the attorneys general
 11 were threatening to investigate DCEH leadership,
 12 yourself included?
 13 A. No.
 14 Q. And below there's a number of scenarios
 15 that are discussed here. The first one is, she says,
 16 "One idea we had was to pull the C and higher grades
 17 during the time frame of January 10 through January
 18 15," and she calculates some compensation for that
 19 time. And then the second one she says, "We also
 20 discussed that the students who are really impacted
 21 are the grads who have come out with a degree that is
 22 unaccredited."
 23 Would you agree with that statement that
 24 the students who are really impacted by what had
 25 happened with HLC and not knowing about it

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1 was -- were the students who got a degree that is
 2 unaccredited?
 3 MR. SCHERN: Objection; form foundation.
 4 THE WITNESS: I would agree they're
 5 impacted. I wouldn't agree that it was -- they were
 6 impacted no matter what.
 7 BY MR. ROTHSCHILD:
 8 Q. And if those students -- if there were
 9 students that graduated, you know, in May or June of
 10 2018, after finishing their last semester at the
 11 Illinois Institute of Art, they could have avoided
 12 having a degree that was unaccredited had they been
 13 told on January 20th or February 1st; is that
 14 correct?
 15 A. I don't believe so, but I'm not exactly
 16 sure.
 17 Q. They could have withdrawn and taken their
 18 accredited credits to a different school?
 19 A. I'm not sure how that works. I'm not sure
 20 they could. I know that some of our team worked
 21 with -- because they went into a teach-out, I
 22 believe, in June or August, and I don't know if this
 23 pertained to the teach-out or what. But, yeah, not
 24 necessarily.
 25 Q. Teach-outs don't help the students that are

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1 done being taught, right, the ones who have already
2 graduated?
3 **A. No, I'm just saying I don't know where this**
4 **documentation is from.**
5 Q. Okay. A student who graduated with an
6 unaccredited degree which -- without even knowing
7 that it was unaccredited, there was really no
8 recourse for them to have that situation remedied.
9 Right?
10 **MR. SCHERN:** Objection; form and
11 foundation.
12 **THE WITNESS:** It was unaccredited -- it was
13 unaccredited once -- they were already in school; it
14 was unaccredited at that point.
15 **BY MR. ROTHSCHILD:**
16 Q. What was unaccredited?
17 **A. The school.**
18 Q. Right.
19 **A. It was unaccredited. They had already**
20 **started school, and it became unaccredited for no**
21 **reason.**
22 Q. Right. And that's something they should
23 have known. Right?
24 **MR. SCHERN:** Objection; form, foundation.
25 **THE WITNESS:** Uh, yeah.

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1 **BY MR. ROTHSCHILD:**
2 Q. What's your answer, Mr. Richardson?
3 **A. No comment.**
4 **(Marked for identification Exhibit 18.)**
5 **BY MR. ROTHSCHILD:**
6 Q. I'm going to mark as [Exhibit 18](#), a document
7 that begins DCEH-Studio 138536, and that's an e-mail
8 from Stacy Sweeney to you, Chris Richardson and John
9 Crowley, copy to Kate Dillon Hogan. Right?
10 **A. Yup. What was the date?**
11 Q. And it's titled "Proposal to assist HLC's
12 impacted students." Right?
13 **A. Yeah, let's see -- yeah, sure.**
14 Q. And she says in the second paragraph, that
15 they want to see the HLC financial reparation made
16 from DCEH to the impacted students?
17 **A. Yup.**
18 Q. And at the bottom of the second paragraph,
19 she says, "So they're counting on the financial
20 reparation that we have all discussed and I have
21 shared in draft form with Brian. See attached for
22 the most updated draft." Right?
23 **MR. SCHERN:** Objection; form.
24 What are you asking?
25 **BY MR. ROTHSCHILD:**

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1 Q. Mr. Richardson, that's what it says here in
2 the second paragraph, right, the attorneys general
3 are "Counting on the financial reparation that we
4 have all discussed and I have shared in draft form
5 with Brian." Right?
6 **MR. SCHERN:** Objection; form and
7 foundation.
8 Are you really asking him if that's what it
9 says?
10 **THE WITNESS:** That's what it says.
11 **BY MR. ROTHSCHILD:**
12 Q. So you did know that you did discuss
13 financial reparation for students and you did see
14 proposals for how that would be done. Right?
15 **A. No, I don't recall it, and when is**
16 **the -- what's the date on this?**
17 Q. This is December 20th, 2018.
18 **A. No, I don't remember it. I don't recall**
19 **this.**
20 Q. Is this another e-mail that -- I mean,
21 you -- as the -- as the CEO of the company, you did
22 read e-mails that were sent to you. Right?
23 **A. You realize I had 63 other schools with**
24 **just as many problems as this school. Right? It**
25 **wasn't like I was running one school.**

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1 Q. So you're denying that you --
2 **A. I wasn't denying anything. I'm saying**
3 **there were hundreds of e-mails. I don't know that I**
4 **read every one or that -- I don't ever remember**
5 **discussing reparations for anyone in any scenario.**
6 **Because to this day while I sit here in this chair, I**
7 **do not believe that anybody with HLC did anything but**
8 **hurt these students.**
9 Q. So did you oppose DCEH providing reparation
10 to students?
11 **A. I did not oppose it. I didn't know that we**
12 **had even contemplated it.**
13 Q. Even though an e-mail was sent to you with
14 a proposal?
15 **A. Yeah, I don't remember discussing it; let**
16 **me put it that way.**
17 Q. So you don't have a recollection, but you
18 have no basis to deny that you received this e-mail
19 and this proposal. Right?
20 **A. It says on the thing I received it. I**
21 **don't know if I opened it, read it, or not.**
22 Q. Are you aware that the Court presiding over
23 this case has described the conduct of keeping from
24 students that their school had lost accreditation as
25 potentially criminal?

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1 MR. SCHERN: Objection; form, foundation.
 2 THE WITNESS: No.
 3 MR. ROTHSCHILD: Let's take a 10-minute
 4 break, and I should be able to wrap up soon.
 5 THE REPORTER: Is that okay, Counsel?
 6 MR. SCHERN: Yes.
 7 (Recessed from 1:23 p.m. until 1:33 p.m.)
 8 BY MR. ROTHSCHILD:
 9 Q. Mr. Richardson, has your family company or
 10 any of the companies it -- it owns or runs done
 11 business in Illinois in the last 10 years?
 12 A. I have no idea.
 13 Q. Possibly yes?
 14 MR. SCHERN: Objection; form, foundation.
 15 THE WITNESS: Again, don't know.
 16 BY MR. ROTHSCHILD:
 17 Q. Confirming from your earlier testimony,
 18 DCEH did do business in Illinois during the years
 19 that you were the CEO. Correct?
 20 A. DCEH owned -- yes.
 21 Q. And entered into contracts in Illinois?
 22 A. I don't know the answer to that.
 23 MR. ROTHSCHILD: Mike, the next question
 24 I'm going to ask, I'm going to anticipate you may
 25 object, but where you think it's going, but it's

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1 going to be one question, so as you're contemplating
 2 your objection, just take that into account.
 3 Q. Mr. Richardson, we, earlier in the
 4 deposition you talked about the letter you received
 5 from the receiver about claims, and my only question
 6 for you is that letter that you referred to, do you
 7 have a copy of it?
 8 A. I don't know the answer to that. I may or
 9 may not. I don't know.
 10 Q. And it would be in the possession of your
 11 counsel who represented you in those negotiations
 12 with the receiver?
 13 A. I assume it would.
 14 MR. ROTHSCHILD: No further questions.
 15 Next counsel can take the witness. Thank
 16 you, Mr. Richardson.
 17 MR. OCHOA: Mike, I just had a few quick
 18 questions. I didn't know if you had anything or not?
 19 MR. SCHERN: No. Go ahead, John.
 20 MR. OCHOA: Okay. Thanks.
 21
 22 EXAMINATION
 23 BY MR. OCHOA:
 24 Q. Good afternoon, Mr. Richardson. My name is
 25 John Ochoa, and I'm counsel for Dream Center

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1 Foundation. I just wanted to follow up on an earlier
 2 question that you were asked this morning.
 3 I was wondering, do you remember exactly
 4 when you were appointed CEO of Dream Center Education
 5 Holdings?
 6 A. I don't, John.
 7 Q. Okay. Do you know whether or not the board
 8 of directors of DCEH formally appointed you CEO or
 9 not?
 10 A. Again, I don't know the answer to that.
 11 Q. Okay. You testified earlier that Barton
 12 and others at DCF asked you if you would be
 13 interested in leading the schools; that was just an
 14 informal inquiry, correct, they didn't actually
 15 appoint you CEO at that time?
 16 A. Correct.
 17 Q. Okay. And do you know how you were
 18 formally appointed CEO?
 19 A. I do not.
 20 Q. Okay. Are you familiar with the operating
 21 agreement of Dream Center Education Holdings?
 22 A. Not intimately.
 23 Q. Okay. Let me see if I can do this. I'm
 24 going to share a document on my screen with you.
 25 Okay. Can you see that?

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1 A. Yeah.
 2 MR. OCHOA: I'm not going to mark this as
 3 an exhibit. I'm just going to see if this refreshes
 4 his recollection.
 5 Q. This is the operating agreement for Dream
 6 Center Education Holdings, LLC. And I'm going to
 7 direct you down to "Section 5, Management of the
 8 Company."
 9 Let's see, you don't need to read this all,
 10 but it lists the board managers of DCEH, the duties
 11 of the managers and their role as it relates to
 12 officers, and it says under Section 5.3, "The
 13 managers may designate one or more individuals as
 14 officers of the company, who shall have such titles
 15 and exercises, and perform such powers and duties as
 16 shall be assigned to them from time to time by the
 17 member."
 18 Does this document -- and then here it
 19 says, CEO, COO, president -- does this refresh your
 20 recollection at all as to how you were appointed CEO
 21 of DCEH?
 22 A. Yeah. Again, I really don't remember. I
 23 don't remember this document, to be honest.
 24 MR. OCHOA: Okay. No problem. That's all
 25 I have.

1 MR. SCHERN: All right. Are we done?
 2 MR. ROTHSCHILD: If you don't have
 3 questions, Mike, I don't have any follow-up.
 4 MR. SCHERN: No. No questions.
 5 THE REPORTER: Do you want copies of the
 6 transcript, Mr. Ochoa and Mr. Schern?
 7 MR. SCHERN: Yes, please.
 8 THE REPORTER: Mr. Ochoa?
 9 MR. OCHOA: Yes, we do.
 10 (Proceedings concluded at 1:38 p.m.)
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1 STATE OF ARIZONA)
 2 COUNTY OF MARICOPA)
 3 CERTIFICATE
 4 I, ROBIN L. B. OSTERODE, Certified Shorthand
 5 Reporter for the State of California and Certified
 6 Reporter for the State of Arizona certify:
 7 That the foregoing proceeding was taken by
 8 me; that I am authorized to administer an oath; that
 9 any witness, before testifying, was duly sworn to
 10 testify to the whole truth; that the questions and
 11 answers were taken down by me in shorthand and
 12 thereafter reduced to print by computer-aided
 13 transcription under my direction; that review and
 14 signature was requested; that the foregoing pages are
 15 a full, true, and accurate transcript of all
 16 proceedings, to the best of my skill and ability.
 17 I FURTHER CERTIFY that I am in no way
 18 related to nor employed by any of the parties hereto,
 19 nor am I in any way interested in the outcome hereof.
 20 DATED this 8th day of June, 2021.
 21
 22
 23
 24 ROBIN L. B. OSTERODE, CSR, RPR
 25 CA CSR No. 7750
 AZ CR No. 50695

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APPENDIX B

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1 SHELLY MURPHY,
2 having been first duly sworn, testifies as follows:
3
4 **EXAMINATION**
5 **BY MS. BITNER:**
6 Q. Good morning, Miss Murphy. My name's Robyn
7 Bitner, and I'm one of the attorneys representing the
8 Plaintiffs in this litigation.
9 Have you ever been deposed before?
10 **A. No.**
11 Q. Okay. I'm gonna go over briefly what will
12 happen today just to give you a sense, and then we'll
13 get started with questions.
14 So I'm gonna begin by asking you a series of
15 questions. It's possible that Mr. Ochoa, who represents
16 the Dream Center Foundation, will also want to ask you
17 questions, as well as your own attorney.
18 And throughout, the court reporter will be
19 transcribing what's being said, so there's a few things
20 we can do that would really make her life easier.
21 The first is to try as much as possible not to
22 interrupt each other. So if I'm asking you a question,
23 even if you think you know where I'm going with the
24 question, it would be great to wait until I finish the
25 full question before giving a response.

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1 And in the same vein, when you're giving an
2 answer, I'm gonna do my very best not to cut you off and
3 to allow you to finish before I continue with my next
4 question.
5 If I ever ask a question that you don't really
6 understand for whatever reason, please feel free to let
7 me know.
8 And occasionally one of the attorneys,
9 including your own, may make an objection to a
10 particular question. Unless your attorney specifically
11 instructs you not to answer, once they've made their
12 objection, you'll go ahead and answer the question.
13 Is all of that clear?
14 **A. Yes.**
15 Q. Okay. And if you ever need to take a break for
16 any reason, please feel free to let us know. If we're
17 still going by about 2:30, 3:00 Eastern Time, then we'll
18 probably break for lunch at that point.
19 **MS. BITNER:** And then, Counsel, I just wanted
20 to confirm with all of you that all objections, except
21 as to form, will be preserved.
22 **MR. OCHOA:** Agreed.
23 **MR. SCHERN:** Agreed.
24 And, Robyn, this is Mike. Before we go
25 further, just so we don't run into the same question as

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1 yesterday, can our court reporter hear Shelly and me
2 okay?
3 (A discussion was held off the record.)
4 **MR. SCHERN:** Okay. Thanks, Robyn.
5 **MS. BITNER:** Thanks for checking.
6 Q. (BY MS. BITNER) All right. Are you
7 represented by counsel today, Miss Murphy?
8 **A. Yes, I am.**
9 Q. And who is that?
10 **A. Mike Schern.**
11 Q. And when did you retain him to represent you?
12 **A. Months ago. I don't know exact date, but**
13 **several months ago.**
14 Q. Mr. Schern is also representing Brent
15 Richardson and Chris Richardson in this litigation,
16 correct?
17 **A. Yes.**
18 Q. Did you ever discuss any conflicts that might
19 arise as a result of Mr. Schern representing all three
20 of you?
21 **A. Yes.**
22 Q. Can you describe that conversation?
23 **MR. SCHERN:** No. She's not going to
24 describe -- discuss that. That's an attorney-client
25 privileged communication.

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1 Don't answer that.
2 Q. (BY MS. BITNER) Withdrawn.
3 Was anyone else present for that discussion?
4 **A. No.**
5 Q. When did that discussion take place?
6 **A. I don't remember.**
7 Q. What did you do to prepare for this
8 deposition?
9 **A. I met with my lawyer.**
10 Q. And when did you meet with Mr. Schern?
11 **A. Today. This morning.**
12 Q. Approximately for how long?
13 **A. Hour.**
14 Q. Was anyone else there?
15 **A. No.**
16 Q. Did you review any documents to prepare for
17 your testimony today?
18 **A. No.**
19 Q. Have you reviewed the complaint that's been
20 filed against you in this case?
21 **A. I lightly perused it, not in detail.**
22 Q. What's your understanding of why you're being
23 sued today?
24 **A. Jurisdiction in whether -- where I reside,**
25 **live, have a business, operate.**

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1 Q. And this lawsuit involves several students who
2 are suing you.
3 Do you know why those students are suing you?
4 **A. It's not clear.**
5 Q. Where do you currently live?
6 **A. In Arizona; Gilbert, Arizona.**
7 Q. And how long have you lived in Arizona?
8 **A. Almost 28 years.**
9 Q. Do you own any property outside of Arizona?
10 **A. No.**
11 Q. Describe briefly your education after high
12 school.
13 **A. High school and some brief community college.**
14 Q. Did you ever graduate with an associate degree
15 or just attend classes?
16 **A. No. Just attend classes.**
17 Q. And where have you worked since graduating from
18 high school?
19 **A. A number of financial institutions in the**
20 **banking industry. I worked for California Higher**
21 **Education. I was the executive director for Arizona**
22 **Higher Education.**
23 **So all within the financial sector and higher**
24 **education.**
25 Q. Have you ever worked for WOZ Innovation

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1 Foundation?
2 **A. I don't receive a payroll, but I commit my time**
3 **to it.**
4 Q. And what --
5 **A. So I don't --**
6 Q. Sorry. I didn't mean to interrupt.
7 **A. Go right ahead.**
8 Q. What role do you serve for the WOZ Innovation
9 Foundation?
10 **A. Chairman and -- well, it is not an official**
11 **role, so CEO of the Innovation WOZ Foundation.**
12 Q. Have you ever conducted any business on behalf
13 of WOZ Innovation Foundation in Illinois?
14 **A. No.**
15 Q. Are you familiar with any partnerships the
16 Foundation might have formed with the Steven Hunter
17 Foundation?
18 **A. No. That's a separate foundation. That's not**
19 **the WOZ Innovation Foundation.**
20 Q. So the WOZ Innovation Foundation has never
21 partnered with anyone to bring technology-based
22 education to Chicago schools?
23 **A. No.**
24 Q. Can you describe your current employment.
25 **A. Self-employed.**

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1 Q. Do you have -- go ahead. Sorry.
2 **A. Self-employed entrepreneur.**
3 Q. Have you ever worked for a company called GSD
4 Group?
5 **A. That's my personal LLC.**
6 Q. And what role do you serve at GSD Group?
7 **A. It's my personal LLC group, so it's my company,**
8 **sole proprietor.**
9 Q. Have you ever conducted any business on behalf
10 of GSD Group in Illinois?
11 **A. No.**
12 Q. So it's your testimony today that you've never
13 conducted any business on behalf of GSD Group in
14 Illinois?
15 **A. I have not been to Illinois in any regards to**
16 **conduct any business in -- around GSD Group.**
17 Q. You signed a declaration in this case on
18 March 24th, 2021, correct?
19 **A. Yes.**
20 Q. And you certified that everything you said in
21 that declaration was true and accurate, correct?
22 **A. Correct.**
23 Q. In fact, you signed under penalty of perjury,
24 didn't you?
25 **A. Yes.**

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1 Q. And you stated in that declaration that you do
2 not advertise or solicit business in Illinois,
3 correct?
4 **A. Correct.**
5 Q. You also stated that you do not maintain
6 business contacts in Illinois, correct?
7 **A. Correct.**
8 Q. I'm going to introduce an exhibit. It is one I
9 have not shared previously, so I'm gonna go ahead and
10 drop it in the chat for anyone who wants to open it on
11 your own computer.
12 **MR. SCHERN:** Can you share the screen?
13 **MS. BITNER:** I will do that as well, but I just
14 wanted to make sure that I provided you with a copy.
15 This will be [Exhibit 1](#). It is not Bates
16 stamped. It's a Chicago Tribune article from
17 January 29th, 2020.
18 [\(Exhibit 1\)](#) was marked for
19 identification.)
20 Q. (BY MS. BITNER) Do you see that,
21 Miss Murphy?
22 **A. I do.**
23 Q. I'd like to direct your attention to the
24 highlighted portions here where it says, "Atari
25 announced this week a deal with GSD Group, a

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1 Phoenix-based firm, to build hotels in major cities
 2 centered around the iconic brand. The first location
 3 will be in Phoenix with additional hotels in Chicago."
 4 Do you see that?
 5 **A. Yes.**
 6 Q. So is it still your testimony that GSD Group
 7 has not conducted any business in Illinois?
 8 **A. Yes.**
 9 Q. Did you also give a statement to that reporter
 10 for the article that the firm has been scouting sites in
 11 Chicago and moving fast to get an Atari Hotel in the
 12 city?
 13 **A. I don't believe that was -- I don't recall**
 14 **that.**
 15 Q. Do you recall telling them -- sorry. Go ahead.
 16 **A. This is an article done by a reporter or just a**
 17 **newspaper?**
 18 Q. Yes. It's the Chicago Tribune. The reporter's
 19 Abdel Jimenez.
 20 **A. Yeah, I -- I don't recall doing the interview**
 21 **with -- I did sign the agreement as Shelly Murphy, as**
 22 **well, not GSD Group.**
 23 Q. So you personally signed an agreement to build
 24 a hotel in Chicago?
 25 **A. No.**

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1 Q. And did you tell this reporter you've been to
 2 Chicago a number of times, probably about a dozen times,
 3 in the last six months?
 4 **A. I may have, but I have not been to Chicago. I**
 5 **don't -- I have never been to Chicago, my entire life,**
 6 **maybe one time. I think I've been to Chicago once in my**
 7 **entire life.**
 8 Q. And when was that?
 9 **A. I don't recall. It's been a few years ago.**
 10 Q. Was the trip -- that trip for personal reasons
 11 or for business?
 12 **A. For personal.**
 13 Q. Have you ever worked for Atari Hotels?
 14 **A. Atari Hotels is not -- you can't work for Atari**
 15 **Hotels, if that makes sense.**
 16 Q. Can you explain?
 17 **A. It's not a -- it's not a -- there are no hotels**
 18 **built.**
 19 Q. Did you ever sign an agreement to collaborate
 20 with Atari Hotels?
 21 **A. I guess I'm not clear on, like -- I'm not clear**
 22 **what you're asking me and why.**
 23 Q. I'm just asking about your employment history.
 24 You know, having reviewed your LinkedIn profile, you
 25 list Atari Hotels as an employer, so I'm just asking

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1 some questions about that.
 2 **A. So I'm not -- so I'm not -- it's not -- they're**
 3 **not listed as an employer, Atari Hotels, on my**
 4 **LinkedIn.**
 5 Q. Okay. We can come back to that.
 6 Can you tell me about your role at Dream Center
 7 Education Holdings, or DCEH?
 8 **A. Yes. I was the head of government affairs.**
 9 Q. Do you remember your exact title?
 10 **A. Chief officer of government affairs.**
 11 Q. And how did you get that job?
 12 **A. I -- I met with Brent Richardson and John**
 13 **Crowley, the CEO and COO of Dream Center.**
 14 Q. And after accepting the job, what roles and
 15 responsibilities did you have?
 16 **A. To oversee government affairs.**
 17 Q. Can you describe some of the typical duties
 18 that you had in that role, like what falls under the
 19 umbrella of government affairs?
 20 **A. Working primarily with the Department of**
 21 **Education.**
 22 Q. On what types of things?
 23 **A. All things Department of Ed and government**
 24 **related to the school.**
 25 Q. So would you have worked on Title IV?

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1 **A. Title IV, yes.**
 2 Q. Would you have worked on accreditation
 3 issues?
 4 **A. Not necessarily accreditation. Those were**
 5 **handled by the different accrediting agencies or**
 6 **accrediting bodies, not necessarily directly with the**
 7 **Department of Ed.**
 8 Q. Would you have worked on change of ownership
 9 applications?
 10 **A. I don't recall. I honestly don't remember.**
 11 Q. All right. When did you leave your role at
 12 DCEH?
 13 **A. Oh, boy. I have to think about -- I want to --**
 14 **I'm not -- I honestly don't remember 'cause we're**
 15 **talking three years ago. I want to -- 2019. It might**
 16 **have been early 2019, mid-2019.**
 17 Q. When you left, was Brent Richardson still
 18 working at DCEH?
 19 **A. Yes.**
 20 Q. Was Chris Richardson still working there?
 21 **A. Yes.**
 22 Q. Why did you leave?
 23 **A. I just -- you know, other opportunities.**
 24 Q. Such as?
 25 **A. Just to become more entrepreneurial.**

Page 17

1 Q. And run groups like GSD Group?

2 **A. Well, I created GSD Group. It's my -- it's an**

3 **LLC. So I created it to be able to go out and venture**

4 **into other opportunities.**

5 Q. Did you receive any severance from DCEH?

6 **A. No.**

7 Q. Did DCEH purchase a group of for-profit

8 colleges from Education Management Corporation in 2017

9 and 2018?

10 **A. The schools that were being operated by DCEH**

11 **were from EDMC. The date in which they closed on that,**

12 **I don't know.**

13 Q. Was the Illinois Institute of Art one of the

14 schools that DCEH purchased?

15 **A. I believe so.**

16 Q. Does the Illinois Institute of Art offer online

17 or in-person classes?

18 **A. Both.**

19 Q. What state is the Illinois Institute of Art

20 located in?

21 **A. I've never -- I never personally visited the**

22 **school. I -- I don't recall what state they operate.**

23 Q. You don't know where the Illinois Institute of

24 Art is located?

25 **A. I believe Chicago. I'm not -- I never visited**

Page 18

1 **the school, so I never saw it in person.**

2 Q. Okay.

3 **A. There were 63 schools, I believe.**

4 Q. So one of the campuses, you think, was located

5 in Chicago?

6 **A. Yes.**

7 Q. Did students who lived in Illinois typically

8 attend the Chicago campus?

9 **A. It would be my opinion that I would assume. So**

10 **if you live there, you would probably attend a school in**

11 **your location.**

12 Q. Okay. Did the student body include any

13 Illinois residents, to your knowledge?

14 **A. I don't know.**

15 Q. Did the school try to recruit students who

16 lived nearby its campus?

17 **A. I don't know.**

18 Q. So you're not sure if they ever made

19 presentations at local high schools, for example?

20 **A. I don't know.**

21 Q. Are you aware of any advertisements that might

22 have been placed on TV in the Chicago area?

23 **A. I'm not aware.**

24 Q. Are you aware of any advertisements on subways

25 or buses?

Page 19

1 **A. No, not aware.**

2 Q. The schools that DCEH purchased from EDMC,

3 including the Illinois Institute of Art, had to apply

4 with their accreditor to approve the change in

5 ownership, correct?

6 **A. I'm not sure what the process was.**

7 Q. You didn't play any role in the process of

8 applying to change the ownership?

9 **A. I don't -- I don't recall.**

10 Q. What role did Brent Richardson play?

11 **A. I don't know.**

12 Q. What was his position at DCEH?

13 **A. CEO.**

14 Q. And what role did Chris Richardson play in the

15 change in ownership?

16 **A. I don't know.**

17 Q. What was his position at DCEH?

18 **A. I think he was in-house counsel.**

19 Q. Who was the Illinois Institute of Art's

20 accreditor?

21 **A. HLC.**

22 Q. And HLC stands for, do you recall?

23 **A. Higher -- I think it's Higher Illinois**

24 **Commission or -- I -- I don't recall.**

25 Q. Higher Learning Commission? Okay.

Page 20

1 **A. Yes.**

2 Q. Where was HLC's office located?

3 **A. I don't know.**

4 Q. Did you ever travel to their office for a

5 meeting about the Illinois Institute of Art?

6 **A. No.**

7 Q. Did you ever speak with HLC employees about the

8 Illinois Institute of Art over the phone?

9 **A. I believe so.**

10 Q. Can you describe what you recall about when

11 those conversations took place and who they were with?

12 **A. I don't remember her name and I don't recall**

13 **any in-depth conversations, other than trying to**

14 **schedule phone meetings.**

15 Q. And what were you trying to schedule the phone

16 meetings about?

17 **A. I don't recall.**

18 Q. Did you ever speak with HLC employees about the

19 Illinois Institute of Art over email?

20 **A. I may have. I don't -- again, I'm not**

21 **recalling, but I may have.**

22 Q. On or around November 16th, 2017, did you ever

23 receive a letter from HLC communicating its decision on

24 the Illinois Institute of Art's change of control

25 application?

Page 21

1 **A. No, not that I -- not that I remember, no.**
2 Q. I'm gonna go ahead and share what will be
3 marked as [Exhibit 2](#). And it is DCEH-Studio 199580.
4 ([Exhibit 2](#) was marked for
5 identification.)
6 Q. (BY MS. BITNER) This is a letter from the
7 Higher Learning Commission on November 16th, 2017, to
8 the presidents of Illinois Institute of Art and the Art
9 Institute of Colorado, as well as Brent Richardson at
10 DCEH.
11 Do you recall ever seeing a copy of this
12 letter?
13 **A. I don't recall. I don't remember seeing.**
14 Q. So the letter states, and I'll direct your
15 attention -- if you'd like to read the whole thing, I'm
16 happy to let you do so, but I'll just direct your
17 attention to this highlighted sentence.
18 **A. Okay.**
19 Q. It says, "This approval is subject to the
20 requirement of change of control candidacy status."
21 Do you see that?
22 **A. Yes.**
23 Q. What was your understanding of what change of
24 control candidacy status was?
25 **A. No understanding.**

Page 22

1 Q. Had you ever heard of it before?
2 **A. No.**
3 Q. Were you involved in discussions, after
4 receiving this letter, about what it might mean?
5 **A. Yes.**
6 Q. Can you describe what you remember about those
7 conversations?
8 **A. No, I don't -- I don't remember the**
9 **conversations around it.**
10 Q. You remember nothing about them, just that they
11 happened?
12 **A. I remember having discussions around this**
13 **candidacy status, but I don't remember the conversations**
14 **themselves.**
15 Q. Did DCEH and the schools have to accept the
16 conditions that HLC placed on the sale, like change of
17 control candidacy status?
18 **A. I wasn't involved in any of that process.**
19 Q. You weren't involved. Okay.
20 Do you know, even if you weren't involved,
21 whether or not they accepted change of control candidacy
22 status?
23 **A. No.**
24 Q. I'm gonna go ahead and share another exhibit
25 that will be marked as [Exhibit 3](#). And it is DCEH-Studio

Page 23

1 219539.
2 ([Exhibit 3](#) was marked for
3 identification.)
4 Q. (BY MS. BITNER) And this is a January 4th,
5 2018, letter to the Higher Learning Commission, again
6 from the two presidents and Brent Richardson.
7 And I just want to -- again, you're welcome to
8 read the entire thing, but I can direct you just to the
9 highlighted portion --
10 **A. Okay.**
11 Q. -- where it says, "AIC and ILIA agree to accept
12 change of control candidacy status set forth in the
13 Higher Learning Commission's approval letter dated
14 November 16th, 2017."
15 Do you see that?
16 **A. Yes.**
17 Q. And so DCEH and the schools both accepted the
18 change of control candidacy status?
19 **A. Okay.**
20 Q. But, again, your testimony is you were not part
21 of that process, you were not aware of that process?
22 **MR. SCHERN:** Objection; form, foundation.
23 **THE WITNESS:** What? I didn't hear you.
24 **MR. SCHERN:** I made an objection. You can
25 answer the question.

Page 24

1 Can you re -- can you ask the question again,
2 Robyn?
3 Q. (BY MS. BITNER) So your testimony is that you
4 were not part of this process of accepting the change of
5 control candidacy status?
6 **MR. SCHERN:** Same objection.
7 **THE WITNESS:** Does that mean don't answer?
8 **MR. SCHERN:** No. I'm sorry. From time to
9 time -- as we've said, from time to time, I'll object --
10 **THE WITNESS:** Okay.
11 **MR. SCHERN:** -- like I did, but then after I
12 object, you can go ahead and answer unless I instruct
13 you not to answer it.
14 So, sorry, Robyn, one more time.
15 Q. (BY MS. BITNER) So your testimony is that you
16 were not part of this process of accepting the change of
17 control candidacy status?
18 **A. Yeah, I don't -- I don't recall seeing any of**
19 **what you just put on the screen.**
20 Q. As part of the change of control -- change of
21 control, HLC required the schools, including the
22 Illinois Institute of Art, to update their website about
23 their new candidacy status, right?
24 **MR. SCHERN:** Objection; form, foundation.
25 **THE WITNESS:** So --

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1 MR. SCHERN: You can answer.
 2 THE WITNESS: Oh. I don't -- I don't -- like,
 3 this was all three years ago. I don't remember a lot
 4 of --
 5 Q. (BY MS. BITNER) I will go ahead and introduce
 6 what will be marked as [Exhibit 4](#). And it is DCEH-Studio
 7 199946.
 8 ([Exhibit 4](#) was marked for
 9 identification.)
 10 Q. (BY MS. BITNER) And this is a January 12th,
 11 2018, letter from the Higher Learning Commission to the
 12 same recipients, the institution presidents and Brent
 13 Richardson.
 14 And I just want to direct you to this
 15 highlighted paragraph here where it says, "As you know,
 16 this approval is specifically subject to a change of
 17 control candidacy."
 18 They describe a Commission policy, and then
 19 say, "Under this policy, the Commission anticipates that
 20 the institutions have properly notified their students
 21 of the acceptance of the Board's condition of change of
 22 control candidacy and have clearly stated its impact on
 23 current and prospective students once the transition
 24 closes."
 25 Do you remember ever receiving a copy of this

Page 26

1 letter?
 2 A. No.
 3 Q. Do you remember ever seeing these instructions
 4 from HLC to proactively notify students about candidacy
 5 status?
 6 A. No.
 7 Q. Did that notification to students happen?
 8 MR. SCHERN: Objection; form, foundation.
 9 THE WITNESS: No. I -- I don't -- I don't
 10 recall any -- we had a lot of outside counsel working on
 11 this stuff, but I don't recall any of this. I don't
 12 remember or recall any of it.
 13 Q. (BY MS. BITNER) All right. So you don't
 14 recall a notification going out to students in
 15 mid-January about candidacy status?
 16 A. From LL -- from us or HLC? I guess I'm
 17 confused with --
 18 Q. From -- from DCEH.
 19 A. I don't -- I don't recall the timeline. I
 20 mean -- no.
 21 Q. Okay. Do you recall seeing any notice from the
 22 schools going out to students about candidacy status in
 23 mid-January 2018?
 24 A. I don't remember.
 25 Q. HLC also posted a public disclosure notice in

Page 27

1 late January 2018 about the Illinois Institute of Art's
 2 new candidacy status, correct?
 3 A. Again, just -- I just -- I don't remember the
 4 time -- I mean, I honestly don't remember the
 5 timelines.
 6 Q. Do you remember the public disclosure notice?
 7 A. I don't -- what date -- when did you say that
 8 went out?
 9 Q. It would have been late January 2018.
 10 A. Yeah. No, I don't -- I don't recall.
 11 Q. Okay. I'm now gonna introduce what will be
 12 marked as [Exhibit 5](#), and it's DUN-HLC 7780.
 13 ([Exhibit 5](#) was marked for
 14 identification.)
 15 Q. (BY MS. BITNER) And this is a copy of the
 16 public disclosure notice involving the Illinois
 17 Institute of Art as well as the Art Institute of
 18 Colorado with an effective date of January 20th, 2018.
 19 Do you remember ever receiving a copy of this
 20 notice?
 21 A. I don't remember receiving.
 22 Q. And looking at that very last line that's
 23 highlighted, "During candidacy status, an institution is
 24 not accredited but holds a recognized status with HLC
 25 indicating the institution meets the standards for

Page 28

1 candidacy."
 2 Was that your understanding of what was meant
 3 by candidacy status, is that an institution was not
 4 accredited?
 5 A. No.
 6 Q. What was your understanding?
 7 A. I had no clear understanding. We relied on
 8 outside counsel to give us guidance on this.
 9 Q. After receiving that guidance, did you have a
 10 better understanding of what it might mean at any
 11 point?
 12 A. No. We relied on their guidance and
 13 understanding.
 14 Q. This notice also describes what candidacy
 15 status means for students.
 16 It says, "Students taking classes or graduating
 17 during the candidacy period should know that their
 18 courses or degrees are not accredited by HLC and may not
 19 be accepted in transfer to other colleges and
 20 universities or recognized by prospective employers."
 21 Were you aware of this impact on students that
 22 candidacy status could have?
 23 MR. SCHERN: Objection; form, foundation.
 24 Go ahead.
 25 THE WITNESS: No. Again, just relying on

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1 outside counsel for the overall understanding of all of
 2 this.
 3 Q. (BY MS. BITNER) What is the point of a public
 4 disclosure notice?
 5 A. **I mean, it could be a lot of -- I don't -- I**
 6 **mean, I don't know. Could be a lot of -- lot of**
 7 **reasons.**
 8 Q. Could one of those reasons be that the students
 9 at the Illinois Institute of Art located in Illinois
 10 need to know that their school has lost accreditation?
 11 MR. SCHERN: Objection; form, foundation.
 12 THE WITNESS: I mean, it could be, but I don't
 13 know.
 14 Q. (BY MS. BITNER) When a school loses
 15 accreditation, are the effects felt by students?
 16 A. **It could, yes.**
 17 Q. In what ways?
 18 A. **Oh, I'm not -- many. I don't know exactly.**
 19 Q. Even though the Art Institute had campuses in
 20 many locations throughout the country, would a public
 21 disclosure notice like this be important for students
 22 at, say, the Pittsburgh campus?
 23 MR. SCHERN: Objection; form, foundation.
 24 THE WITNESS: I -- I don't know.
 25 Q. (BY MS. BITNER) Did DCEH inform students who

Page 30

1 were currently attending classes at the Illinois
 2 Institute of Art about candidacy status after DCEH
 3 received this public disclosure notice?
 4 A. **I don't know the timeline.**
 5 Q. What do you remember about disclosing candidacy
 6 status to students?
 7 A. **I remember relying on outside counsel for all**
 8 **of our guidance around what this meant. I don't recall**
 9 **timelines, I don't recall how we communicated it. I --**
 10 **I know that we relied on outside counsel a hundred**
 11 **percent on how to guide us through this.**
 12 Q. And did the schools also rely on the same
 13 outside counsel?
 14 A. **I -- I don't know.**
 15 Q. Did you ever see the schools provide a
 16 disclosure to students, after receiving the public
 17 disclosure notice, saying candidacy status had meant
 18 they'd lost accreditation?
 19 A. **I don't -- I don't know.**
 20 Q. Did DCEH ever disclose to prospective students
 21 who were coming for admissions visits that the school
 22 had lost accreditation?
 23 A. **I -- I don't know.**
 24 Q. Who at DCEH would have been more responsible
 25 for implementing something like this public disclosure

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1 notice?
 2 A. **Again, just it's been a while to think about --**
 3 **yeah, I don't -- I don't honestly remember who would**
 4 **have -- I don't know.**
 5 Q. Who at DCEH typically handled regulatory
 6 issues?
 7 A. **Deana Echols handled a lot of that. Ellyn**
 8 **McLaughlin handled some of that.**
 9 **Again, I couldn't tell you specifically who**
 10 **handled all that, but they were all in that area.**
 11 Q. What was Ellyn McLaughlin's role at DCEH?
 12 A. **She worked with the accrediting bodies.**
 13 Q. Did you ever receive an email from Ellyn where
 14 she copied you and requested all communications with HLC
 15 since November 2017?
 16 A. **I don't remember.**
 17 Q. I'm gonna go ahead and introduce [Exhibit 6](#).
 18 DCEH-Studio 199652.
 19 ([Exhibit 6](#) was marked for
 20 identification.)
 21 Q. (BY MS. BITNER) And this is an email from
 22 Ellyn McLaughlin to Elden Monday and Josh Pond, the
 23 presidents, as well as you and Chris DelSanto.
 24 Do you see that?
 25 A. **Yes.**

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1 Q. Why was Ellyn requesting all communications
 2 received from or sent to HLC since the November 16
 3 letter?
 4 A. **I don't know.**
 5 Q. Do you see that last sentence where she says,
 6 "Shelly needs this information as soon as possible"?
 7 A. **That -- that could -- I wasn't the only Shelly**
 8 **at DCEH.**
 9 Q. I recognize that.
 10 Is Shelly Gardner copied on this email?
 11 A. **No. I don't -- I don't remember why I would**
 12 **have needed the information.**
 13 Q. And at least Ellyn considered it to be an
 14 urgent request, since her subject says "Urgent Request"
 15 in all capital letters, right?
 16 MR. SCHERN: Objection; form, foundation.
 17 THE WITNESS: I don't know.
 18 Q. (BY MS. BITNER) Do you know why she would have
 19 thought it was an urgent request?
 20 A. **I don't know.**
 21 Q. Did anyone ask you to gather this
 22 information?
 23 A. **I don't remember.**
 24 Q. I just want to flag as well that during that
 25 line of questioning, I thought I heard someone whisper

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1 to you, Miss Murphy, that Shelly Gardner also worked at
 2 DCEH, and I just want to confirm that I heard that
 3 correctly.
 4 **A. No.**
 5 Q. No one is whispering answers to you?
 6 **A. No.**
 7 **MR. SCHERN:** What are -- what are you saying,
 8 Robyn?
 9 **MS. BITNER:** I'm just telling you what I heard,
 10 Mike, and I didn't know if it came from you or someone
 11 else, but I did hear someone whisper "Shelly Gardner
 12 also works at DCEH" when Shelly Murphy's mouth was not
 13 moving.
 14 So just wanted to clarify that the answers are
 15 coming directly from the witness.
 16 Q. (BY MS. BITNER) After DCEH received HLC's
 17 public disclosure notice, did Ellyn McLaughlin express
 18 any concerns directly to you that the Illinois Institute
 19 of Art's website still said that it was accredited?
 20 **A. I don't remember.**
 21 Q. You don't recall her ever raising concerns with
 22 you?
 23 **A. I don't remember.**
 24 Q. I'm gonna go ahead and share what will be
 25 marked as [Exhibit 7](#). It is DUN-HLC 014818.

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1 ([Exhibit 7](#) was marked for
 2 identification.)
 3 Q. (BY MS. BITNER) And it is a long line of email
 4 chains, so I'm actually going to just go down to the
 5 relevant email.
 6 **MR. SCHERN:** Can I -- Robyn, can you decrease
 7 the size just a little bit? There's the -- there you
 8 go. Thank you.
 9 **MS. BITNER:** Is that good?
 10 **MR. SCHERN:** Yeah. Thanks.
 11 Q. (BY MS. BITNER) So the email that I want to
 12 ask you about, Miss Murphy, starts on 014846, and it's
 13 an email from Ellyn McLaughlin to you and Chris DelSanto
 14 on February 21st, 2018.
 15 **A. Uh-huh.**
 16 Q. Do you remember receiving this email?
 17 **A. I don't remember.**
 18 Q. Okay. And in this email, Ellyn states, "Right
 19 now both the AI Colorado and the ILIA websites clearly
 20 say that schools are accredited by HLC."
 21 She goes on to say that, "I know the options
 22 for appeal are being considered. I believe the current
 23 text to be an inaccurate representation."
 24 Does this refresh your recollection at all
 25 about Ellyn McLaughlin raising concerns with you about

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1 what was stated on the school's website?
 2 **A. I don't remember. Yeah.**
 3 Q. Did you ever respond to Ellyn after she raised
 4 this concern?
 5 **A. I don't remember.**
 6 Q. Do you know if Chris DelSanto ever responded?
 7 **A. I don't know.**
 8 Q. I want to direct your attention right now to
 9 the email just above that, sent on February 22nd,
 10 between Chris and Ellyn, where Chris states, "I voiced
 11 the same concern yesterday."
 12 Do you recall having a conversation with Chris
 13 DelSanto about his concerns about the language on the
 14 website?
 15 **A. I don't -- yeah, I don't remember.**
 16 Q. He then said, "Shelly's direction, see attached
 17 email, is that we are not to implement anything yet."
 18 Did you give him that direction?
 19 **A. I don't remember.**
 20 Q. If you had told him not to implement anything
 21 yet, what would that have meant?
 22 **A. Anything we relied on outside counsel for.**
 23 Q. Such as?
 24 **A. I don't recall. I just recall relying a**
 25 **hundred percent on outside counsel for.**

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1 Q. There was a call that also took place a few
 2 days after this where there was a further discussion of
 3 the issue of the accreditation on the Illinois Institute
 4 of Art's website.
 5 Did you ever receive an email from Ellyn
 6 summarizing that call?
 7 **A. I don't recall. I don't -- don't remember**
 8 **that.**
 9 Q. We'll go ahead and introduce what will be
 10 marked as [Exhibit 8](#). And it is DCEH-Studio 196232.
 11 ([Exhibit 8](#) was marked for
 12 identification.)
 13 Q. (BY MS. BITNER) Email --
 14 **MR. SCHERN:** Same thing, Robyn. I'm sorry.
 15 Can you just decrease it a little bit. When you pull up
 16 an exhibit, which I appreciate you doing, and I've got
 17 my screen showing the attendees at the deposition on the
 18 right, it's just covering it up a little bit.
 19 Thank you. That's perfect.
 20 **MS. BITNER:** Is that better?
 21 **MR. SCHERN:** Yeah. Thank you.
 22 **MS. BITNER:** Make it slightly smaller. I can
 23 do that.
 24 Q. (BY MS. BITNER) So in this exhibit, Ellyn
 25 McLaughlin sends you an email on February 26, with some

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1 additional recipients, that starts out, "Chris, here's a
 2 summary of the issue we just discussed on the phone call
 3 with ILIA, the Illinois Institute of Art, and AI
 4 Colorado."
 5 Do you see that?
 6 **A. Yes.**
 7 Q. She says, "The pressing matter is that the HLC
 8 eligibility filing, which is due to HLC on or before
 9 March 1st, requires that the institution state whether
 10 they are in compliance or out of compliance with the
 11 following requirement: Assumed Practice A.7, the
 12 institution portrays clearly and accurately to the
 13 public its current status with the Higher Learning
 14 Commission."
 15 She then states, "Right now, both the AI
 16 Colorado and the ILIA websites clearly say the
 17 institutions are accredited by HLC," and then again
 18 reiterates that the current website text and enrollment
 19 practices to be an inaccurate representation of
 20 accreditation status.
 21 Do you recall receiving this email from Ellyn?
 22 **A. I don't remember.**
 23 Q. Was the accreditation language changed after
 24 this call took place?
 25 **A. I don't remember.**

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1 Q. If the language is to be updated, would you
 2 expect the students who were currently attending the
 3 Illinois Institute of Art to read the website?
 4 **A. I don't -- I don't know.**
 5 Q. Would you expect prospective students thinking
 6 about attending school in Illinois to read the
 7 website?
 8 **A. I don't know.**
 9 Q. Would accreditation be something that students
 10 might find important about a school they're attending or
 11 thinking of attending?
 12 **A. I -- I don't know.**
 13 Q. What was the new language that was put on the
 14 website?
 15 **A. I -- I don't remember.**
 16 Q. So I'm going to scroll up to a later chain in
 17 this same chain of emails, Ellyn McLaughlin, still
 18 February 26, to Chris Richardson and yourself.
 19 And she's explaining that "ILIA will use the
 20 same phrasings" -- and I want to direct you to the one
 21 that's highlighted -- "The Illinois Institute of Art is
 22 in transition during a change of ownership. We remain
 23 accredited as a candidate school seeking accreditation
 24 under new ownership and our new non-profit status."
 25 Was that the language that ultimately went up

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1 on the website?
 2 **A. I don't remember.**
 3 Q. You have no memory whatsoever of what happened
 4 with the website language?
 5 **A. No.**
 6 Q. Is that language consistent with what HLC had
 7 told DCEH and the schools to disclose to students about
 8 candidacy status?
 9 **A. I don't know.**
 10 Q. Who updated the website language?
 11 **A. I don't know. I don't remember.**
 12 Q. I'm gonna go ahead and introduce what will be
 13 [Exhibit 9](#). And it is DCEH-Studio 218706.
 14 ([Exhibit 9](#) was marked for
 15 identification.)
 16 Q. (BY MS. BITNER) I'm gonna scroll down to one
 17 of the emails in this chain of emails sent by you on
 18 March 1st, 2018, to Chris DeSanto.
 19 Do you see that email there that's
 20 highlighted --
 21 **A. Yes.**
 22 Q. -- where you're asking Chris, "Can your team
 23 handle this"?
 24 **A. Yes, I see it.**
 25 Q. Okay. And the email right below that is from

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1 Ellyn McLaughlin to you, Chris DeSanto, and some other
 2 individuals that says, "Once we hear from Shelly about
 3 who is changing the website, Chris R has said the
 4 statement should be changed everywhere."
 5 And you reply to Chris, "Can your team handle
 6 this?"
 7 So who was asked to update the website
 8 language?
 9 **A. Well, according to this email, I asked for that
 10 team -- Chris DeSanto's team to handle.**
 11 Q. Did anyone ask you to give that direction?
 12 **A. I don't remember.**
 13 Q. Did Chris Richardson play any role in asking
 14 you to give that direction?
 15 **A. I -- I don't remember.**
 16 Q. Was Brent Richardson involved at all in
 17 updating the website?
 18 **A. I don't remember.**
 19 Q. I'm gonna go ahead and reshare [Exhibit 8](#)
 20 for a brief moment.
 21 Apologies. We shared number 9 again.
 22 And I want to direct your attention to the
 23 email I've highlighted here from Chris Richardson to you
 24 and Ellyn McLaughlin on February 26 that says, "Shelly,
 25 will you get website taken care of?"

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1 Did Chris ask you to change the website
2 language?
3 **A. It -- it looks like it.**
4 Q. Would Chris have made that decision on his
5 own?
6 **A. No, but it looks like it came from our outside
7 counsel, David Harpool.**
8 Q. And when outside counsel would normally give
9 suggestions like this, would Chris consult with anyone
10 else before making a decision?
11 **A. I don't know.**
12 Q. How would these decisions typically have been
13 handled at DCEH?
14 **A. I don't know.**
15 Q. You don't know or don't remember?
16 **A. I don't know how they interacted separately
17 with outside counsel.**
18 Q. But I'm asking you generally right now how did
19 DCEH make these sorts of decisions?
20 **A. I don't --**
21 **MR. SCHERN:** Objection; form, foundation.
22 Go ahead.
23 **THE WITNESS:** I don't remember.
24 Q. (BY MS. BITNER) When was the website language
25 updated?

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1 **A. I don't remember.**
2 Q. I'm gonna go ahead and reshare [Exhibit 9](#), so
3 the emails we have looked at previously.
4 And here on March 2nd, Chris DeSanto writes an
5 email that says, "Shelly, I have what we need to move
6 forward." And you reply, "Great. Thank you."
7 So still don't remember when the website might
8 have been updated?
9 **A. I don't remember.**
10 Q. Plaintiffs allege that despite HLC's
11 instructions in the public disclosure notice, you and
12 other DCEH officers waited until June 20th, 2018, to
13 tell students about the Illinois Institute of Art's loss
14 of accreditation.
15 Is that accurate?
16 **A. We -- we relied on outside counsel for all of
17 that guidance, and it's not accurate.**
18 Q. What is inaccurate about it?
19 **A. We -- we relied entirely on outside counsel for
20 all of that guidance.**
21 Q. And did they tell you to wait until June 20th,
22 2018?
23 **A. Yes.**
24 Q. I'm gonna introduce now what will be marked as
25 [Exhibit 10](#). And it is DUN-PLS 004458.

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1 ([Exhibit 10](#) was marked for
2 identification.)
3 **MS. BITNER:** Mike, is this small enough for you
4 to see?
5 **MR. SCHERN:** Yes. Thank you.
6 **MS. BITNER:** Okay.
7 Q. (BY MS. BITNER) And this is an email from the
8 Illinois Institute of Art-Chicago. The subject line,
9 "An update to the students."
10 Do you see that?
11 **A. Uh-huh.**
12 Q. I just want to focus in on this highlighted
13 paragraph here that says, "We are a candidate school
14 seeking accreditation under new ownership and our new
15 non-profit status. During candidacy status, an
16 institution is not accredited."
17 Was this the first time students have been told
18 about the loss of accreditation?
19 **A. I -- I don't know.**
20 Q. Who made the decision to tell students on June
21 20th?
22 **A. I -- I don't know.**
23 Q. Do you know why students were told at that
24 time?
25 **A. Relying on outside counsel's direction.**

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1 Q. Did anything happen around that time that might
2 have encouraged DCEH to tell students?
3 **A. I don't know.**
4 Q. I'll go ahead and introduce now what will be
5 marked as [Exhibit 11](#). It is BR-Receiver 032871.
6 ([Exhibit 11](#) was marked for
7 identification.)
8 Q. (BY MS. BITNER) And it's an email from Melissa
9 Markovsky.
10 Who was Melissa at DCEH? What role did she
11 play?
12 **A. I don't remember.**
13 Q. She sends an email on June 19th, 2018, to a
14 group of DCEH employees, including you, and the subject
15 is "Pittsburgh Post-Gazette Article."
16 Do you see that?
17 **A. Yes.**
18 Q. There's one thing in particular that I wanted
19 to talk about. The article mentions that the four art
20 institute schools that is mentioned, including the
21 Illinois Institute of Art, failed to communicate that
22 the schools have lost accreditation.
23 Did this article have any impact on DCEH's
24 decision to finally tell students that the school had
25 lost accreditation?

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1 **A. I don't know.**
2 Q. Did DCEH's decision not to tell students harm
3 them in any way?
4 **A. I don't know.**
5 Q. Did any students graduate in June 2018 without
6 knowing that their degrees were unaccredited?
7 **A. I don't know.**
8 Q. Is it possible that some students would have
9 graduated with unaccredited degrees and not known it?
10 **A. I don't -- I don't know.**
11 Q. Did you participate in a call with the State
12 Attorney's General on August 13th, 2018?
13 **A. Yes.**
14 Q. What do you remember about that call?
15 **A. I don't remember.**
16 Q. Do you remember who was on that call from
17 DCEH?
18 **A. I don't remember.**
19 Q. Go ahead and introduce what will be marked as
20 [Exhibit 12](#). And it's BR-Receiver 041571.
21 ([Exhibit 12](#) was marked for
22 identification.)
23 Q. (BY MS. BITNER) And I have scrolled down to a
24 portion of a conversation that is relevant here. I want
25 to give you a few minutes just to read the exchange.

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1 **A. For which one?**
2 Q. Starting --
3 **A. That's highlighted?**
4 Q. Yeah, starting with, "What happened was."
5 And when you're ready to go down, I can scroll
6 down a little bit further as well.
7 **A. Okay.**
8 **Wait. Can you go back to the last one? Sorry.**
9 **I was just --**
10 Q. No worries.
11 **A. Okay.**
12 Q. So I just want you to read through this last
13 speaker five part.
14 **A. Okay.**
15 Q. So does this refresh your recollection at all
16 about what was discussed with the AG's on that
17 August 13th, 2018, call?
18 **A. Not entirely, no, but, you know, some of it.**
19 Q. What -- does -- what do you remember now,
20 having refreshed your recollection, about that call?
21 **MR. SCHERN:** Objection; form, foundation.
22 Go ahead.
23 **THE WITNESS:** I remember just entirely relying
24 on outside counsel's guidance, you know, and how we were
25 handling everything overall was at their direction.

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1 Q. (BY MS. BITNER) What did DCEH tell the AG's
2 about when the students first learned that their school
3 had lost accreditation?
4 **A. I don't know.**
5 Q. How did DCEH report to the AG's that that had
6 been disclosed to students?
7 **A. I don't remember.**
8 Q. So no one from DCEH on that call told the AG's
9 that it must have been June or end of May when it was
10 first disclosed to students?
11 **A. I -- I don't remember.**
12 Q. And no one told them that it must have been
13 disclosed on the websites?
14 **A. I don't know.**
15 Q. There's a small exchange here where they ask
16 about prospective students. Take a second to read that
17 and let me know when you're finished.
18 **A. Okay.**
19 Q. What did the -- what did DCEH tell the AG's
20 about the disclosures that happened with prospective
21 students?
22 **A. I don't remember.**
23 Q. Did anyone tell them that those students were
24 not told about the loss of accreditation in May?
25 **A. I don't -- I don't know.**

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1 Q. Do you dispute that someone told the AG's from
2 DCEH that prospective students weren't told in May?
3 **A. I don't know.**
4 Q. Did someone at DCEH also talk to the AG's on
5 this call about compensating students for the loss of
6 accreditation?
7 **A. I don't remember.**
8 Q. Do you dispute that that happened?
9 **A. I -- I don't know.**
10 Q. Did DCEH ever put together a plan for
11 compensating students that were impacted by the loss of
12 accreditation?
13 **A. I don't know.**
14 Q. I'm gonna introduce one more exhibit that will
15 be marked as [Exhibit 13](#). And it is DCEH-Studio 153796.
16 ([Exhibit 13](#) was marked for
17 identification.)
18 Q. (BY MS. BITNER) I'm gonna go down to the very
19 first email in this chain which was sent by Stacy
20 Sweeney on November 9th to a group of DCEH employees.
21 Who's Stacy Sweeney?
22 **A. I don't remember her exact title, but she**
23 **worked on some of the accreditation stuff.**
24 Q. And who did she report to at DCEH?
25 **A. I believe she reported to John Crowley. And so**

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1 **did Kate. She worked -- she might have reported to**
 2 **Kate. I'm not a hundred percent sure. I don't know who**
 3 **she reported to for sure.**
 4 Q. She says, at the beginning of this email, "As
 5 many of you may know, the Attorneys General is waiting
 6 to hear back from us on what we'll be doing to
 7 compensate students impacted by the HLC situation."
 8 What is she referring to?
 9 **A. I don't know.**
 10 Q. She also puts together several scenarios for
 11 compensating students.
 12 Did you ever receive a copy of these ideas?
 13 **A. Am -- am I on this email?**
 14 Q. You are not.
 15 **A. So I -- I don't know anything about this.**
 16 Q. No one ever discussed with you verbally or,
 17 like, over the phone or in person this idea about
 18 compensating students?
 19 **A. I don't -- I don't remember.**
 20 Q. Is it possible it could have happened?
 21 **A. I don't remember.**
 22 Q. One of the things she says in this email is
 23 that the grads who have come out with a degree that is
 24 unaccredited are really impacted.
 25 Do you agree that graduates who graduated with

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1 an unaccredited degree are the most impacted?
 2 **A. I don't know.**
 3 Q. Is there anything that those students could
 4 have done to remedy the harm?
 5 **A. I don't know.**
 6 **MR. SCHERN:** Objection; form, foundation.
 7 Go ahead.
 8 **THE WITNESS:** I don't know.
 9 **MS. BITNER:** I would like to take a brief
 10 10-minute break off the record.
 11 **MR. SCHERN:** Yeah, no sweat.
 12 (A break was taken from 10:00 a.m. until
 13 10:15 a.m.)
 14 Q. (BY MS. BITNER) Miss Murphy, I want to clarify
 15 a little bit of your testimony earlier today on your
 16 employment history.
 17 I believe you testified earlier that you don't
 18 currently work for Atari Hotels.
 19 **A. So what do you want to clarify?**
 20 Q. Describe your employment or business contacts
 21 with Atari Hotels for us.
 22 **A. So I acquired the rights to use the brand Atari**
 23 **Hotels. No hotels are built, no income comes from Atari**
 24 **Hotels. It's conceptually an idea today to build future**
 25 **hotels.**

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1 **Does that help?**
 2 Q. Yes, it does.
 3 Were part of your plans to build a hotel in
 4 Chicago?
 5 **A. I don't know. We have plans for lots of**
 6 **locations.**
 7 Q. And do you recall giving any sort of statement
 8 to the Chicago Tribune in January 2020 about those
 9 plans?
 10 **A. I -- I don't know. We made lots of**
 11 **announcements. Lots of articles have been written off**
 12 **the original press release. I don't remember.**
 13 Q. But do you dispute that you gave that
 14 statement?
 15 **MR. SCHERN:** Objection; form, foundation.
 16 **THE WITNESS:** I don't remember that
 17 statement.
 18 Q. (BY MS. BITNER) You don't dispute it,
 19 though?
 20 **MR. SCHERN:** Same objection.
 21 **THE WITNESS:** I don't -- I don't remember.
 22 Q. (BY MS. BITNER) I want to make sure that I
 23 also understand some of your testimony today.
 24 You mentioned that you made decisions about
 25 whether or not to disclose candidacy status to students

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1 based on the advice of counsel. Correct?
 2 **A. Outside counsel.**
 3 Q. Outside counsel.
 4 And what counsel was giving that advice?
 5 **A. I -- Ron -- Ron Holt, I believe, was part of**
 6 **that team, and Harpool, but I can't remember his first**
 7 **name. Might have been David Harpool.**
 8 Q. Did Mr. Harpool and Mr. Holt give advice about
 9 whether or not to disclose candidacy status after
 10 receiving the public disclosure notice from HLC?
 11 **A. I don't know.**
 12 Q. You also testified that you've relied on the
 13 advice of counsel to not disclose candidacy status to
 14 students until June 20th, 2018.
 15 Did the same counsel give that advice?
 16 **A. I -- I believe so.**
 17 Q. It was David Harpool and Ron Holt, correct?
 18 **A. That was outside counsel.**
 19 Q. Can you tell me everything you remember about
 20 what they told you and other DCEH officers about not
 21 disclosing to students?
 22 **A. I don't remember.**
 23 **MR. SCHERN:** Yeah, I'm gonna instruct her not
 24 to answer. It's an attorney-client communication.
 25 **MS. BITNER:** I think she's placed the advice of

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1 counsel at issue, and so the privilege has been waived
 2 here.
 3 **MR. SCHERN:** It hasn't been waived. You can
 4 bring it up with the judge.
 5 **MS. BITNER:** Happy to take it up with motions
 6 practice.
 7 **MR. SCHERN:** It's okay.
 8 **MS. BITNER:** I think that's all the questions
 9 that I have for now.
 10 **MR. SCHERN:** Okay.
 11 **MR. OCHOA:** I don't have any questions.
 12 **MR. SCHERN:** Nor do I.
 13 **THE COURT REPORTER:** Can I get copies on the
 14 record.
 15 **MR. OCHOA:** Yeah, the Foundation will have a
 16 copy.
 17 **MR. SCHERN:** I'd like a copy too, Christine.
 18 Thank you.
 19 (Deposition concluded at 10:19 a.m.)
 20 -oOo-
 21
 22
 23
 24
 25

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1 DEPOSITION OFFICER'S CERTIFICATE
 2 STATE OF CALIFORNIA)
 3 COUNTY OF LOS ANGELES) ss.
 4
 5 I, Christine Bemiss, hereby certify:
 6 I am a duly qualified Certified Shorthand
 7 Reporter in the State of California, holder of
 8 Certificate Number CSR 10082 issued by the Certified
 9 Court Reporters' Board of California and which is in
 10 full force and effect. (Fed. R. Civ. P. 28(a)(1)).
 11 I am authorized to administer oaths or
 12 affirmations pursuant to California Code of Civil
 13 Procedure, Section 2093 (b) and prior to being examined,
 14 the witness was first duly sworn by me. (Fed. R. Civ.
 15 P. 28(a)(a)).
 16 I am not a relative or employee or attorney or
 17 counsel of any of the parties, nor am I a relative or
 18 employee of such attorney or counsel, nor am I
 19 financially interested in this action. (Fed. R. Civ. P.
 20 28).
 21 I am the deposition officer that
 22 stenographically recorded the testimony in the foregoing
 23 deposition and the foregoing transcript is a true record
 24 of the testimony given by the witness. (Fed. R. Civ. P.
 25 39(f)(1)).
 Before completion of the deposition, review of

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1 the transcript [] was [XX] was not requested If
 2 requested, any changes made by the deposition (and
 3 proved to the reporter) during the period allowed are
 4 appended hereto. (Fed. R. Civ. P. 30(e)).
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 6 Dated: June 1, 2021
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Christine Bemiss, RPR,
 CA CSR NO. 10082
 AZ CR No. 50073

A	ago (5) 7:12,13;14:9;16:15; 25:3	11:16;13:2;20:22; 22:9,12;30:8;44:1	become (1) 16:25	16;12;2,6;13:7;14:11; 50:20
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6			
6 (2) 31:17,19			
63 (1) 18:3			
7			
7 (2) 33:25;34:1			
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APPENDIX C

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1 already been deposited in this case previously, so I won't
2 go back over all the instructions. Just a reminder that
3 if you don't understand a question that I'm asking,
4 please let me know. If you answer a question, I'll
5 assume that you understood it as stated.
6 Is that fair?
7 **MR. SCHERN:** Objection. No, we won't agree to
8 that. It's not fair. We'll read and sign. He'll
9 answer the questions as you ask them and as he
10 understands them.
11 **MS. MILLER:** Okay. I'm just asking the witness
12 if he needs clarification, ask me and I'm happy to
13 rephrase the question.
14 Q. (BY MS. MILLER) And since we're doing this
15 remote, Mr. Richardson, can you tell me where you are
16 located right now?
17 **A. In Mesa, Arizona.**
18 Q. And what's the address that you're located
19 at?
20 **THE WITNESS:** Mike, what's the address?
21 **MR. SCHERN:** 1640 South Stapley.
22 **THE WITNESS:** 1640 South Stapley.
23 Q. (BY MS. MILLER) And are you at Mr. Stern's
24 office right now?
25 **A. Yeah. Mr. Schern's, yes.**

Page 6

1 CHRIS RICHARDSON,
2 having been first duly sworn, testifies as follows:
3
4 **EXAMINATION**
5 **BY MS. MILLER:**
6 Q. Hi, Mr. Richardson. I'm Cassandra Miller. I'm
7 one of the attorneys representing the plaintiffs in this
8 case.
9 **MS. MILLER:** Does the court reporter want to
10 get a record of who's on the line right now?
11 **THE COURT REPORTER:** Sure.
12 **MS. MILLER:** Eric, do you want to go first?
13 **MR. ROTHSCHILD:** Sure.
14 Eric Rothschild from Student Defense,
15 representing the Plaintiffs.
16 **MS. BITNER:** Robyn Bitner, also from Student
17 Defense, representing the Plaintiffs.
18 **MS. CENGHER:** And Carly Cengher from Edelman
19 Combs representing the Plaintiffs.
20 **MR. OCHOA:** John Ochoa, representing Defendant
21 Dream Center Foundation.
22 **MR. SCHERN:** And Mike Schern with Chris
23 Richardson.
24 **MS. MILLER:** Thank you.
25 Q. (BY MS. MILLER) Mr. Richardson, I know you've

Page 8

1 Q. Schern. Sorry.
2 And can you confirm today that the testimony
3 you're gonna provide will be based on your memory alone
4 and not any other information?
5 **A. Yes.**
6 Q. You were deposited in this case on December 15th,
7 2019.
8 Did you have a chance to review that
9 transcript?
10 **A. Yes.**
11 Q. Did you have any changes to the transcript?
12 **A. No.**
13 Q. Okay. So just to speed things along today,
14 we'll -- I won't go back over, you know, a lot of the
15 stuff that we did in December. We'll just focus on the
16 new material.
17 **MS. MILLER:** And just for the record, I'm
18 gonna -- we'll just continue the exhibits that we had
19 previously put on the record. I think it was like 1
20 through 25. So we'll start at 26.
21 Q. (BY MS. MILLER) Mr. Richardson, are you
22 represented by counsel today?
23 **A. Yes.**
24 Q. And who is that?
25 **A. Mike Schern.**

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1 Q. And when did you retain Mike Schern?
 2 **A. November.**
 3 Q. Of 2019?
 4 **A. 2020.**
 5 Q. And do you have -- or are there any relatives
 6 that work with Mr. Schern?
 7 **MR. SCHERN:** Objection. Why are you asking
 8 this? This has nothing to do with the scope of this
 9 deposition, which is jurisdiction.
 10 Q. (BY MS. MILLER) You can answer the question.
 11 **MR. SCHERN:** No. He doesn't need to answer the
 12 question. You can explain how it is likely to lead to
 13 discoverable evidence.
 14 **MS. MILLER:** His relationship to your firm is
 15 relevant to the case.
 16 **MR. SCHERN:** Not to jurisdiction, it's not.
 17 **MS. MILLER:** Are you asking him -- are you
 18 directing him not to answer?
 19 **MR. SCHERN:** Yep.
 20 **MS. MILLER:** On what grounds?
 21 **MR. SCHERN:** On that you're harassing the
 22 deponent. It's outside the scope of the Judge's order.
 23 Explain how it has anything to do with
 24 jurisdiction. If you can explain that, maybe we can
 25 have him answer the question but...

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1 **MS. MILLER:** You have no basis for directing
 2 him not to answer the question.
 3 **MR. SCHERN:** Okay. You can take it up with the
 4 Court.
 5 **MS. MILLER:** Okay. We'll do that then.
 6 **MR. SCHERN:** Great.
 7 Q. (BY MS. MILLER) Is the firm -- Mr. Schern's
 8 firm representing anybody else in this litigation, to
 9 your knowledge?
 10 **A. I don't know.**
 11 Q. Are you aware that he's representing Shelly
 12 Murphy in this litigation?
 13 **A. No.**
 14 Q. Are you aware that he's representing Brent
 15 Richardson in this litigation?
 16 **A. No.**
 17 **MR. SCHERN:** Objection. Same objection. I'm
 18 gonna start telling him not to answer that until you can
 19 explain how any of this is relevant.
 20 Q. (BY MS. MILLER) Has Mr. Schern had any
 21 conversations with you about any conflicts of
 22 representation?
 23 **MR. SCHERN:** Don't answer that.
 24 You're asking for an attorney-client
 25 communication.

Page 11

1 You just asked if his lawyer has had any
 2 conversations with him?
 3 Q. (BY MS. MILLER) Have you had -- have you
 4 discussed any conflicts of representation with your
 5 lawyer?
 6 **MR. SCHERN:** Don't answer that.
 7 Q. (BY MS. MILLER) Not the specifics of the
 8 conversation, just generally the topic.
 9 **MR. SCHERN:** You don't need to answer that.
 10 It has nothing to do with jurisdiction --
 11 **MS. MILLER:** Okay.
 12 **MR. SCHERN:** -- and it's an attorney-client
 13 communication.
 14 **MS. MILLER:** Okay.
 15 Q. (BY MS. MILLER) Mr. Richardson, what did you
 16 do to prepare for today's deposition?
 17 **A. Nothing.**
 18 Q. Did you review any documents?
 19 **A. No.**
 20 Q. Did you meet with your attorney?
 21 **A. No.**
 22 Q. Since your last deposition, have you reviewed
 23 any documents?
 24 **A. No.**
 25 Q. And have you met with your attorney since the

Page 12

1 last deposition?
 2 **A. No.**
 3 Q. Have you had any phone calls with your attorney
 4 since the last deposition?
 5 **A. I've had calls with him on other matters but
 6 not on this.**
 7 Q. Okay. And I believe your title at DCEH was
 8 general counsel. Is that correct?
 9 **A. Yes.**
 10 Q. And can you describe generally what the
 11 responsibilities as general counsel was.
 12 **A. I oversaw the legal matters at the schools.**
 13 Q. What types of legal matters?
 14 **A. All legal matters.**
 15 Q. So litigation or...
 16 **A. Litigation, student complaints. I guess
 17 everything that could be considered legal.**
 18 Q. Did you do any contract review for DCEH?
 19 **A. Yes.**
 20 Q. What types of contracts?
 21 **A. A lot of leases, a lot of landlord stuff,
 22 purchase contracts, supplier contracts.**
 23 Q. And would legal matters include accreditation
 24 of the schools?
 25 **A. Sometimes, yes.**

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1 Q. And in what capacity would you be involved in
2 accreditation of schools?
3 **MR. SCHERN:** Objection; form.
4 **THE WITNESS:** To the extent that someone
5 thought that it was a legal issue, it'd be forwarded to
6 our office.
7 Q. (BY MS. MILLER) Would you be involved in any
8 of the applications for accreditation?
9 **MR. SCHERN:** Objection; form, foundation.
10 **THE WITNESS:** Tangentially I would be on it,
11 but I was not -- that was not my -- that was not my
12 focus.
13 Q. (BY MS. MILLER) What was your focus?
14 **A. I mean, mainly -- most of the time was on**
15 **landlord-tenant stuff, or a lot of times, because we had**
16 **a lot of lease issues.**
17 Q. So what -- in terms of applying for
18 accreditation, can you be more specific as to when you
19 would get involved.
20 **MR. SCHERN:** Objection; form, foundation.
21 **THE WITNESS:** I mean, there was a team of
22 people that were on the -- on those emails. There was a
23 working group. I was on it, but for the most part, I
24 did not participate in terms of providing any input.
25 That's not an area that I know.

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1 So I was on there in the sense of reading
2 stuff, and if there were legal issues, sometimes the
3 accreditors wanted to know about either ongoing
4 litigation or they were interested in the settlement --
5 administrator.
6 To the extent that was on there, I was
7 involved, but that was -- my involvement was fairly
8 limited.
9 Q. (BY MS. MILLER) When you say "administrator,"
10 do you mean the settlement administrator?
11 **A. Yes.**
12 Q. For the consent judgment?
13 **A. Yes.**
14 Q. Were you involved at all in ensuring that the
15 consent judgment was complied with?
16 **MR. SCHERN:** Objection; form, foundation.
17 **THE WITNESS:** At all, yes; was that my main
18 focus, no.
19 Q. (BY MS. MILLER) Who did you work with in terms
20 of ensuring that the consent judgment was complied
21 with?
22 **MR. SCHERN:** Form, foundation.
23 **THE WITNESS:** We had several teams. There was
24 Chris DeSanto, I think was his name, and there was
25 another guy that handled the day-to-day management of

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1 the teams that did the auditing and the other stuff
2 required by the consent judgment, and Shelly Murphy
3 handled most of the discussions with the
4 administrator.
5 Q. (BY MS. MILLER) You said there was someone
6 that handled the day-to-day.
7 Do you remember that person's name?
8 **A. I think it was Chris DeSanto. There was**
9 **another person, but I can't remember.**
10 Q. And you said Shelly Murphy handled most of the
11 discussions with the administrator.
12 Would she consult with you prior to having
13 those discussions?
14 **A. Sometimes. Not always.**
15 Q. Under what circumstances would she consult with
16 you prior to talking to the administrator?
17 **MR. SCHERN:** Objection; form, foundation.
18 **THE WITNESS:** I think -- usually -- the only
19 time we really consulted or talked about it was we had
20 to write the annual report. I was involved in that.
21 But she generally -- we only talked to the administrator
22 usually around the report time.
23 I forget -- he had someone underneath him that
24 did most of the communication with the school, and she
25 talked to him frequently. I was not involved in those

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1 discussions
2 Q. (BY MS. MILLER) Would you be involved in any
3 investigations by Attorney Generals?
4 **MR. SCHERN:** Form, foundation.
5 **THE WITNESS:** I don't remember being involved
6 in any of those, but it's possible that I was.
7 Q. (BY MS. MILLER) If someone at DCEH was going
8 to meet with Attorney Generals, would you be involved
9 with preparing that person for those discussions?
10 **MR. SCHERN:** Form, foundation.
11 **THE WITNESS:** Probably not.
12 Q. (BY MS. MILLER) Who would be?
13 **A. We would have hired outside counsel who was**
14 **proficient in that.**
15 Q. In terms of legal disclosures, is that
16 something that you would be involved with?
17 **MR. SCHERN:** Form, foundation.
18 **THE WITNESS:** Depends on the disclosures, I
19 would guess.
20 Q. (BY MS. MILLER) What types of disclosures
21 would you be involved with?
22 **A. I mean, from a general review, I would**
23 **review -- I would read all of them, but I didn't**
24 **draft -- I don't remember drafting any of them,**
25 **actually. We'd hire outside counsel who was versed in**

Page 17

1 **whatever area we're making disclosure about.**
 2 Q. What about disclosures regarding the school's
 3 accreditation?
 4 **A. No.**
 5 Q. No, what?
 6 **A. No, I didn't draft any of those.**
 7 Q. Did you review any of those?
 8 **A. I would have read them, yes.**
 9 Q. Would they require your approval?
 10 **A. No.**
 11 Q. Did you have the authority to make any changes
 12 to disclosures about accreditation?
 13 **A. I can make comments, yes.**
 14 Q. Who was responsible for making the final
 15 approval on statements regarding accreditation?
 16 **A. On accreditation? We would have relied on**
 17 **outside counsel for that.**
 18 Q. And who was that?
 19 **A. Well, I forget the name of the firm, Rouse**
 20 **Frets or -- I mean, it depends on what type of**
 21 **accreditation, but -- or what part of the statement, but**
 22 **either Ron Holt or David Harpool.**
 23 Q. And who would communicate with Ron Holt and
 24 David Harpool?
 25 **A. It would depend on -- it would depend on the**

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1 **issue and the day, so...**
 2 Q. So, as you know, this case involves a
 3 disclosure regarding accreditation that was posted on
 4 the Illinois Institute of Art's website and other
 5 material.
 6 Are you familiar with that disclosure?
 7 **MR. SCHERN:** Form, foundation.
 8 **THE WITNESS:** Yes.
 9 Q. (BY MS. MILLER) So those types of disclosures,
 10 are those -- strike that.
 11 Are those the type of disclosures that Ron Holt
 12 and David Harpool would draft?
 13 **A. Yes.**
 14 Q. And who would consult with Ron Holt and David
 15 Harpool about the language to be used?
 16 **A. I think it depended on the issue. We had a**
 17 **whole team there that did accreditation. That was all**
 18 **they did. So it could have been them, it could have**
 19 **been -- they could have sent it to me or Shelly would**
 20 **have been the group that would consult with them.**
 21 Q. Okay. Sorry. Let me just find this document.
 22 I'm gonna send you a document in the chat so
 23 that you can review it.
 24 Hold on.
 25 **A. What am I looking at?**

Page 19

1 Q. Sorry. Just bear with me. I'm having a hard
 2 time loading it.
 3 Sorry about that. Hold on.
 4 **MR. SCHERN:** Would it be easier just to do a
 5 share screen?
 6 **MS. MILLER:** Well, I wanted to send it to him
 7 so that he can -- I don't have to control the document
 8 and he can look through it.
 9 **MR. SCHERN:** Is it one of the exhibits that you
 10 sent over?
 11 **MS. MILLER:** Yeah. Hold on one second.
 12 Here it is.
 13 Okay. It should appear in the chat now.
 14 Were you able to open it?
 15 **MR. SCHERN:** Well, I don't want to have to save
 16 it.
 17 **MS. MILLER:** You have to save it?
 18 **MR. SCHERN:** That's what it said. I'm just
 19 gonna pull it up. What is it? 218706.
 20 Okay. I've pulled it up.
 21 Q. (BY MS. MILLER) Okay. Can you scroll down
 22 to --
 23 **MS. MILLER:** And just for the record, this
 24 is -- I'll mark this as [Exhibit 26](#), and it begins on
 25 DCEH-Studio 218706.

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1 [\(Exhibit 26\)](#) was marked for
 2 identification.)
 3 Q. (BY MS. MILLER) And if you could scroll down
 4 to DCEH-Studio 218708.
 5 Do you see that?
 6 **A. Yeah. Yes.**
 7 Q. And this is an email marked March 1st, 2018,
 8 from Shelly to Chris DelSanto?
 9 **A. Uh-huh. Yes.**
 10 Q. The third paragraph, could you read that,
 11 please.
 12 **MR. SCHERN:** What paragraph?
 13 **MS. MILLER:** The one that starts, "The Illinois
 14 Institute of Art."
 15 **THE WITNESS:** Yeah.
 16 Q. (BY MS. MILLER) Do you recognize this
 17 language?
 18 **A. Not particularly, no.**
 19 Q. Were you involved at all in drafting this
 20 language?
 21 **A. I don't believe so.**
 22 Q. Who was involved in drafting the language?
 23 **A. I don't know.**
 24 Q. Is this the type of disclosure that outside
 25 counsel would draft?

Page 21

1 MR. SCHERN: Objection; form, foundation.
 2 THE WITNESS: I would guess they would have
 3 been involved in it, yes.
 4 Q. (BY MS. MILLER) Do you specifically know if
 5 they were involved in this language?
 6 A. I don't know for sure, no.
 7 Q. Is this type of disclosure something that you
 8 would review after it was drafted by outside counsel?
 9 MR. SCHERN: Form, foundation.
 10 THE WITNESS: Not necessarily, no.
 11 Q. (BY MS. MILLER) Do you recall reviewing the
 12 specific language that appears on this page?
 13 A. No.
 14 Q. Is this the first time you're seeing this
 15 language?
 16 A. I don't know. It sounds familiar to other
 17 stuff we -- other disclosures we've made, but I don't
 18 know.
 19 Q. Can you tell me between 2018 and 2019 what
 20 email addresses you used?
 21 A. CRichardson@Lopescapital.com and CRichardson@,
 22 I think, DCEH.org, .net, dot whatever. I don't know
 23 what it was exactly.
 24 Q. Were those the only two email addresses?
 25 A. Yes.

Page 22

1 Q. And did you use one for your role at DCEH
 2 versus the other one?
 3 MR. SCHERN: Objection; form, foundation.
 4 THE WITNESS: No. I used them both.
 5 Q. (BY MS. MILLER) Did you regularly check emails
 6 on both email accounts?
 7 A. I did not check my DCEH email address
 8 regularly.
 9 Q. Did you forward -- did you have, like,
 10 forwarding capabilities between the two email
 11 addresses?
 12 A. I believe all of my emails from DCEH were
 13 forwarded to me at Lopes.
 14 Q. Did you retain all the emails from 2018 and
 15 2019?
 16 A. I retained whatever I have when the litigation
 17 notice was posted. I don't know what that is or when.
 18 Q. So when was that?
 19 A. I don't know.
 20 Q. Do you mean when you were named in the case or
 21 when the original complaint was filed?
 22 A. Well, I don't have access to my DCEH email, so
 23 I don't have any of those. I have whatever's on my
 24 Lopes account. I don't know from when.
 25 Q. And -- but when did you begin to retain or make

Page 23

1 sure that emails were not deleted?
 2 A. I don't have a specific date.
 3 Q. Do you have a general idea of when?
 4 A. To my knowledge, I haven't destroyed any of my
 5 DCEH emails.
 6 Q. What about your Lopes emails?
 7 A. I mean my Lopes email, I have not destroyed.
 8 Q. You referenced a notice of litigation.
 9 Are you talking about the original complaint
 10 that was filed in this case?
 11 A. No. My hard drive was scanned for another case
 12 a year and a half ago.
 13 Q. And when you say "scanned," you mean they
 14 were -- everything's been backed up?
 15 A. Yes.
 16 Q. Does your Lopes account have any type of, like,
 17 auto deletion after a certain amount of time?
 18 A. No.
 19 Q. Were you involved at all in the acquisition of
 20 the schools from EDMC?
 21 A. No, not really, no.
 22 Q. Did you have any involvement, though?
 23 A. Well, I came in at the tail end of the
 24 transaction. I started work there, really, after the
 25 transaction had closed, so I helped in some of the

Page 24

1 cleanup matters on the close, but that was it.
 2 Q. Can you just remind me, when did you begin your
 3 role at DCEH?
 4 A. I think it was October 20 -- was it 2018? Lost
 5 track of time.
 6 Was it 2018?
 7 Q. Sorry. You said that your computer had been
 8 scanned for another case.
 9 What case was that?
 10 A. I don't even -- I think it was the -- I don't
 11 know if it was the Department of Labor complaint or
 12 something else, but I can't remember.
 13 Q. Was it related to the receivership at all?
 14 A. I -- I don't know. I can't -- it's been a
 15 while since I did it. Maybe we did it just because of
 16 that, but I don't remember off the top of my head.
 17 Q. Have you been named in any other cases
 18 personally?
 19 A. No.
 20 Q. Okay. Sorry, going back to the purchase of the
 21 schools, do you know how many schools DCEH acquired from
 22 EDMC?
 23 A. Not exactly, no.
 24 Q. Do you know how many schools were located in
 25 Illinois?

Page 25

1 **A. Not exactly, no.**
2 Q. Was it more than five?
3 **A. I don't know. I think there were -- my guess**
4 **is three, but I don't know that for a fact.**
5 Q. Do you remember the locations of those
6 schools?
7 **A. There was an Argosy in Chicago, there was an**
8 **art institute in Chicago, and I think there was an art**
9 **institute in Schaumburg, and I think -- I feel like**
10 **Argosy had another campus, but I'm not sure about**
11 **that.**
12 Q. Do you know approximately how many students
13 were enrolled at each of these campuses?
14 **A. No, I don't know that.**
15 Q. Was it more than 5,000 at each campus?
16 **A. No.**
17 **More than 5,000 at each campus?**
18 Q. Uh-huh.
19 **A. No.**
20 Q. Do you have a general idea of how many? Was it
21 like 1,000, 2,000?
22 **A. I don't know.**
23 Q. Was it less than a thousand?
24 **MR. SCHERN:** Objection; form, foundation.
25 **THE WITNESS:** I don't know. That would be my

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1 Q. (BY MS. MILLER) Did, say, the Illinois
2 Institute of Art, did they provide any type of housing
3 near the school for students?
4 **A. No.**
5 Q. Do you know how many students typically
6 graduated from the Illinois campus?
7 **A. No.**
8 Q. Were you involved at all in advertising to
9 potential students?
10 **MR. SCHERN:** Form, foundation.
11 **THE WITNESS:** No.
12 Q. (BY MS. MILLER) Did you ever visit any of the
13 Illinois campuses?
14 **A. No.**
15 Q. Did you ever come to Illinois?
16 **MR. SCHERN:** Form, foundation.
17 **THE WITNESS:** Are you asking me if I've been to
18 Illinois?
19 Q. (BY MS. MILLER) In your role as general
20 counsel for DCEH.
21 **A. No.**
22 Q. Did you have any conversations with HLC?
23 **A. No. Well, yes.**
24 Q. When?
25 **A. I was on a call with their general counsel in**

Page 26

1 guess, less than a thousand.
2 Q. (BY MS. MILLER) Do you know if these campuses
3 had any online courses?
4 **A. I don't know that.**
5 Q. Do you know if students attended in person?
6 **A. I believe they did, but I don't know the answer**
7 **to that.**
8 Q. So is it fair to say that students likely lived
9 in the state of Illinois?
10 **MR. SCHERN:** Form, foundation.
11 **THE WITNESS:** I don't know the answer to
12 that.
13 Q. (BY MS. MILLER) But you don't know whether any
14 online courses were provided?
15 **A. I know all of the systems had the ability to do**
16 **online. I just don't know in this particular instance**
17 **if they were using that or not.**
18 Q. But they had physical locations in Illinois,
19 correct?
20 **A. Yes.**
21 Q. Do you know if students were solicited from
22 within Illinois?
23 **MR. SCHERN:** Objection; form, foundation.
24 **THE WITNESS:** I don't know. I don't believe
25 so.

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1 **November or December, I guess that would have been 2017,**
2 **I think. I've lost track of what year we closed on**
3 **this.**
4 **But before we closed on the schools, there was**
5 **a preclosing call, and their general counsel was on the**
6 **phone, along with six or seven other people.**
7 Q. And you did not meet with -- who was on the
8 phone call for HLC?
9 **A. Their general counsel.**
10 Q. Who's that?
11 **A. Karen Solinski.**
12 Q. And you said this was around November or
13 December of 2017; is that correct?
14 **A. I can't remember what year we bought -- we did**
15 **this transaction. I think it was '17. So it would have**
16 **been '17, I think.**
17 Q. Did you ever meet with Karen in person?
18 **A. No.**
19 Q. And you said you just had the one call with
20 her?
21 **A. That's all I remember, yes.**
22 Q. Do you know if the schools that DCEH purchased
23 from EDMC had to apply to their accreditors for approval
24 of change of control?
25 **A. Yes, they did.**

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1 Q. And were you involved at all in that process?
 2 A. No.
 3 Q. Who was involved?
 4 A. I don't know.
 5 Q. Was Brent Richardson involved?
 6 MR. SCHERN: Form, foundation.
 7 THE WITNESS: I don't know.
 8 Q. (BY MS. MILLER) Who generally would be
 9 involved? What title would be involved?
 10 MR. SCHERN: Form, foundation.
 11 THE WITNESS: That was before I got there.
 12 That change of control application was already
 13 submitted, so I don't know. I mean, it would have been
 14 outside counsel, regulatory counsel, but who in the
 15 company did it, I don't know.
 16 Q. (BY MS. MILLER) And would that be the same
 17 outside counsel that you identified before, Ron Holt and
 18 David Harpool?
 19 A. Yes.
 20 MS. MILLER: Mike, is it easier for me to just
 21 share the screen?
 22 MR. SCHERN: It is.
 23 MS. MILLER: Okay.
 24 Q. (BY MS. MILLER) Can you see this document
 25 that's marked BR-Receiver 005817?

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1 A. Yes.
 2 Q. Do you recognize this document?
 3 A. Not particularly.
 4 Q. Is that the email address that you referenced
 5 earlier for DCEH.org?
 6 A. Yep.
 7 Q. And that's the email address that's forwarded
 8 to your Lopes email; is that correct?
 9 A. I don't know if at that time it was being
 10 forwarded, but, yes, that would be the address.
 11 Q. And so December of 2017, you may not have been
 12 having your emails forwarded?
 13 A. Well, it took a while to get that worked out,
 14 for some reason. So I started in, like, October, so
 15 you're talking a month after I started.
 16 Q. So at this time, were you regularly checking
 17 your DCEH email?
 18 A. I don't know.
 19 Q. How would you otherwise communicate regarding
 20 issues for DCEH?
 21 A. With my Lopes account.
 22 Q. This is an email from Ronald Holt.
 23 Is that the attorney you identified earlier?
 24 A. Yes.
 25 Q. And is that the Karen Solinski --

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1 A. Yes.
 2 Q. -- from HLC?
 3 A. Yes.
 4 Q. And does this summarize the conversation that
 5 you referenced earlier?
 6 Sorry. Is that easier?
 7 A. Yeah.
 8 Can you scroll up.
 9 I'm sorry. Down. Down.
 10 Keep going.
 11 Yep.
 12 Q. Why were you included on this email?
 13 A. I was on the call.
 14 Q. Are you generally on calls with outside counsel
 15 regarding issues for HLC or accreditation?
 16 A. No, not necessarily, but this was a call
 17 with -- regarding the closing of this transaction. It
 18 was -- Ron was on there, I was on there, DCEH -- not
 19 DCEH, EDMC's counsel was on there, along with their
 20 lawyer.
 21 So I think that's why I was on the call.
 22 Q. Who was the lawyer for EDMC?
 23 A. I don't know the answer to that.
 24 Q. Was it Devitt Kramer?
 25 A. No. He was -- he was the -- I guess he would

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1 be considered -- he was running the EDMC at that
 2 point.
 3 Q. But that person is not listed on this email; is
 4 that correct?
 5 A. I don't believe so.
 6 MS. MILLER: And we can mark this as
 7 Exhibit 27.
 8 (Exhibit 27 was marked for
 9 identification.)
 10 Q. (BY MS. MILLER) I'm gonna show you what's been
 11 previously marked as Exhibit 3 from your prior
 12 deposition.
 13 Do you see that?
 14 Is it better to have it smaller or...
 15 So this has been marked Exhibit 3 and it begins
 16 on DCEH-Studio 199580.
 17 Do you recognize this document?
 18 A. Vaguely.
 19 Q. When did you first see this document?
 20 A. I have no idea.
 21 Q. Had you seen it prior to this litigation?
 22 A. I'm not sure that I did, no.
 23 Q. How did you -- or who gave you this document?
 24 A. I think --
 25 MR. SCHERN: Objection; form, foundation.

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1 **THE WITNESS:** I think Mr. Rothschild showed it
2 to me in my deposition.
3 Q. (BY MS. MILLER) And at your last deposition,
4 that was the first time you had seen this?
5 **A. I don't know. I mean, I saw a lot of documents**
6 **when I was there. I can't say that I ever saw it**
7 **before. I don't recall reading it prior to that.**
8 Q. Were you aware that HLC had sent a letter to
9 DCEH in November of 2017?
10 **MR. SCHERN:** Objection; form, foundation.
11 **THE WITNESS:** Not particularly, no.
12 Q. (BY MS. MILLER) Is this the type of
13 correspondence that would involve your role as general
14 counsel?
15 **A. No, probably not. It probably would have gone**
16 **directly to our outside counsel, who was handling**
17 **accreditation.**
18 Q. And who would send it to them?
19 **A. I mean, this is like three weeks after I**
20 **started. I don't know.**
21 Q. All right. I'm gonna share.
22 So you should see on your screen a document
23 that's labeled Exhibit Richardson 5.
24 Do you see that?
25 **A. Yes.**

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1 Q. And I'll make it smaller so you can see more of
2 the text.
3 Do you recognize this document?
4 **A. Yes. Yes.**
5 Q. What is this document?
6 **A. It's a letter from the Higher Learning**
7 **Commission.**
8 Q. When was the first time you saw this letter?
9 **A. Late January/early February.**
10 Q. And who -- how did you receive it?
11 **A. I don't know the answer to that.**
12 Q. Do you remember who provided it to you?
13 **A. No.**
14 Q. Why was it sent to you?
15 **MR. SCHERN:** Objection; form, foundation.
16 **THE WITNESS:** I don't really know why it was
17 sent to me, per se.
18 Q. (BY MS. MILLER) What did you do with the
19 letter?
20 **A. I most likely forwarded it on to Ron Holt.**
21 Q. Do you remember if Brent Richardson sent it to
22 you?
23 **A. No, I don't believe so.**
24 Q. When documents like these come in from HLC, are
25 they provided to anybody else other than Brent

Page 35

1 Richardson?
2 **MR. SCHERN:** Objection; form, foundation.
3 **THE WITNESS:** I don't know that they're
4 provided to Brent Richardson because HLC sent them to
5 the campus.
6 Q. (BY MS. MILLER) Is that Brent Richardson's
7 address on the top of the letter?
8 **A. By then, no. He was officing out of the office**
9 **in Chandler.**
10 Q. Was this address, 7135 East Camelback Road,
11 still being used at all by Brent Richardson?
12 **A. He still had an office there, yes.**
13 Q. And was he receiving mail there?
14 **A. I don't know the answer to that.**
15 Q. Were you working out of 7135 East Camelback
16 Road at this time?
17 **A. Yes.**
18 Q. Would you ever open mail for Brent?
19 **A. No.**
20 Q. Was there somebody in the office that was
21 responsible for handling mailings and so forth?
22 **A. No.**
23 Q. So when mail would come into that office, what
24 would happen?
25 **A. It would be sorted and put on people's desks.**

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1 Q. And would Brent come to get his mail from time
2 to time?
3 **A. I would guess. I don't know. But I doubt he**
4 **got this one because the address is incomplete.**
5 Q. What's incomplete about it?
6 **A. There's no suite number.**
7 Q. What happens if there's no suite number?
8 **MR. SCHERN:** Objection; form, foundation.
9 **THE WITNESS:** I'd assume it's returned to
10 sender.
11 Q. (BY MS. MILLER) So how did -- so how did Dream
12 Center Education Holdings learn about this letter if it
13 wasn't received by Brent Richardson?
14 **MR. SCHERN:** Objection; form, foundation.
15 **THE WITNESS:** I believe it was forwarded from
16 the school presidents to the accreditation department,
17 and then from there, upwards.
18 Q. (BY MS. MILLER) It also says that was sent by
19 electronic mail.
20 Is it possible that it was sent to Brent at his
21 email?
22 **A. I have no idea.**
23 Q. What is your understanding of this letter, this
24 January 12th letter?
25 **A. What am I -- what is my understanding of the**

Page 37

1 letter?
 2 Q. Yes.
 3 A. **I don't know. I still don't understand it to**
 4 **this day.**
 5 Q. What is it regarding?
 6 A. **I believe it's regarding their decision to**
 7 **approve the transaction.**
 8 Q. And you said you think you received it at the
 9 end of January or beginning of February; is that
 10 right?
 11 A. **Yes.**
 12 Q. And you don't recall how you received it?
 13 A. **I do not.**
 14 Q. Do you remember if it was by mail or email?
 15 A. **It would have been by email.**
 16 Q. Is there a way for you to check your emails and
 17 determine when and by whom this was sent?
 18 MR. SCHERN: Objection; form, foundation.
 19 THE WITNESS: I don't have any of my DCEH
 20 emails, so I don't know. I don't know if it came to
 21 Lopes. Maybe.
 22 Q. (BY MS. MILLER) So on January 12th, 2018, your
 23 emails were not being forwarded to Lopes?
 24 MR. SCHERN: Objection; form, foundation.
 25 THE WITNESS: I don't know when that process

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1 started taking place.
 2 Q. (BY MS. MILLER) But could you go back into
 3 your Lopes email and check?
 4 A. **Yes.**
 5 Q. After you received this letter, do you remember
 6 what you did with it?
 7 MR. SCHERN: Objection; form, foundation, asked
 8 and answered.
 9 THE WITNESS: No.
 10 Q. (BY MS. MILLER) Did you take any action in
 11 response to this letter?
 12 A. **I forwarded it to Ron Holt and David Harpool at**
 13 **some point.**
 14 Q. Why would you send it to them?
 15 A. **'Cause it's an accreditation issue and that's**
 16 **their specialty.**
 17 Q. Did you ask them for any advice, legal
 18 advice?
 19 A. **Well, no. I asked them to review the letter.**
 20 Q. And what did they do with it?
 21 A. **What did they do with the letter?**
 22 Q. Yes.
 23 MR. SCHERN: Form, foundation.
 24 THE WITNESS: They read it.
 25 Q. (BY MS. MILLER) And did they respond at all?

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1 A. **I believe they drafted a response to HLC.**
 2 Q. Did you review that response?
 3 A. **I'm sure I read it at some point, yes.**
 4 Q. Did you approve the response?
 5 MR. SCHERN: Objection; form, foundation.
 6 THE WITNESS: I didn't -- I didn't -- that was
 7 not my responsibility, to approve or disapprove it.
 8 Q. (BY MS. MILLER) Did you make any changes to
 9 their response?
 10 A. **Not that I can recall.**
 11 Q. Did you have any comments to the response?
 12 A. **I might have. I don't know.**
 13 Q. How would you determine if you did have any
 14 comments to their response?
 15 MR. SCHERN: Form, foundation.
 16 THE WITNESS: I'd have to go back and look at
 17 all my old emails.
 18 Q. (BY MS. MILLER) And that would be the Lopes
 19 email or the DCEH email?
 20 A. **Lopes.**
 21 Q. Here, I'll put it back on the screen.
 22 There's some highlighted language on this
 23 second page, which is DCEH-Studio 199947.
 24 Do you see that?
 25 A. **Yes.**

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1 Q. Did you read this language when you received
 2 the letter?
 3 MR. SCHERN: Objection; form, foundation.
 4 THE WITNESS: I don't know.
 5 Q. (BY MS. MILLER) Did you read the letter in its
 6 entirety?
 7 A. **I honestly don't know.**
 8 Q. Did HLC require DCEH to provide disclosures to
 9 them before posting or using them?
 10 MR. SCHERN: Objection; form, foundation.
 11 THE WITNESS: I don't know.
 12 Q. (BY MS. MILLER) Did you ever have any
 13 discussions with outside counsel about disclosures in
 14 response to this letter?
 15 A. **We had meetings about this letter, yes.**
 16 Q. How many meetings?
 17 A. **I don't know, couple.**
 18 Q. More than two?
 19 A. **About this specific letter or about the whole**
 20 **HLC issue for the six months that it went on, I guess,**
 21 **is the question?**
 22 Q. Regarding -- well, let's start with this
 23 letter.
 24 A. **I don't know. Probably two, maybe three,**
 25 **somewhere in that area.**

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1 Q. And were those by phone?
 2 A. Yes.
 3 Q. Did you exchange emails with outside counsel
 4 about this letter?
 5 A. I don't know.
 6 Q. Did you receive any advice from outside counsel
 7 about what disclosures should be made in response to
 8 this letter?
 9 A. Yes.
 10 Q. Did they provide the language or the
 11 disclosures to be used in response to this letter?
 12 A. Yes.
 13 Q. Did you review that disclosure?
 14 A. I'm sure I read it, yes.
 15 Q. Did you make any changes to it?
 16 A. I don't believe so, no.
 17 Q. And so when they provided the disclosure to be
 18 used in response to this letter, was that communicated
 19 to just you or anybody else?
 20 A. No, it was -- it was given -- it was given to
 21 the regulatory team and whoever posted on the website.
 22 Q. So is it your testimony that outside counsel
 23 directed people at DCEH to post the disclosure on their
 24 website?
 25 A. My testimony is we had several calls about this

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1 with the regulatory people at the university. They --
 2 we all reviewed it. Those who had comments, made them,
 3 and eventually it was decided that that would be the --
 4 posted on the website.
 5 Q. I'm sorry. I couldn't hear you. You said
 6 comments about what?
 7 A. If people had comments, they were submitted to
 8 regulatory counsel. Regulatory counsel took everyone's
 9 input, drafted the ultimate disclosure, which was then
 10 given to the regulatory people and the website people to
 11 post.
 12 Q. When you say "regulatory counsel," is that
 13 somebody other than Ron Holt and David Harpool?
 14 A. No.
 15 Q. Did you have any comments about the disclosure
 16 being proposed?
 17 A. I don't believe so, no.
 18 Q. Did anybody at DCEH have any comments about the
 19 disclosure?
 20 A. I don't -- I don't believe so. I don't know.
 21 Q. Did you have any questions about the
 22 disclosure?
 23 A. No.
 24 Q. So once the disclosures were discussed and
 25 reviewed by DCEH, what happened next?

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1 MR. SCHERN: Objection; form, foundation.
 2 THE WITNESS: I believe the decision was made
 3 to post this. At the same time, they reached out to the
 4 Commission, telling them that we did not agree with this
 5 action and we did not agree with the -- that this was
 6 consistent with what we discussed with them about
 7 closing -- the closing on these schools.
 8 Q. (BY MS. MILLER) Was the specific disclosure
 9 language provided to HLC?
 10 A. I don't know the answer to that.
 11 Q. Did you provide it to HLC?
 12 A. I did not.
 13 Q. Did you request that anybody provide it to
 14 HLC?
 15 A. I don't know.
 16 Q. You don't recall?
 17 A. Not that I recall.
 18 Q. Okay. You said that you didn't have any
 19 comments about the disclosure.
 20 Did you have authority to make comments about
 21 the disclosure?
 22 MR. SCHERN: Objection; form, foundation.
 23 THE WITNESS: I think anyone who was involved
 24 with it had the ability to suggest comments, but this is
 25 a very specialized area of the law, which I don't really

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1 particularly know anything. So other than just maybe
 2 edits, I don't think I would have made any comments to
 3 the letter.
 4 Q. (BY MS. MILLER) But if you disagreed with the
 5 disclosure, you did have the authority to not use it; is
 6 that correct?
 7 MR. SCHERN: Form, foundation.
 8 THE WITNESS: I don't think I had the
 9 authority. I could have made that recommendation.
 10 Q. (BY MS. MILLER) Who would you make that
 11 recommendation to?
 12 A. I guess, Shelly.
 13 Q. Did Shelly have authority to change the
 14 disclosure or decide whether or not to use it?
 15 MR. SCHERN: Form, foundation.
 16 THE WITNESS: I don't know. I think ultimately
 17 that was her department, but I don't know.
 18 Q. (BY MS. MILLER) So what was your role in
 19 reviewing the disclosure provided by outside counsel?
 20 A. I read it and made comments, if there was
 21 comments that I thought needed to be made.
 22 Q. Do you recall any specific comments?
 23 A. No.
 24 Q. Was it your obligation to review legal
 25 disclosures to protect DCEH from any legal matters?

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1 MR. SCHERN: Objection; form, foundation.
 2 THE WITNESS: Can you re-ask the question?
 3 Q. (BY MS. MILLER) Sure.
 4 In your role as general counsel to DCEH, did
 5 you have responsibility to ensure that the school was
 6 making legal disclosures, accurate legal disclosures?
 7 A. Yeah, but in this area and other areas where I
 8 was not -- not my expertise, I would rely on outside
 9 counsel to direct us on what disclosures to make, and
 10 that's what we did in this case.
 11 Q. But if you thought the disclosure was not
 12 accurate, you would have the authority to make changes;
 13 is that true?
 14 MR. SCHERN: Objection; form, foundation.
 15 THE WITNESS: I have -- I would have no basis
 16 to make that decision. I don't -- it's not an area of
 17 law that I know.
 18 Q. (BY MS. MILLER) But if you thought it was
 19 inaccurate, you could make the change or recommend the
 20 change; is that true?
 21 MR. SCHERN: Objection; form, foundation.
 22 THE WITNESS: Once again, I could provide
 23 comments, but it's not an area of law that I have any
 24 understanding of even to make a comment.
 25 Q. (BY MS. MILLER) So who ultimately decides what

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1 disclosures are posted on the school's website?
 2 A. It depends on what disclosures you're -- you
 3 are referring to.
 4 Q. Accreditation disclosures.
 5 A. That would be the accreditation department.
 6 Q. And that's Shelly Murphy; is that right?
 7 A. Well, she was at the very top, but there were
 8 six or eight -- I don't know how many people worked in
 9 that -- I mean, depending on what you're referring to as
 10 accreditation, there were a lot of people that worked in
 11 that area that could review disclosures.
 12 Q. And any one of them could authorize or direct a
 13 disclosure to be posted on a website?
 14 MR. SCHERN: Objection; form, foundation.
 15 THE WITNESS: No, not any one of them, no.
 16 Q. (BY MS. MILLER) Who could?
 17 A. I don't know. I did not work with the web
 18 people. I don't know who had authority to do -- at what
 19 level to do what.
 20 Q. Could Shelly Murphy?
 21 A. Yes.
 22 Q. Would she need anybody's approval before
 23 directing something to be posted on the website?
 24 A. I don't know.
 25 Q. Would she typically get permission from you

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1 before she would post something on the website about
 2 accreditation?
 3 MR. SCHERN: Objection; form, foundation.
 4 THE WITNESS: No, I don't believe so.
 5 Q. (BY MS. MILLER) Do you know if there was
 6 anybody she would run it by before she would post
 7 something on the website?
 8 MR. SCHERN: Form, foundation.
 9 THE WITNESS: I assume the accreditation team.
 10 I mean, there was disclosures being made all the time
 11 about schools and about accreditation. I mean, I don't
 12 know who did them or who ultimately had say on it.
 13 Q. (BY MS. MILLER) So why were you then included
 14 in these conversations about accreditation
 15 disclosures?
 16 A. In case I believe there was a legal issue or
 17 litigation likely.
 18 Q. And did you discuss any of these legal issues
 19 with anybody else at DCEH?
 20 MR. SCHERN: Objection; form, foundation.
 21 THE WITNESS: Are you -- are you asking in a
 22 general manner, or are you asking about this specific
 23 letter?
 24 Q. (BY MS. MILLER) This specific letter as well
 25 as the disclosure that resulted.

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1 A. I talked to Shelly. I don't know who else I
 2 talked to about it at DCEH.
 3 There were other people on the -- I believe
 4 Ellyn McLaughlin was on these discussions. I think the
 5 two presidents from the schools were on the call.
 6 Beyond that, I don't know.
 7 Q. Were there any emails regarding a response to
 8 this January letter and the disclosures that were
 9 required by it?
 10 A. Any emails to whom?
 11 Q. To either outside counsel or people at DCEH.
 12 A. Yes.
 13 Q. And do you remember who was involved in those
 14 discussions by email?
 15 A. I don't know. I mean, that's pretty much the
 16 group I just talked to you about last time.
 17 Q. So Shelly Murphy, Ron Holt, and David
 18 Harpool?
 19 A. And there were people in the company. Ellyn
 20 McLaughlin, she was over accreditation. I believe Chris
 21 DelSanto was in some of those discussions. I believe
 22 the two presidents of the university of the schools were
 23 in the discussions.
 24 That's who I recall.
 25 Q. What was Chris DelSanto's role in these

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1 discussions?

2 **A. I believe he was over -- well, he was over the**

3 **website somehow and he had some part of compliance with**

4 **the -- under the administrator. So I don't really know**

5 **what his role was exactly.**

6 Q. The administrator for the settlement?

7 **A. Yes.**

8 Q. Did he post the disclosure that was ultimately

9 used in response to this letter?

10 **A. I have no idea.**

11 Q. Did you direct him to post it?

12 **A. I don't believe so, no.**

13 Q. Did you direct anybody to post a disclosure in

14 response to this letter?

15 **A. I don't believe so, no.**

16 Q. Do you recall receiving an email from Ellyn

17 McLaughlin around February 26 regarding the HLC

18 disclosure for the website?

19 **A. Not particularly, no.**

20 Q. Do you recall Ellyn expressing any concern

21 about the disclosure on the website?

22 **A. No.**

23 Q. Do you recall having any phone calls with Ellyn

24 McLaughlin about this?

25 **A. I was on calls with Ellyn McLaughlin about this**

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1 **over the five months that it lasted, but I don't -- I**

2 **did not have any specific calls with her, no.**

3 Q. What about in February of 2018?

4 **A. No, I was not on a call with her. I mean, I**

5 **did not have a call with her. I might have been on a**

6 **call with her which this was discussed, but I was not on**

7 **a call with her.**

8 Q. So you did have a call with her and others in

9 February of 2018?

10 **A. I don't know that. I'm just saying there were**

11 **calls during the five months this lasted where she was**

12 **on them and I was on them, but I do not know when they**

13 **occurred.**

14 Q. And you don't recall whether or not she was

15 concerned about the disclosures on the website?

16 **A. I don't recall, no.**

17 Q. Okay.

18 **MS. MILLER:** We can mark this as [Exhibit 28](#).

19 And just for the record, the page we're looking

20 at right now is DCEH-Studio 196235, but the exhibit will

21 begin on 196232.

22 ([Exhibit 28](#) was marked for

23 identification.)

24 Q. (BY MS. MILLER) Do you see this document?

25 **A. Yep.**

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1 Q. What is this document?

2 **A. It looks like an email.**

3 Q. From who?

4 **A. Ellyn McLaughlin.**

5 Q. And what's the date of the email?

6 **A. February 26th.**

7 Q. And who is it addressed to?

8 **A. It's addressed to me.**

9 Q. If you could read over it. Take a moment to

10 look over it. If you want me to make it smaller, I can

11 do that too.

12 **A. Can you scroll down.**

13 **No, the other way.**

14 **Keep scrolling, please.**

15 **Okay.**

16 Q. Do you recall receiving this email from

17 Ellyn?

18 **A. Not really, no.**

19 Q. Is there any reason to believe that you did not

20 receive this email from Ellyn?

21 **A. No.**

22 Q. And do you -- does it refresh your recollection

23 as to whether or not you had a call with Ellyn in

24 February of 2018?

25 **A. I didn't have a call with her. I believe what**

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1 **this is saying is she's -- all those people were on a**

2 **call.**

3 Q. Okay. So she's reporting to you a summary of

4 the call she had with the others listed on the email; is

5 that right?

6 **A. That's possible. I could have also been on the**

7 **group call, but I did not have a specific call with**

8 **Ellyn about this.**

9 Q. Okay. And what is the -- what's the purpose of

10 this email?

11 **A. I don't know.**

12 Q. Does the letter -- or email express any concern

13 about the disclosures?

14 **MR. SCHERN:** Objection; form, foundation.

15 **THE WITNESS:** She seems to believe -- to be

16 concerned that the disclosure on the website is -- I

17 don't really know what she says. What does she say?

18 Can you scroll down.

19 She says we're not in compliance.

20 Q. (BY MS. MILLER) In compliance with what?

21 **A. The HLC's requirements for review.**

22 Q. Is it fair to say that she was concerned that

23 the disclosure could risk the school becoming accredited

24 or getting approval from HLC?

25 **MR. SCHERN:** Objection; form, foundation.

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1 **THE WITNESS:** She says it may be risky.
2 Q. (BY MS. MILLER) What were your thoughts on
3 it?
4 **A. I don't know. I'm sure I forwarded it to**
5 **outside counsel for them to review.**
6 Q. Do you recall specifically forwarding it to
7 outside counsel?
8 **A. I don't recall specifically, but, once again,**
9 **it's just not an area that I'm well-versed in, so I**
10 **would have forwarded it to them for their opinion.**
11 Q. Why did Ellyn send you this email?
12 **A. I don't know. I might have asked her to send**
13 **it so I can summarize it and send it on to outside**
14 **counsel. I don't know.**
15 Q. Did you ask her to have a meeting with these
16 people to discuss this?
17 **A. No. There were ongoing meetings because part**
18 **of the letter -- part of the change of control, we had**
19 **to submit a report, and they were coming out to do a**
20 **review, and so Ellyn was working on the reports and**
21 **getting ready for their visit, I believe, is what this**
22 **came out of.**
23 Q. I'm gonna share the screen again with you.
24 **MS. MILLER:** Just for the record, this is the
25 same exhibit and the same DCEH-Studio 196235.

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1 Q. (BY MS. MILLER) Just a little bit above that,
2 there's a date, February 26, at 11:24 a.m.
3 Do you see that?
4 **A. Yep.**
5 Q. Are those your email addresses listed below the
6 date?
7 **A. Yes.**
8 Q. Do you recognize this email?
9 **A. I do now that I'm reading it, yes.**
10 Q. What is it?
11 **A. It's an email to David Harpool.**
12 Q. What's the purpose of the email?
13 **A. It says, "See below. What should we do?"**
14 Q. Are you seeking the advice of Mr. Harpool --
15 **A. Yes.**
16 Q. -- as to the accreditation disclosure?
17 **A. Uh-huh. Yes.**
18 Q. Okay. And then just going up a little bit,
19 there's February 26, 2018, 1:06 p.m.
20 Do you see that?
21 **A. Yes. Yes.**
22 Q. Do you recognize this email?
23 **A. I mean, I have a general recollection of it,**
24 **yes.**
25 Q. Was this sent to you?

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1 **A. I believe so, yes.**
2 Q. Do you recall receiving it on February 26,
3 2018?
4 **A. I don't recall specifically receiving it on**
5 **that day, no.**
6 Q. Do you recall receiving it around that time?
7 **A. Yes, I believe I did, sometime around that**
8 **time.**
9 Q. Okay. And if you go to the highlighted
10 portion, can you read that for the record, please.
11 **A. Which part do you want me to read?**
12 Q. Starting from "The other side."
13 **A. Okay.**
14 Q. Can you read that out loud for the record,
15 please.
16 **MR. SCHERN:** Objection; form, foundation.
17 He doesn't need to read it out loud.
18 Q. (BY MS. MILLER) All right. I'll read it to
19 you. "The other side of the risk/benefit analysis is,
20 we post as they proposed, we are, one, acknowledging
21 their interpretation; and, two, risking student panic
22 and letter writing to HLC and lawsuits, all of which
23 could doom us as well with HLC. Candidacy without
24 clarification also has Title IV risks. There is a risk
25 to both, but I recommend stay the course."

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1 Do you see that?
2 **A. Yes.**
3 Q. So is it your understanding that David Harpool
4 was giving you different options in terms of how to
5 respond to Ellyn's concerns?
6 **MR. SCHERN:** Objection; form, foundation.
7 **THE WITNESS:** I don't believe he was giving us
8 any different options. He was giving us his opinion
9 that we should stay the course we're pursuing.
10 Q. (BY MS. MILLER) Did he have the authority to
11 actually decide to stay the course?
12 **MR. SCHERN:** Objection; form, foundation.
13 **THE WITNESS:** I mean, he's the expert outside
14 counsel. I think we're entitled to rely on his
15 opinion.
16 Q. (BY MS. MILLER) But if you disagreed with him,
17 could he go above you and make a decision without your
18 approval?
19 **MR. SCHERN:** Objection; form, foundation.
20 **THE WITNESS:** I assume he could have conveyed
21 his belief to other people in the organization over my
22 head, yes.
23 Q. (BY MS. MILLER) But he would need someone's
24 approval at DCEH to make any decisions about what DCEH
25 would do; is that correct?

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1 MR. SCHERN: Form, foundation.
 2 THE WITNESS: Yeah. I mean, someone at DCEH
 3 obviously has to either take his advice or not.
 4 Q. (BY MS. MILLER) And so did you take his
 5 advice?
 6 A. I don't know that -- I mean, yes, I assume I
 7 did.
 8 Q. And then if you scroll up, there's another
 9 email from Ronald Holt, February 26.
 10 Do you see that?
 11 A. Yes.
 12 Q. It says, "I think we at least need to say we
 13 are in change of control candidacy status and then link
 14 to HLC?"
 15 A. Yes.
 16 Q. Did you agree with Mr. Holt?
 17 MR. SCHERN: Objection; form, foundation.
 18 THE WITNESS: I assume I did.
 19 Q. (BY MS. MILLER) And then going up to the
 20 12:51 p.m. email, is that your email address that
 21 appears below that?
 22 A. Yes.
 23 Q. Do you recall writing this email?
 24 A. Not specifically, but looks like it.
 25 Q. Is there any reason to believe that you did not

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1 write this email?
 2 A. No.
 3 Q. And can you summarize what this email's asking
 4 or what this email says?
 5 A. Yes. I'm asking them to provide the disclosure
 6 language we should put on our website, and then I'm
 7 asking them whether they believe that once we do that,
 8 we're then in compliance with the standard that Ellyn is
 9 worried about or do we need to say something
 10 different.
 11 Q. And then the next email after that, February
 12 26, the 2:24, do you recognize this email?
 13 A. I mean, not particularly but...
 14 Q. Do you have any reason to believe that you did
 15 not receive this email?
 16 A. No.
 17 Q. And is this language that Harpool's proposing
 18 that you use on the Illinois Institute of Art and
 19 Colorado Institute of Art websites?
 20 A. Yes, looks like that.
 21 Q. And then above that, there's an email from you
 22 that asks, "How do we answer their question? Are we in
 23 compliance," and David Harpool responds, do you see
 24 that, at 2:42 p.m.?
 25 A. Yes.

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1 Q. And do you have any reason to believe you
 2 didn't receive this email?
 3 A. No.
 4 Q. And then above that, at 4:44 p.m., there's an
 5 email.
 6 Is this from you?
 7 A. It appears to be, yes.
 8 Q. Any reason to believe it's not from you?
 9 A. No.
 10 Q. And who is it to?
 11 A. Ellyn, Shelly Murphy.
 12 Q. And what's the purpose of this email?
 13 A. I believe it's to show them what the regulatory
 14 counsel is recommending that we post and to answer
 15 Ellyn's questions to me and to let me know if she has
 16 additional questions.
 17 Q. What is meant by the statement "Shelly, will
 18 you get website taken care of"?
 19 A. Shelly was over -- she would, I assume, have to
 20 direct the publication on the website 'cause it's an
 21 accreditation issue.
 22 Q. So you're asking Shelly to have it posted on
 23 the website?
 24 A. I'm not -- I'm not asking her. I'm saying this
 25 is the recommendation we've given, this is what we've

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1 gotten from our expert outside counsel, and if the
 2 decision's made to post it, she's the one that has to do
 3 it.
 4 Q. But the outside counsel doesn't make the
 5 direction as to what goes on the website, right? They
 6 give you advice and you can choose whether or not to
 7 accept that advice; is that right?
 8 A. Correct.
 9 Q. Okay. So in this situation, you chose to
 10 accept the advice of counsel and then asked Shelly to
 11 put it on the website; is that correct?
 12 MR. SCHERN: Objection; form, foundation.
 13 THE WITNESS: I -- we relied on the expert
 14 counsel in this area. I suggested -- I then copied
 15 Shelly and Ellyn on the entire email with them to see
 16 how they reached that decision and left it up to Shelly
 17 and Ellyn to decide whether or not they wanted to post
 18 it on the website.
 19 Once again, I don't make that decision. That's
 20 not my decision to make. I provide counsel.
 21 Q. (BY MS. MILLER) So you provided legal advice
 22 as to what they should use on the website, correct?
 23 A. No. I just provide legal counsel. I don't
 24 tell them what to put on the website.
 25 Q. But you give them advice, just like Ron gave

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1 you advice, and you can decide whether or not to accept
2 it, correct?
3 **MR. SCHERN:** Form, foundation.
4 **THE WITNESS:** I was simply passing along what
5 the outside counsel had given us.
6 Q. (BY MS. MILLER) I'm gonna share this with you
7 again.
8 Now we're looking at page DCEH 196232 of the
9 same exhibit.
10 Do you see that?
11 **A. Yes.**
12 Q. Do you recognize this document?
13 **A. Not really.**
14 Q. Is that your email address?
15 **A. Yes. Yes.**
16 Q. Any reason to believe you didn't get this
17 email?
18 **A. No.**
19 Q. And this is an email from Ellyn McLaughlin; is
20 that right?
21 **A. Yes.**
22 Q. And is it accurate that she's confirming the
23 language to be posted on the website?
24 **MR. SCHERN:** Objection; form, foundation.
25 **THE WITNESS:** Can you scroll down.

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1 Keep scrolling.
2 I don't know that she's confirming anything.
3 She's saying here's what I suggest putting on the
4 website.
5 Q. (BY MS. MILLER) And then she asks you, "Are
6 they to inform students," correct?
7 **A. Looks like it, yes.**
8 Q. Why is she asking you that question?
9 **MR. SCHERN:** Objection; form, foundation.
10 **THE WITNESS:** I don't know the answer to
11 that.
12 Q. (BY MS. MILLER) Would you make the decision as
13 to whether or not to inform the students?
14 **A. No.**
15 Q. Who would?
16 **A. I don't know the answer to that.**
17 Q. Did you ever respond to her question "Are they
18 to inform students"?
19 **A. I don't know the answer to that.**
20 Q. And at the top, where it says, "So I have
21 corrected below and I'm confirming as follows," what
22 does that mean?
23 **A. I don't know what she means.**
24 Q. Is she asking you to confirm that the language
25 is correct?

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1 **MR. SCHERN:** Objection; form, foundation.
2 **THE WITNESS:** I don't believe anywhere in that
3 email she asks me to confirm anything.
4 Q. (BY MS. MILLER) So what is she confirming?
5 **MR. SCHERN:** Objection; form, foundation.
6 **THE WITNESS:** I don't know what she's -- she's
7 confirming what she's writing below there.
8 Q. (BY MS. MILLER) Okay. So when you received
9 that email from David Harpool about the risk/benefit
10 analysis, you understood there was some risk by not
11 simply using the language proposed by HLC; is that
12 right?
13 **A. I don't know that -- I don't know that.**
14 Q. And you made a choice -- well, what was your
15 understanding of that email then?
16 **A. What was my understanding of the email?**
17 Q. Yes. What was the risk that was identified?
18 **A. I don't know if there was a specific risk**
19 **identified there. I think my understanding of the email**
20 **was, in David's assessment of the situation, the best**
21 **course of action was to continue to -- our discussions**
22 **with HLC and to make the -- and to follow the**
23 **recommendation he made on our disclosures.**
24 Q. You didn't understand that to believe that if
25 you used their language, there might be some panic among

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1 the students?
2 **A. No.**
3 Q. Or that there are any risks to Title IV?
4 If you want, I can put it back up on the
5 screen. Would that help?
6 **A. No.**
7 **No.**
8 Q. So you saw no risks in going forward with his
9 proposed language?
10 **A. I followed his advice.**
11 Q. He did identify some risks in using that
12 advice; is that right?
13 **MR. SCHERN:** Objection; form, foundation.
14 **THE WITNESS:** I don't -- there's, obviously,
15 risks in everything.
16 Q. (BY MS. MILLER) But you could have just used
17 the language that HLC had proposed and not risk
18 anything; is that right?
19 **MR. SCHERN:** Objection; form, foundation.
20 **THE WITNESS:** No, I don't believe that's
21 correct.
22 Q. (BY MS. MILLER) What risk would there be if
23 you had used HLC's language?
24 **A. Well, I believe we were in the process of**
25 **arguing with HLC that the language they proposed was not**

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1 what had been agreed to in the transaction. And so if
 2 we agreed to their language, then I believe we no longer
 3 would have a case to stand on that we had been lied to
 4 by HLC.
 5 Q. So you couldn't then remove it, if you had
 6 worked it out with HLC?
 7 A. Well, I guess, but at that point, we're now
 8 making an admission that HLC -- I believe we'd be making
 9 an admission.
 10 Q. But you did decide to still use the language
 11 "change of control," right?
 12 A. I didn't decide -- I don't -- I didn't decide
 13 anything. I simply followed what the experts gave us.
 14 Q. Okay. Were you aware at that time that part of
 15 the HLC eligibility requirements were that the
 16 institution portrayed clearly and accurately to the
 17 public the current status with HLC?
 18 A. No.
 19 Q. Were you ever aware of that?
 20 MR. SCHERN: Objection; form, foundation.
 21 THE WITNESS: I believe that's what Ellyn was
 22 talking about in her email.
 23 Q. (BY MS. MILLER) Okay. The language we were
 24 just looking at, was that published anywhere else
 25 besides the website?

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1 A. I don't know.
 2 Q. Were you involved in the decision as to whether
 3 to use that language anywhere other than the website?
 4 A. No.
 5 Q. Who was involved in making that decision?
 6 A. I don't know.
 7 Q. Do you recall receiving an email from Ellyn
 8 McLaughlin around March 1st of 2018?
 9 A. No.
 10 Q. Is there any reason to believe that you
 11 wouldn't have received an email from her --
 12 A. No.
 13 Q. -- around that time?
 14 I'm gonna share. This will be, I think,
 15 [Exhibit 28](#). Is that right?
 16 THE COURT REPORTER: I have 29.
 17 MS. MILLER: Sorry. What?
 18 MR. SCHERN: I think it's 29.
 19 MS. MILLER: Oh. 29. Okay.
 20 And this is -- well, it starts at DCEH-Studio
 21 218706, but I want to point you to 218713.
 22 ([Exhibit 29](#) was marked for
 23 identification.)
 24 Q. (BY MS. MILLER) Do you recognize this
 25 document?

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1 A. No.
 2 Q. Is that you identified in the "Required"
 3 section up top?
 4 MR. SCHERN: Can you scroll down a bit,
 5 Cassandra.
 6 What's the Bates number on that one?
 7 MS. MILLER: DCEH-Studio 218713.
 8 It's the very last page.
 9 MR. SCHERN: Got it.
 10 MS. MILLER: Do you have it?
 11 MR. SCHERN: Yeah. I'm sorry. You can ask
 12 your question. I apologize.
 13 Q. (BY MS. MILLER) Is that your email at the
 14 top?
 15 A. That's my name. I'm also on the "Optional"
 16 group too.
 17 Q. Do you know what this is?
 18 A. It's an email to, looks like, the people who
 19 were involved in compiling the report for HLC.
 20 Q. Why are you included on this?
 21 MR. SCHERN: Objection; form, foundation.
 22 THE WITNESS: I think she included me on all of
 23 those.
 24 Q. (BY MS. MILLER) Did you participate in the
 25 call on February 27th?

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1 A. Probably not.
 2 Q. Excuse me?
 3 A. I don't believe so.
 4 Q. Do you -- I mean, do you recall one way or the
 5 other, or you just don't remember?
 6 A. I don't know. There were -- there were
 7 multitudes of these for all the schools, but, generally
 8 speaking, I was not on them.
 9 Q. Would anyone report back to you after these
 10 calls?
 11 A. No, not necessarily. Generally, no.
 12 MR. SCHERN: I'm sorry. Excuse me, Cassandra,
 13 was -- is there -- and forgive me if I'm just missing
 14 it. Is there a sender on there? Is this an email?
 15 MS. MILLER: It looks like it's a meeting
 16 invitation.
 17 MR. SCHERN: Is it -- oh, okay. It's on the
 18 next page, the "From." I'm sorry. The preceding page
 19 says who it was from. I was just concerned.
 20 Thank you.
 21 MS. MILLER: No problem.
 22 Q. (BY MS. MILLER) Okay. Then in that same
 23 exhibit but page DCEH-Studio 218711, do you see that?
 24 A. Yes.
 25 Q. Is that your email address that appears in

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1 the --

2 **A. Yes.**

3 Q. Okay. And this is from Ellyn McLaughlin; is

4 that right?

5 **A. Yes.**

6 Q. Do you recognize this document or email?

7 **A. No.**

8 Q. Do you have any reason to believe you did not

9 receive this email?

10 **A. No.**

11 Q. I'm gonna share this again with you.

12 Now we're looking at, same exhibit, DCEH-Studio

13 218709.

14 Do you see that?

15 **A. Yes.**

16 Q. Do you recall receiving an email from Ellyn

17 McLaughlin on March 1st?

18 **A. No.**

19 Q. Do you recognize this email?

20 **A. No.**

21 Q. Is there any reason to believe that you did not

22 receive this email?

23 **A. No.**

24 Q. And if you could just read through the email.

25 **MR. SCHERN:** Which one, on 09 and then moving

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1 on to 10?

2 **MS. MILLER:** Correct.

3 **THE WITNESS:** Okay.

4 Q. (BY MS. MILLER) Do you remember receiving this

5 email?

6 **A. No.**

7 Q. Did you at some point tell Ellyn that -- well,

8 let me go back.

9 Who is Benjamin Valdez?

10 **A. Don't know.**

11 Q. Is that somebody you would deal with?

12 **A. No.**

13 Q. Okay. Is that somebody that Ellyn would deal

14 with?

15 **MR. SCHERN:** Objection; form, foundation.

16 **THE WITNESS:** I don't know who he is.

17 Q. (BY MS. MILLER) Okay. Do you remember

18 emailing Ellyn, saying that this Benjamin person would

19 be handling the website change?

20 **A. No.**

21 Q. And at the end, it says, "Chris R, the

22 accreditation statement is to change everywhere, it

23 appears," right?

24 Do you see that?

25 **A. I do.**

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1 **MR. SCHERN:** Wait. Hold on. Hold on. That's

2 on the -- what number?

3 Okay. Thank you.

4 Q. (BY MS. MILLER) She's asking you what

5 direction should be taken with the disclosures; is that

6 right?

7 **A. Yes.**

8 Q. Why is she asking you?

9 **MR. SCHERN:** Objection; form, foundation.

10 **THE WITNESS:** Because I was the point of

11 contact with the outside counsel on this issue.

12 Q. (BY MS. MILLER) And you directed others at

13 DCEH to change the statement in all publications,

14 including the website; is that correct?

15 **MR. SCHERN:** Form, foundation.

16 **THE WITNESS:** I don't know that I directed that

17 at all. I'm sure I asked outside counsel on what we

18 should do, and we followed their recommendation.

19 Q. (BY MS. MILLER) And did outside counsel answer

20 that question to the others at DCEH, or did you?

21 **A. I don't know the answer to that. Ellyn could**

22 **have been on the call with them when that was**

23 **discussed.**

24 Q. Okay. I want to show you, same exhibit, Bates

25 stamp DCEH-Studio 218709.

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1 Do you see that?

2 **A. Yes.**

3 Q. And this is an email from Ellyn McLaughlin,

4 right?

5 **A. Yes.**

6 Q. And is that your email address?

7 **A. Yes.**

8 Q. And in it, she says, "Once we hear from Shelly

9 about who is changing the website, Chris R has said the

10 statement should be changed everywhere."

11 Is that accurate?

12 **A. Well, that's what the email says.**

13 Q. Do you have any reason to believe that you

14 didn't tell Ellyn that it should be changed

15 everywhere?

16 **A. I'm sure I talked to outside counsel and that**

17 **was the recommendation, and I'm sure that's what I told**

18 **Ellyn.**

19 Q. Do you have any recollection of responding to

20 Ellyn that her statement was wrong?

21 **MR. SCHERN:** Objection; form, foundation.

22 **THE WITNESS:** What statement?

23 Q. (BY MS. MILLER) That "Chris R has said the

24 statement should be changed everywhere"?

25 **A. I have no recollection.**

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1 Q. Okay. So you could have told her that it
2 should be changed everywhere, you just don't remember;
3 is that right?
4 **A. I -- I don't have any recollection.**
5 Q. Okay. How long did that disclosure remain on
6 the website?
7 **A. I have no idea.**
8 Q. Were there any discussions about changing the
9 website after the end of February or beginning of
10 March?
11 **A. Not that I know of.**
12 Q. Did you -- did you ask or -- sorry.
13 Did you have any discussions with outside
14 counsel about the need to change it at any point?
15 **A. Not that I'm aware of.**
16 Q. I'm gonna share on the screen. This will be
17 Number 30.
18 **MS. MILLER:** And just for the record, it's
19 docket number 106 in this litigation, 19-cv-00809.
20 ([Exhibit 30](#) was marked for
21 identification.)
22 Q. (BY MS. MILLER) Do you recognize this
23 document?
24 **A. Yes.**
25 Q. What is this document?

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1 **A. Third Amended Class Action Complaint.**
2 Q. When was the first time you saw this
3 document?
4 **A. Last fall sometime.**
5 Q. And are you -- have you reviewed this
6 document?
7 **A. Not in great detail, no.**
8 Q. What is your understanding of what the
9 allegations are in the complaint?
10 **A. There's various allegations in the complaint.**
11 Q. Do you have any understanding of what they
12 are?
13 **A. Not off the top of my head.**
14 Q. Would you like to review the document?
15 **A. If you want me to.**
16 Q. Let me know if I'm going too fast.
17 **MR. SCHERN:** Are you just gonna read this
18 80-page complaint? Is that what we're doing?
19 **MS. MILLER:** Well, if he has no understanding
20 of what it is, I'd like him to look at it.
21 **THE WITNESS:** I have an understanding of what
22 it is. I mean, what --
23 Q. (BY MS. MILLER) What is your basic
24 understanding -- I mean, I don't need every allegation.
25 What's your basic understanding of what the

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1 complaint is against you?
2 **A. That you allege that the students were harmed
3 by their enrollment at the art institute.**
4 Q. How were they harmed?
5 **A. That's unclear to me from the complaint.**
6 Q. Okay. Is it related to the lack of
7 accreditation?
8 **MR. SCHERN:** Objection; form, foundation.
9 **THE WITNESS:** There's -- that's unclear to
10 me.
11 Q. (BY MS. MILLER) Okay. Do you recall ever
12 being involved in any discussions regarding restitution
13 to students of the Illinois Institute of Art?
14 **A. No.**
15 Q. Did you -- do you believe that the students of
16 the Illinois campuses are entitled to some type of
17 restitution?
18 **MR. SCHERN:** Objection; form, foundation.
19 **THE WITNESS:** I have no idea.
20 Q. (BY MS. MILLER) Do you believe that the
21 students were harmed by the lack of accreditation?
22 **MR. SCHERN:** Objection; form, foundation.
23 **THE WITNESS:** As an individual, you have to go
24 student by student to make that determination.
25 Q. (BY MS. MILLER) Do you think students that

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1 graduate without degrees were harmed -- or graduated
2 without accredited degrees were harmed?
3 **MR. SCHERN:** Objection; form, foundation.
4 **THE WITNESS:** That totally depends on the
5 student and their degree and what the employer wants or
6 cares about.
7 Q. (BY MS. MILLER) So why was DCEH so concerned
8 about maintaining their accreditation?
9 **MR. SCHERN:** Objection; form, foundation.
10 **THE WITNESS:** Because we believed and were
11 under the impression and were told by HLC that the
12 schools would be accredited when we purchased them.
13 Q. (BY MS. MILLER) Is it important to have
14 accredited schools?
15 **MR. SCHERN:** Objection; form, foundation.
16 **THE WITNESS:** Yes, it's important because you
17 have to have accreditation to have Title IV.
18 Q. (BY MS. MILLER) To what? Sorry. You cut out.
19 **A. To have Title IV.**
20 Q. That's the only reason it's important?
21 **A. Well, it's not the only reason, but it's one of
22 the major reasons.**
23 Q. Why is it important to have Title IV?
24 **A. Because most students cannot pay for their
25 education out of pocket and so they need assistance.**

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1 Q. So the only reason you wanted the schools to be
2 accredited was so that the schools could get paid?
3 MR. SCHERN: Objection; form, foundation,
4 misstates testimony.
5 THE WITNESS: So the schools could get paid?
6 Q. (BY MS. MILLER) Well, so that the tuition
7 could get paid. Is that correct?
8 MR. SCHERN: Form, foundation.
9 THE WITNESS: No, it's not the only reason, but
10 just like every other school in America, it's important
11 that students have access to varying sources of funding
12 to pay their education, and without accreditation,
13 they're not able to access Federal funding.
14 Q. (BY MS. MILLER) So you don't think it's
15 important, in terms of the students, that the school be
16 accredited, other than for Title IV?
17 MR. SCHERN: Objection; form, foundation.
18 THE WITNESS: No, I believe it can be
19 important. It depends on what degree the student is
20 pursuing, frankly.
21 If you were getting a culinary degree, I'm not
22 sure that the restaurant that hires you is really that
23 concerned of whether your school was accredited by HLC,
24 accredited by some national organization, or not
25 accredited at all.

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1 Q. (BY MS. MILLER) And do you think that's
2 something a student would want to know?
3 MR. SCHERN: Objection; form, foundation.
4 THE WITNESS: I think it's a very complicated
5 issue, and I think a lot of times students don't even
6 understand the issue we're talking about right now.
7 Q. (BY MS. MILLER) If you were a student, would
8 you want to know?
9 MR. SCHERN: Objection; form, foundation.
10 THE WITNESS: It depends on what degree I was
11 attaining and what I needed the degree for.
12 Q. (BY MS. MILLER) Okay. I think -- did you say
13 as part of your role as general counsel, who would --
14 would you be involved in Attorney General
15 investigations, or did you say that was outside
16 counsel?
17 A. I mean, it would depend on -- depends on what
18 you're talking about.
19 Are you talking about a letter that came from
20 an Attorney General about a certain student or student
21 issue, or are you talking about an actual investigation
22 by an Attorney General?
23 Q. Well, why don't you describe to me under what
24 circumstances you would be involved with an Attorney
25 General investigation?

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1 MR. SCHERN: Objection; form, foundation, calls
2 for narrative.
3 THE WITNESS: I would simply say that if we got
4 something from just like the Better Business Bureau or
5 the Consumer Protection Bureau or an Attorney General,
6 saying, "Hey, this student has this issue," I would be
7 or someone from my office would be involved in drafting
8 that response.
9 If you're talking about something about on the
10 settlement judgment or something on a higher level, that
11 would be outside counsel.
12 Q. (BY MS. MILLER) Have you responded to any AG
13 investigations in your role as general counsel for
14 DCEH?
15 A. What are you defining as an investigation?
16 Q. An inquiry or a statement of complaint.
17 A. The only thing -- actually, I don't even know
18 if we had any. If there were something, you know, about
19 a specific student and their issue, I would have been --
20 most likely have reviewed our response, but I don't
21 recall that specifically, and I was not involved in
22 anything higher than that.
23 Q. Do you know if Brent was ever investigated by
24 the Attorney Generals -- by an Attorney General?
25 MR. SCHERN: Objection; form, foundation.

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1 THE WITNESS: Not to my knowledge, no.
2 Q. (BY MS. MILLER) I've just put on the screen a
3 new document, which is Bates stamped DCEH-Studio 002671.
4 I believe this is [Exhibit 31](#).
5 ([Exhibit 31](#) was marked for
6 identification.)
7 Q. (BY MS. MILLER) Do you see that?
8 A. Yes.
9 Q. Do you recognize this document?
10 A. No.
11 Q. Is that your email address at the top?
12 A. That's my DCEH email, yeah.
13 Q. Is there any reason to believe that you did not
14 receive this email on January 5th, 2019?
15 A. It's possible. It was -- that was shortly
16 before I left. There was a lot going on.
17 Q. Okay. So you have no specific reason to
18 believe that you did not receive this email; is that
19 correct?
20 MR. SCHERN: Objection; form, foundation.
21 THE WITNESS: Well, I'm not a hundred percent
22 sure that I received this email.
23 Q. (BY MS. MILLER) How would you determine if you
24 received this email or not?
25 A. I would have to look and see if it came in to

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1 my Lopes.
 2 Q. And you would still have this email from
 3 January 5th, 2019?
 4 A. I would guess, yes.
 5 Q. Okay. Can you please read through the email.
 6 A. Okay.
 7 Q. It says in this second paragraph -- it
 8 references a proposal that was shared with the AG
 9 administrator which resulted in them basically, and I'm
 10 quoting, "backing down from their threat of conducting
 11 an investigation of Brent and DCEH and only requiring a
 12 six-month monitoring with the AG administrator versus an
 13 additional two years."
 14 Do you see that?
 15 A. Yes.
 16 Q. What is she referencing?
 17 A. I have no idea.
 18 Q. Was -- do you know if a proposal was made to
 19 the Attorney General administrator?
 20 A. I have no idea.
 21 Q. And you have no recollection of the Attorney
 22 General investigating Brent or DCEH?
 23 A. No. My only recollection is, is under the
 24 terms of the settlement agreement, it was supposed to be
 25 ending, but they could extend it another -- for another

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1 time period if they felt like progress was not being
 2 made. That's my only recollection of the whole deal.
 3 Q. Okay.
 4 MS. MILLER: You know, why don't we -- can we
 5 take a break right now and just come back in like 15
 6 minutes?
 7 MR. SCHERN: Yeah. You want to take a
 8 15-minute break?
 9 MS. MILLER: Yeah. So maybe come back at
 10 like -- well, it's 1:20 my time.
 11 MR. SCHERN: Okay. Yeah. So let's come back
 12 at, what, 15 minutes?
 13 MS. MILLER: Okay.
 14 (A break was taken from 11:05 a.m. until
 15 11:22 a.m.)
 16 Q. (BY MS. MILLER) So I think we left off, I was
 17 asking you about this document, this email.
 18 So you said you were -- you remembered that the
 19 Attorney General administrator was considering extending
 20 the monitoring. Is that correct?
 21 A. No. What I said was under the terms of the
 22 original agreement, that was a possibility.
 23 Q. Okay. And was there any -- were the HLC
 24 disclosure issues, did they have any impact on the AG
 25 settlement?

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1 A. I have no idea.
 2 Q. Are you aware of any, you know, threat that
 3 they would extend it longer because of the HLC
 4 disclosure issue?
 5 A. No.
 6 Q. Okay. Are you aware of what the proposal is
 7 that's cited in the email?
 8 A. No.
 9 Q. Why were you included on this email?
 10 A. I don't know.
 11 Q. Do you know why Stacy Sweeney is proposing
 12 restitution to the students?
 13 A. I do not.
 14 Q. Do you agree with her position that students
 15 are entitled to restitution?
 16 A. Once again, I believe that has to be determined
 17 on a case-by-case basis.
 18 Q. So you were not involved at all in the proposal
 19 of a restitution to students?
 20 A. No.
 21 Q. Okay. I'm gonna show you a different document.
 22 I'm gonna mark this as -- are we at [Exhibit 32](#)?
 23 THE COURT REPORTER: (Nodded head.)
 24 MS. MILLER: Okay. So this will be [Exhibit 32](#),
 25 and it's Bates stamp number DCEH-Studio 002672.

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1 [\(Exhibit 32\)](#) was marked for
 2 identification.)
 3 Q. (BY MS. MILLER) I'll make it smaller so you
 4 can see more of it.
 5 Do you recognize this document at all?
 6 A. Not particularly, no.
 7 Q. Have you ever seen it before?
 8 A. I don't know.
 9 Q. Do you remember being involved at all in the
 10 drafting of this document?
 11 A. I don't, no.
 12 Q. If DCEH is proposing some type of settlement
 13 and restitution to students, who would be involved in
 14 that decision?
 15 A. I don't know.
 16 Q. Is that something that an attorney would
 17 review?
 18 A. I don't know the answer to that. I don't
 19 know -- I don't even know where this comes from. I have
 20 no idea.
 21 Q. I'm just speaking generally.
 22 Would you be involved in any transaction that
 23 would require -- that would involve payments from DCEH
 24 to students?
 25 A. What type of payments are you talking about?

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1 Q. So you said earlier that you sometimes deal
2 with students that complain about something going on at
3 a school.
4 If DCEH were to enter into like a release or a
5 settlement agreement with a student or students, was
6 that something that you would be involved in?
7 **A. We had another lawyer for a while who did some**
8 **of that. I mean, I guess. I don't remember doing a lot**
9 **of those.**
10 Q. Who was the other lawyer?
11 **A. I can't remember her name.**
12 Q. Do you know where she was located?
13 **A. California.**
14 Q. And did she do this for all DCEH schools across
15 the country?
16 **A. She mainly handled originally Argosy, but then**
17 **as the legal department was shrunk, she expanded out to**
18 **other -- to the other systems.**
19 Q. Okay. If you wanted to find out her name, how
20 would you go about doing that?
21 **A. I'd have to probably go back and look through**
22 **my emails. But she wasn't involved -- she would not**
23 **have been involved with this. She was gone by then.**
24 Q. Okay. So at this time, do you know who would
25 have been involved?

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1 **A. I don't -- no.**
2 Q. Okay. Would Ron Holt or Harpool be involved in
3 this?
4 **A. They very well might have.**
5 Q. Okay. And just going down --
6 **MR. SCHERN:** Hey, so, Cassandra, I'm gonna
7 object and I'm gonna try to get you back on track here.
8 You're very far -- I've been real patient. You're far
9 afield of what this deposition is about. It's about
10 jurisdiction, and you're talking about matters now that
11 aren't even alleged in your complaint.
12 So let's get back on to jurisdictional matters
13 or I'm just gonna instruct the witness not to answer and
14 you can take it up with the Court 'cause you're outside
15 the Court's order.
16 **MS. MILLER:** We're asking about the damages
17 being paid or proposed to being paid to Illinois
18 students.
19 **MR. SCHERN:** I need you to explain what that
20 has to do jurisdiction, personal jurisdiction of
21 Mr. Richardson.
22 **MS. MILLER:** Because if you're involved in a
23 proposal to pay students in Illinois, it's a contact
24 with Illinois students.
25 **MR. SCHERN:** You don't allege any of this in

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1 your complaint --
2 **MS. MILLER:** Well --
3 **MR. SCHERN:** -- this restitution nonsense.
4 **MS. MILLER:** Right now we're looking at
5 personal jurisdiction. If these are the documents that
6 support personal jurisdiction, then they're relevant.
7 **MR. SCHERN:** Not to the allegations in your
8 complaint.
9 **MS. MILLER:** They are because these are
10 payments that are being made because of the claim in the
11 litigation.
12 **MR. SCHERN:** Okay. Well, make a connection or
13 I'm just gonna tell him to not answer and you can take
14 it up with the judge.
15 Are you about done with this?
16 **MS. MILLER:** Feel free. Whatever you feel is
17 in your best interests.
18 **MR. SCHERN:** Okay. Let's go.
19 Q. (BY MS. MILLER) So looking at page DCEH-Studio
20 002674, in the middle, it's bolded where it's estimating
21 the amount of payments that would be required or a
22 method of calculating damages to students in Illinois.
23 Do you see that?
24 **A. I see the paragraph.**
25 Q. And the last sentence, it says, you know, the

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1 combined total would be 3.07 million.
2 Do you see that?
3 **A. I do.**
4 Q. That's -- it's a fairly large amount of money.
5 Is that something that an attorney would have
6 to review before it's proposed to students?
7 **MR. SCHERN:** Objection; form, foundation.
8 **THE WITNESS:** I don't even know what this is.
9 Like, I don't even know if this was proposed to any
10 students.
11 Q. (BY MS. MILLER) But if it were, is that
12 something an attorney would review?
13 **MR. SCHERN:** Objection; form, foundation.
14 **THE WITNESS:** I'm sure an attorney would review
15 that before this was sent out to anybody, yes.
16 Q. (BY MS. MILLER) But you don't recall being
17 involved in this?
18 **A. I don't even know what this document is.**
19 Q. Okay. If a payment this large was being
20 proposed, is that something Brent would be involved
21 in?
22 **MR. SCHERN:** Objection; form, foundation.
23 **THE WITNESS:** I don't know.
24 Q. (BY MS. MILLER) Okay. You said previously
25 that you had calls with outside counsel regarding what

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1 disclosures to use on the website regarding
2 accreditation. Is that correct?
3 **A. Yes.**
4 Q. Was anybody else on those calls from DCEH or
5 anywhere else?
6 **A. I don't recall.**
7 Q. Okay. Normally, would there be somebody else
8 on the call?
9 **MR. SCHERN:** Objection; form, foundation.
10 **THE WITNESS:** Not necessarily.
11 Q. (BY MS. MILLER) And with respect to the
12 disclosures, who at DCEH gave input?
13 **MR. SCHERN:** Objection; form, foundation, asked
14 and answered.
15 **THE WITNESS:** I believe the group was myself,
16 Shelly Murphy, Ellyn McLaughlin, the two campus
17 presidents, the one in Illinois and the one in Colorado,
18 and there might have been some other people.
19 Q. (BY MS. MILLER) And, previously, we looked at
20 an email from, I think it was Ron, that said that there
21 could be some risks with disclosing that the school was
22 not accredited and students panicking.
23 Do you remember that?
24 **A. Yes.**
25 Q. What did you understand that to mean?

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1 **MR. SCHERN:** Objection; form, foundation, asked
2 and answered.
3 **THE WITNESS:** I don't know that I interpreted
4 that to mean anything.
5 Q. (BY MS. MILLER) As you sit here today, what do
6 you think it means?
7 **MR. SCHERN:** Objection; form, foundation.
8 **THE WITNESS:** I think what I said before is
9 there's risks in everything.
10 Q. (BY MS. MILLER) Why would students panic?
11 **MR. SCHERN:** Objection; form, foundation.
12 **THE WITNESS:** I don't know that they would or
13 wouldn't.
14 Q. (BY MS. MILLER) Did you at any time talk to
15 Brent about what disclosures should be made on the
16 website?
17 **A. Not to my recollection.**
18 Q. Do you know if Brent had any input on the
19 disclosures for the website?
20 **MR. SCHERN:** Objection; form, foundation.
21 **THE WITNESS:** I don't believe so.
22 Q. (BY MS. MILLER) And is it your understanding
23 that disclosures made on the website would be seen by
24 students attending Illinois Institute of Art or
25 Illinois-Schaumburg?

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1 **MR. SCHERN:** Objection; form, foundation.
2 **THE WITNESS:** I have no idea. I mean, I guess
3 if they were interested in accreditation, they'd be
4 seeing it if they are that interested in it.
5 Q. (BY MS. MILLER) And what's the purpose of the
6 Illinois Institute of Art website?
7 **MR. SCHERN:** Objection; form, foundation.
8 **THE WITNESS:** I think it was to provide general
9 information about the school and those interested in
10 attending.
11 Q. (BY MS. MILLER) Is there course information
12 listed on the website?
13 **A. I honestly don't know the answer to that. I**
14 **would guess, but I have no idea.**
15 Q. Okay. But it's set up for students to access
16 information about the school?
17 **MR. SCHERN:** Objection; form, foundation.
18 **THE WITNESS:** I don't really know what was on
19 the website.
20 Q. (BY MS. MILLER) Was Shelly -- in that email we
21 looked at earlier, Shelly Murphy asked you about whether
22 the disclosure should be on -- the disclosure for the
23 website should also be posted in other publications,
24 like the catalog and so forth.
25 Did you ask outside counsel about whether the

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1 disclosure on the website should be disseminated in
2 other places?
3 **MR. SCHERN:** Objection; form, foundation.
4 **THE WITNESS:** I would guess that I did, yes.
5 Q. (BY MS. MILLER) Do you remember what they told
6 you?
7 **A. I would guess it was yes, since we did it.**
8 Q. And would that be -- if you wanted to confirm
9 that, would you be able to access that from your email?
10 I mean, was that an email communication?
11 **A. I don't know if it was email or if it was a**
12 **call.**
13 Q. In your last deposition, you indicated that the
14 Receiver had directed you to assert the attorney-client
15 privilege in this matter. Is that correct?
16 **A. Yes.**
17 Q. Have you had any recent conversations with the
18 Receiver since your last deposition?
19 **A. No.**
20 Q. Have you received any new communication or
21 direction from the Receiver --
22 **A. No.**
23 Q. -- regarding whether to assert the
24 attorney-client privilege?
25 **A. No.**

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1 Q. Can you describe for me the conversations that
2 you had with Holt and Harpool regarding the website
3 disclosure.
4 **MR. SCHERN:** No, he won't. The attorney-client
5 privilege applies. Instruct him not to answer.
6 Q. (BY MS. MILLER) Okay. Were there
7 conversations with Harpool and Holt about the
8 disclosure, other than the ones we've reviewed today?
9 **A. There might have been other calls during the
10 five-month period this happened, but I don't know off
11 the top of my head.**
12 Q. How many conversations would you say, just a
13 rough estimate?
14 **MR. SCHERN:** Objection; form and foundation.
15 **THE WITNESS:** 10.
16 Q. (BY MS. MILLER) And were these conversations
17 just between you and the outside attorneys or others
18 were on calls as well?
19 **A. Well, I don't really know. There were some
20 where it was just me, there were some where there were
21 other people at DCEH on the call.**
22 Q. Okay. Sorry. I'm just trying to find a
23 document.
24 I'm sharing with you document Bates stamped
25 DCEH-Studio 126181, which will be [Exhibit 33](#).

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1 ([Exhibit 33](#) was marked for
2 identification.)
3 Q. (BY MS. MILLER) Do you see this?
4 **A. Yes.**
5 Q. Do you recognize this document?
6 **A. No.**
7 Q. So you weren't involved at all in the drafting
8 of this document?
9 **MR. SCHERN:** Objection; form, foundation.
10 **THE WITNESS:** Not to my recollection.
11 Q. (BY MS. MILLER) Do you know what it's
12 referring to, "Talking Points for HLC Hearing, October
13 1st, 2018"?
14 **A. I believe there was a hearing where Brent,
15 Shelly went out and met with HLC regarding the
16 schools.**
17 Q. In Chicago?
18 **A. I believe that's so, although it might have
19 gotten canceled and been done over the phone. I don't
20 recall.**
21 Q. And that was around October 1st, 2018?
22 **A. I don't know when the actual meeting was. I
23 don't know.**
24 Q. Do you know what the purpose of the meeting
25 was?

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1 **A. I believe the purpose of the meeting was to try
2 to get a resolution to benefit the students.**
3 Q. And then at the bottom, it says, the second to
4 last bullet point that's highlighted, "There is a
5 negative impact on the students who are pursuing a
6 degree with a significant portion of the program
7 completed during the time that the institution was
8 accredited."
9 Do you see that?
10 **A. Yeah.**
11 Q. Do you agree with that statement?
12 **A. I believe that what HLC did was wrong, yes.**
13 Q. But do you agree with the statement that there
14 is a negative impact on the students?
15 **MR. SCHERN:** Objection; form, foundation.
16 **THE WITNESS:** Well, I think what it says is
17 HLC's decision does not provide a transition for
18 students who are already enrolled and there was a
19 negative impact. Yes, I believe that.
20 Q. (BY MS. MILLER) So the lack of accreditation
21 had a negative impact on the students?
22 **MR. SCHERN:** Objection; form, foundation.
23 **THE WITNESS:** No. What I'm saying is HLC's
24 decision to remove the accreditation in the middle of
25 their program had an effect on students.

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1 Q. (BY MS. MILLER) Okay. A positive or a
2 negative effect?
3 **A. Well, once again, I think you have to go
4 student by student to make that determination, but I
5 would think that what HLC did was wrong.**
6 Q. And in the second -- or the last bullet point,
7 it says, "DCEH will assume responsibility for the lack
8 of notification to students, which was at the advice of
9 our attorneys and which was based on the response
10 required from HLC based on the February 23rd and
11 May 21st inquiry and received on May 30th."
12 Do you see that?
13 **A. Yep.**
14 Q. What responsibility was DCEH taking on?
15 **MR. SCHERN:** Objection; form, foundation.
16 **THE WITNESS:** I don't know.
17 Q. (BY MS. MILLER) Were you involved at all with
18 preparing Shelly and Brent for the HLC meeting?
19 **A. No.**
20 Q. Who would be?
21 **A. Ron Holt and David Harpool.**
22 Q. And did -- were they also -- the outside
23 counsel, were they also supposed to be at this
24 meeting?
25 **A. I don't know if they went or not. I would**

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1 guess one of them was going to go or was going to at
 2 least join via phone, but I don't know.
 3 Q. Okay.
 4 I'm showing you what's been Bates stamped
 5 DCEH-Studio 159182, which will be [Exhibit 34](#).
 6 ([Exhibit 34](#) was marked for
 7 identification.)
 8 Q. (BY MS. MILLER) Do you recognize this
 9 document?
 10 A. No.
 11 Q. Do you know what this document is related to?
 12 A. No.
 13 Q. Were you involved at all in preparing or
 14 providing information for this document?
 15 A. I don't believe so.
 16 Q. There's a couple comments on the side.
 17 Can you tell from the abbreviation there who
 18 those comments were made by?
 19 A. No.
 20 Q. One of the comments down here says, "It is this
 21 portion taken right from the attorney letter of
 22 May 21st?"
 23 Do you see that?
 24 A. Yes.
 25 Q. Were you involved in the attorney letter of

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1 May 21st?
 2 MR. SCHERN: Form, foundation.
 3 THE WITNESS: I believe that would have come
 4 from Ron or David Harpool, not from me.
 5 Q. (BY MS. MILLER) Was the Illinois Institute of
 6 Art or DCEH, did they ever enter into contracts with,
 7 like, Illinois vendors?
 8 A. I have no idea.
 9 Q. You previously said that you would review
 10 contracts with vendors and providers. Is that
 11 correct?
 12 A. Yeah.
 13 Q. Do you recall reviewing any for any Illinois
 14 companies?
 15 A. No.
 16 Q. Do you recall providing legal advice as to
 17 contracts entered into in Illinois?
 18 A. I do not believe so, no.
 19 Q. Did you ever personally guarantee any
 20 contracts?
 21 A. No.
 22 Q. Some of the DCEH schools had residency
 23 requirements.
 24 Did Illinois Institute of Art have a certain
 25 percentage of students that had to be from Illinois?

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1 A. Not that I'm aware of.
 2 Q. Have you ever owned any property in Illinois?
 3 A. No.
 4 Q. Do you currently own any property in
 5 Illinois?
 6 A. No.
 7 Q. Do you maintain any assets in Illinois?
 8 A. No.
 9 Q. Do you have any bank accounts in Illinois?
 10 A. No.
 11 Q. Have you ever had a bank account in Illinois?
 12 A. Maybe when I was little, when we lived there.
 13 Q. Did you have any ownership interest in the
 14 Illinois Institute of Art?
 15 A. No.
 16 Q. Did any company or foundation you were involved
 17 with own property or maintain assets in Illinois?
 18 A. No.
 19 Q. Have you ever done any other business with a
 20 school or any other thing with a -- for a business in
 21 Illinois?
 22 MR. SCHERN: Objection; form, foundation.
 23 THE WITNESS: Have I ever done business with
 24 another school in Illinois?
 25 Q. (BY MS. MILLER) School, or have any other

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1 affiliation with an Illinois company?
 2 A. No.
 3 Q. Are you involved at all with WAZU?
 4 A. I'm an owner.
 5 Q. Does WAZU have any business in Illinois?
 6 A. No.
 7 Q. I'm gonna show you a document.
 8 I'm gonna mark -- this is -- for the record,
 9 it's Defendant Brent Richardson's and Defendant Chris
 10 Richardson's Motion to Dismiss for Lack of Personal
 11 Jurisdiction, docket number 122.
 12 We'll mark this as -- is this 35?
 13 THE COURT REPORTER: (Nodded head.)
 14 ([Exhibit 35](#) was marked for
 15 identification.)
 16 Q. (BY MS. MILLER) And going down to Exhibit B,
 17 do you see that?
 18 A. Yes.
 19 Q. Actually, you know what, I'm gonna go up to
 20 page 5.
 21 I'll make it smaller so you can see more.
 22 In the middle here that I've highlighted, it
 23 says, "Furthermore, at no time relevant to the
 24 Plaintiffs' allegations did the Richardsons do personal
 25 business in Illinois."

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1 Is that accurate?
 2 **A. Yes.**
 3 Q. And what's the time period that this is
 4 intended to cover?
 5 **A. I've never done business in Illinois.**
 6 Q. Ever?
 7 **A. I moved when I was 12, and I've never done**
 8 **business since then.**
 9 Q. Okay.
 10 **A. Might have had a lemonade stand back in the**
 11 **day.**
 12 Q. And what is the personal business? What do you
 13 mean by that? It's in your affidavit as well.
 14 **A. I -- I don't know. I've done no business,**
 15 **personal, professional.**
 16 Q. Okay. Sorry. Bear with me for a second.
 17 **MS. MILLER:** I just -- can we take like a
 18 10-minute break? I just have to get -- I have one or
 19 two more documents, but I have to find them on my
 20 desktop.
 21 **MR. SCHERN:** Yeah. Let's go off the record.
 22 (A break was taken from 11:55 a.m. until
 23 12:13 p.m.)
 24 Q. (BY MS. MILLER) Okay. I'm gonna share this.
 25 I'm gonna mark this as [Exhibit 36](#).

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1 [\(Exhibit 36\)](#) was marked for
 2 identification.)
 3 Q. (BY MS. MILLER) And this is Exhibit 1,
 4 November 23rd, 2018, date transmitted, from Brent
 5 Richardson. Subject, Letter to Secretary DeVos.
 6 And on page 35, it says -- which is marked
 7 HLC-DCEH 014412 --
 8 **A. Uh-huh.**
 9 Q. -- I'll highlight it -- "On December 1st, 2017,
 10 former executive vice president for legal and
 11 governmental affairs, Karen Peterson Solinski, attended
 12 a Federal Student Aid conference. There, she met in
 13 person with external legal counsel for EDMC Devitt
 14 Kramer; DCEH general counsel, Chris Richardson, the
 15 brother of Brent Richardson, then CEO of DCEH."
 16 Do you see that?
 17 **A. Yeah.**
 18 Q. So did you, in fact, meet with Karen Solinski
 19 on December 1st --
 20 **A. No.**
 21 Q. -- in person?
 22 **A. No.**
 23 Q. Okay.
 24 **A. I don't -- maybe Devitt or Ron were at that**
 25 **event with her, but I was on the phone.**

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1 Q. Okay. And I'm gonna mark this as Exhibit
 2 Number 37. It's Bates stamped BR-Receiver 034009.
 3 [\(Exhibit 37\)](#) was marked for
 4 identification.)
 5 Q. (BY MS. MILLER) Do you recognize this
 6 document?
 7 **A. I mean -- yes.**
 8 Q. What is this document?
 9 **A. An email from Ron Holt.**
 10 Q. And it's to your email address at DCEHDH; is
 11 that right?
 12 **A. Yes.**
 13 Q. Do you recall receiving this email?
 14 **A. I mean, not particularly.**
 15 Q. Do you have any reason to believe you did not
 16 receive this email?
 17 **A. No.**
 18 Q. In the second sentence -- well, I'll just -- it
 19 says, "Hi, Chris. Attached for your review and
 20 consideration is the proposed notice to be given to
 21 students concerning DCEH's plan to pursue an appeal of
 22 the actions that HLC has taken.
 23 "This notice, as you know, follows the response
 24 that we have drafted to the memo from the consent
 25 judgment settlement administrator, who, among other

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1 things, has called out DCEH on the fact that we have
 2 told students of the HLC schools that the schools remain
 3 accredited, but HLC, on its website, says they do not."
 4 Do you see that?
 5 **A. Yes.**
 6 Q. Were you -- so was a memo prepared for the
 7 consent judgment administrator?
 8 **A. I believe there was something sent to him in**
 9 **May.**
 10 Q. And there was concern by the settlement
 11 administrator about the lack of accreditation
 12 disclosure; is that correct?
 13 **A. I don't know that there was concern. There**
 14 **were, I think, three issues that he wanted more**
 15 **information about. That was one of them.**
 16 Q. And were you involved in the drafting of the
 17 memo?
 18 **A. Yes.**
 19 Q. What was your involvement?
 20 **A. I drafted part of the memo.**
 21 Q. What part?
 22 **A. Where we -- I laid out the chronological order**
 23 **of events of what happened with HLC.**
 24 Q. And later in that -- in this email, it says
 25 that -- it proposes setting up a meeting with HLC

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1 executive committee in Chicago to get them to stand
2 down.
3 Do you see that?
4 **A. Yes.**
5 Q. So was there a plan to meet with the HLC
6 executives in Chicago?
7 **A. I think there -- I don't know. There was, I**
8 **think, consistent appeals by us to HLC to have a meeting**
9 **to sit down and resolve this starting in January.**
10 Q. And they would not meet with you in person?
11 **A. They did not -- well, they didn't really tell**
12 **us anything for about two months. They seemed not to be**
13 **willing to want to meet on it, no.**
14 Q. Okay. And so you never did end up meeting with
15 them in Chicago?
16 **A. Not to my recollection. I did not.**
17 Q. And then attached to this email, the memo that
18 he references, I'm gonna pull it up.
19 This is the attachment to Ron Holt's email that
20 we just looked at. It's dated June 1st, 2018.
21 **A. Uh-huh.**
22 Q. Do you recognize this document?
23 **A. I mean, yeah, I've seen it, yes.**
24 Q. When was the first time you saw it?
25 **A. I guess sometime in May.**

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1 Q. Were you involved in the drafting of this
2 agreement -- I mean, of this document?
3 **A. No.**
4 Q. Did you provide any comments?
5 **A. I might have. I don't -- I don't remember**
6 **doing that, but I might have.**
7 Q. Who drafted this?
8 **A. I would guess Ron Holt or David Harpool.**
9 Q. Was Brent at all involved with the drafting of
10 this document?
11 **A. I wouldn't think so, no.**
12 **MS. MILLER:** I'm gonna mark this as exhibit --
13 is this 39? 40?
14 **THE COURT REPORTER:** 38.
15 **MS. MILLER:** 38. Okay.
16 ([Exhibit 38](#) was marked for
17 identification.)
18 Q. (BY MS. MILLER) I'm showing you what's been
19 marked -- oh, it's not designated.
20 It's titled "Temporary Program Participation
21 Agreement Provisional Approval."
22 Do you recognize the form of this document?
23 Have you seen something like this before?
24 **A. Yes.**
25 Q. What is it?

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1 **A. It's your provisional approval of the change of**
2 **control. Allows you to continue to participate in the**
3 **Federal Student Aid programs while the department**
4 **reviews your paperwork and eventually gives you a PPA,**
5 **or a Program Participation Agreement.**
6 Q. And is this something that DCEH is required to
7 execute and sign?
8 **A. Yes, if you want to participate in the**
9 **Financial Aid program.**
10 Q. And who at DCEH generally would sign a document
11 like this?
12 **A. I don't know the answer to that. I would think**
13 **Brent signed that, but it could have been the actual**
14 **president of the school. I just don't know.**
15 Q. Okay. I'm gonna go down to -- this is page 8
16 of 8.
17 And I know it's been redacted, but there is a
18 signature line for Brent Richardson and then a date next
19 to it, 2/15/18.
20 Does this look -- from what you can tell, does
21 this look similar to how Brent Richardson would sign a
22 document?
23 **MR. SCHERN:** Objection; form, foundation.
24 **THE WITNESS:** I have no idea.
25 Q. (BY MS. MILLER) Okay. Sorry. I'm just about

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1 done.
2 I'm gonna mark this Number 39.
3 ([Exhibit 39](#) was marked for
4 identification.)
5 Q. (BY MS. MILLER) And this begins on DCEH-Studio
6 219654.
7 Let's go to the right page.
8 So on, actually, the first page, there's an
9 email here from Randall Barton.
10 Do you see that?
11 **A. Yes.**
12 Q. Dated December 27th, 2017?
13 **A. Uh-huh. Yes.**
14 Q. It says -- and is that your email address at
15 Lopes Capital?
16 **A. It is.**
17 Q. It says, "Brent, pursuant to our conversation,
18 Shelly and Chris were to handle this and Ron was to
19 stand down."
20 Do you see that?
21 **A. Yes.**
22 Q. Do you know what that means?
23 **A. No.**
24 Q. Did you ever direct Ron to stand down?
25 **A. No.**

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1 Q. Were you aware of anyone telling Ron to stand
2 down?
3 A. No. I don't even know what this refers to.
4 Q. Below that is an email from Ron Holt, December
5 27. It says -- does reviewing this, does that refresh
6 your recollection at all?
7 A. Not really.
8 MS. MILLER: Okay. I believe that's all I
9 have, unless my co-counsel has anything.
10 MS. BITNER: Nothing from me.
11 MR. ROTHSCHILD: Nothing.
12 MR. SCHERN: Okay. We'll read and sign.
13 MS. MILLER: John, did you have anything?
14 MR. OCHOA: No.
15 MS. MILLER: Okay.
16 (Deposition concluded at 12:28 p.m.)
17 -oOo-
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1 I have read the foregoing deposition
2 transcript and by signing hereafter, subject to
3 any changes I have made, approve same.
4
5 Dated _____
6
7
8 _____
9 (Signature of Deponent)
10
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1 DEPOSITION OFFICER'S CERTIFICATE
2 STATE OF CALIFORNIA)
3 COUNTY OF LOS ANGELES) ss.
4
5 I, Christine Bemiss, hereby certify:
6 I am a duly qualified Certified Shorthand
7 Reporter in the State of California, holder of
8 Certificate Number CSR 10082 issued by the Certified
9 Court Reporters' Board of California and which is in
10 full force and effect. (Fed. R. Civ. P. 28(a)(1)).
11 I am authorized to administer oaths or
12 affirmations pursuant to California Code of Civil
13 Procedure, Section 2093 (b) and prior to being examined,
14 the witness was first duly sworn by me. (Fed. R. Civ.
15 P. 28(a)(a)).
16 I am not a relative or employee or attorney or
17 counsel of any of the parties, nor am I a relative or
18 employee of such attorney or counsel, nor am I
19 financially interested in this action. (Fed. R. Civ. P.
20 28).
21 I am the deposition officer that
22 stenographically recorded the testimony in the foregoing
23 deposition and the foregoing transcript is a true record
24 of the testimony given by the witness. (Fed. R. Civ. P.
25 39(f)(1)).
Before completion of the deposition, review of

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1 the transcript [X] was [] was not requested If
2 requested, any changes made by the deposition (and
3 proved to the reporter) during the period allowed are
4 appended hereto. (Fed. R. Civ. P. 30(e)).
5
6 Dated: June 22, 2021
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Christine Bemiss, RPR,
CA CSR NO. 10082
AZ CR No. 50073

1 Errata Sheet

2 NAME OF CASE: DUNAGAN, et al. v. ILLINOIS
3 DATE OF DEPOSITION: INSTITUTE of ART-CHICAGO, LLC
JUNE 8, 2021

4 NAME OF WITNESS: CHRIS RICHARDSON

5 Reason Codes:

- 6 1. To clarify the record.
- 7 2. To conform to the facts.
- 8 3. To correct transcription errors.

9 Page ____ Line ____ Reason ____
10 From _____ to _____

11 Page ____ Line ____ Reason ____
12 From _____ to _____

13 Page ____ Line ____ Reason ____
14 From _____ to _____

15 Page ____ Line ____ Reason ____
16 From _____ to _____

17 Page ____ Line ____ Reason ____
18 From _____ to _____

19 Page ____ Line ____ Reason ____
20 From _____ to _____

21 Page ____ Line ____ Reason ____
22 From _____ to _____

23

24 _____
CHRIS RICHARDSON

25

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APPENDIX D

Gamer-friendly Atari Hotel bringing ‘immersive experiences’ to Chicago

chicagotribune.com/business/ct-biz-atari-theme-hotel-coming-to-chicago-20200129-3n4cmvrib5arbh3pk7uwxchuuq-story.html

Advertisement

Advertisement

Business

By Abdel Jimenez
Chicago Tribune |

Jan 29, 2020 at 2:43 PM

S. Murphy 5/26/2021

1

Christine Bemiss, RPR, CSR, CR

exhibiticker.com



Atari announced this week a deal with GSD Group to build hotels, like the one rendered here, in major cities that use the video game brand as a lodging and hospitality theme. (Atari)

Anyone who grew up with Atari, the video game company known for arcade brands like “Asteroids” and “Pong” as well as a home game console, will have a chance to relive those memories in a theme hotel coming to Chicago.

Atari announced this week a deal with GSD Group, a Phoenix-based firm, to build hotels in major cities centered around the iconic brand. The first location will be in Phoenix, with additional hotels in Chicago; Las Vegas; Denver; Seattle; San Francisco; Austin, Texas; and San Jose, California.

Advertisement

GSD Group CEO Shelly Murphy said the firm, along with Napoleon Smith III, producer of the “Teenage Mutant Ninja Turtles” film franchise reboot, will be in charge of hotel development and design. True North Studio, a Phoenix-based commercial real estate developer, also will be involved with building Atari Hotels.

Under a licensing agreement, Paris-based Atari will receive 5% of hotel revenues.

Advertisement

Advertisement

Advertisement

Murphy said the firm has been scouting sites in Chicago and moving fast to get an Atari Hotel in the city. “We’ve been to Chicago a number of times ... probably about a dozen times in the last six months,” Murphy said.

Be our guest! Chicago lands on top travel lists for hotels, bars and experiences »

The Chicago hotel would be bigger than the hotel in Phoenix, she said. Construction on that hotel is expected to begin later this year.

Atari Hotels said its locations will offer “immersive experiences” for all ages, including virtual and augmented reality, and certain locations will house esports events.

Smith said in a news release that the hotels will have a “nostalgic and retro meets modern” design.

abjimenez@chicagotribune.com

Twitter [@abdel1019](https://twitter.com/abdel1019)

Recommended on Chicago Tribune

APPENDIX E

From: McLaughlin, Ellyn D. (edmclaughlin@dcedh.org)
Sent: Monday, February 26, 2018 9:04:21 PM
To: Chris Richardson (crichardson@lopescapital.com); Murphy, Shelly M. (smurphy@dcedh.org)
Cc:
Bcc:
Subject: RE: HLC Accreditation Status -- Publication of Status

Chris,

David had the name of the school wrong. So I have corrected below and am confirming as follows:

Our response in the narrative will be:

The Art Institute of Colorado portrays clearly and accurately to the public its current status with the Higher Learning Commission and with specialized, and professional accreditation agencies.

The posting on the website will be:

The Art Institute of Colorado is in transition during a change of ownership. We remain accredited as a candidate school seeking accreditation under new ownership and our new non-profit status. Our students remain eligible for Title IV. For more information (link).

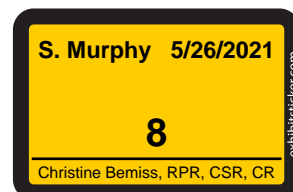
ILIA will use these same phrasings ...

The Illinois Institute of Art portrays clearly and accurately to the public its current status with the Higher Learning Commission and with specialized, and professional accreditation agencies.

The Illinois Institute of Art is in transition during a change of ownership. We remain accredited as a candidate school seeking accreditation under new ownership and our new non-profit status. Our students remain eligible for Title IV. For more information (link).

The remaining question is how/if the schools are to be disclosing the status during enrollment and recruitment at this time. Are they to inform students?

Ellyn



Ellyn McLaughlin, EdD
Assistant Vice President, Regional Accreditation
Accreditation & State Licensing
Phone: 443-671-1111
Fax: 443-671-1110

From: Chris Richardson
Sent: Monday, February 26, 2018 4:44 PM
To: McLaughlin, Ellyn D.; Murphy, Shelly M.
Subject: Fwd: HLC Accreditation Status -- Publication of Status

See direction from reg counsel. Shelley will you get website taken care of? Ellyn let me know if you have questions

Sent from my iPhone

Begin forwarded message:

From: David Harpool
<dharpool@rousefrets.com<mailto:dharpool@rousefrets.com>>
Date: February 26, 2018 at 2:42:01 PM MST
To: "crichardson@lopescapital.com<mailto:crichardson@lopescapital.com>"
<crichardson@lopescapital.com<mailto:crichardson@lopescapital.com>>
Subject: Re: HLC Accreditation Status -- Publication of Status

Iâ€™d say this

The Colorado Institute of Art
portrays clearly and accurately to the public its current status with the
Higher Learning Commission and with specialized, and professional
accreditation agencies.â€

David Harpool, J.D., PHD

On Feb 26, 2018, at 2:29 PM,
"crichardson@lopescapital.com<mailto:crichardson@lopescapital.com>"
<crichardson@lopescapital.com<mailto:crichardson@lopescapital.com>> wrote:

Ok how do we answer their question? We are in compliance?

Sent from my iPhone

On Feb 26, 2018, at 2:24 PM, David Harpool
<dharpool@rousefrets.com<mailto:dharpool@rousefrets.com>> wrote:

â€œThe Colorado Institute of Art is in transition during a change of ownership. We remain accredited as a candidate school seeking accreditation under new ownership and our new non-profit status. Our students remain eligible for Title IV. For more information (link).

David Harpool, J.D., PHD

On Feb 26, 2018, at 12:51 PM,
"crichardson@lopescapital.com<mailto:crichardson@lopescapital.com>"
<crichardson@lopescapital.com<mailto:crichardson@lopescapital.com>> wrote:

Can one of you provide the actual language we should put on our website and I will get it put up? Also, once we put that up are we able to answer that we are in compliance with this standard or do we need to say some thing different?

Thanks
Chris

-----Original Message-----

From: Ronald L. Holt [mailto:rholt@rousefrets.com]
Sent: Monday, February 26, 2018 12:47 PM
To: David Harpool
Cc: crichardson@lopescapital.com<mailto:crichardson@lopescapital.com>
Subject: Re: HLC Accreditation Status -- Publication of Status

And we can add that this status qualifies us for T4 and we are working toward full accreditation.

Sent from my iPhone

On Feb 26, 2018, at 1:43 PM, David Harpool
<dharpool@rousefrets.com<mailto:dharpool@rousefrets.com>> wrote:

I can live with that.

David Harpool, J.D., PHD

On Feb 26, 2018, at 12:39 PM, Ronald L. Holt
<rholt@rousefrets.com<mailto:rholt@rousefrets.com>> wrote:

I think we at least need to say we are in Change of Control Candidacy status and then link to HLC

Sent from my iPhone

On Feb 26, 2018, at 1:06 PM, David Harpool
<dharpool@rousefrets.com<mailto:dharpool@rousefrets.com>> wrote:

I understand what she is saying. However, the websites reflect what we believe our status is, pending clarification or an appeal. HLC promised over the weekend their staff would clarify their perspective this week. We still link to HLC so students can go there.

The other side of the risk/benefit analysis is, we post as they proposed we are 1) acknowledging their interpretation and 2) risking student panic and letter writing to HLC and lawsuits, all of which could doom us as well with HLC. Candidacy without clarification also has Title IV risk.

There is risk to both, but I recommend stay the course.

Ron?

David Harpool, J.D., PHD

On Feb 26, 2018, at 11:24 AM,
"crichardson@lopescapital.com<mailto:crichardson@lopescapital.com>"
<crichardson@lopescapital.com<mailto:crichardson@lopescapital.com>> wrote:

David:
See below- what should we do?
Thanks
Chris

-----Original Message-----

From: McLaughlin, Ellyn D. [mailto:edmclaughlin@dcedh.org]
Sent: Monday, February 26, 2018 10:58 AM
To: Richardson, Chris C.
Cc: Murphy, Shelly M.; DelSanto, Chris; Brown, Claude; Monday, Elden; Pond, Josh
Subject: HLC Accreditation Status -- Publication of Status
Importance: High

Chris,

Here is a summary of the issue we just discussed on the phone call with ILIA and AI Colorado.

The pressing matter is that the HLC Eligibility Filing, which is due to HLC on or before March 1, requires that the institutions state whether they are in compliance or out of compliance with the following requirement:

Assumed Practice A.7

The institution portrays clearly and accurately to the public its current status with the Higher Learning Commission and with specialized, national, and professional accreditation agencies.

Right now, both the Ai Colorado and the ILIA websites clearly say the institutions are "accredited" by HLC (see the relevant links at the end of his email). The websites do show the candidate sticker/logo that links to

HLC's website (where it then says candidate). However, the text on the actual college websites state "accredited." Typically, this is not how a school in candidacy shows candidacy status. Usually, it looks like this.... <https://www.americansentinel.edu/about-american-sentinel-university/american-sentinel-accreditation><https://urldefense.proofpoint.com/v2/url?u=https-3A__www.americansentinel.edu_about-2Damerican-2Dsentinel-2Duniversity_american-2Dsentinel-2Daccreditation&d=DwMGaQ&c=VJcX3xJwJKggcmYZP-xVNfKwBnVBQf3uSOP111vxQbo&r=N60-otwjB6fBINA4Qcc1OQS3deaxofjUOHSgPsi8VZM&m=f7hgQJ1Igdgdx7hEOEt94TK5q90kWSCWMbzliCoyjwE&s=zTsNaXB-4Cnk7GVnST0m6HqmlIdIgPAJzmtapP17MyLE&e=>. Aside from the website notification, I understand that neither institution has instituted processes for notifying students (prospective, current, or graduating students) of the candidacy status.

I know that options for appeal are being considered. Until such time that any formal appeal process is underway, however, I believe the current website text and enrollment practices to be an inaccurate representation of accreditation status. My fear is that if HLC comes across this discrepancy, it could possibly be construed as an integrity issue and result in their withdrawal of our candidacy status. If we provide a response to this criterion above that explains that we are considering appeal and have not complied with the correct publications of status, I honestly don't know how that will be received at the HLC end.

As I see it, the issue is that, for now, we are not in compliance and our current actions (or lack of actions) may be risky. While the appeal process is being considered or until such is formally underway, I recommend that the institutions adhere to HLC's expectations that the current status be clearly communicated to the public and to students. As part of any future appeal, maybe the institutions can ask for publication of this status to be modified or deferred until a decision is made on the appeal.

Let me know how you want the institutions to proceed with responding to this issue. Feel free to call me if you want to discuss further.

Ellyn

Current links for both schools

ILIA --

<https://www.artinstitutes.edu/chicago/about/accreditation><https://urldefense.proofpoint.com/v2/url?u=https-3A__www.artinstitutes.edu_chicago_about_accreditation&d=DwMGaQ&c=VJcX3xJwJKggcmYZP-xVNfKwBnVBQf3uSOP111vxQbo&r=N60-otwjB6fBINA4Qcc1OQS3deaxofjUOHSgPsi8VZM&m=f7hgQJ1Igdgdx7hEOEt94TK5q90kWSCWMbzliCoyjwE&s=OM99M3fjaVE_aoKvkbxuWIIrIOpsnZ0kHU107vLWo1I&e=>

Ai Colorado --

<https://www.artinstitutes.edu/denver/about/accreditation><https://urldefense.proofpoint.com/v2/url?u=https-3A__www.artinstitutes.edu_denver_about_accreditation&d=DwMGaQ&c=VJcX3xJwJKggcmYZP-xVNfKwBnVBQf3uSOP111vxQbo&r=N60-otwjB6fBINA4Qcc1OQS3deaxofjUOHSgPsi8VZM&m=f7hgQJ1Igdgdx7hEOEt94TK5q90kWSCWMbzliCoyjwE&s=OM99M3fjaVE_aoKvkbxuWIIrIOpsnZ0kHU107vLWo1I&e=>

e.proofpoint.com/v2/url?u=https-
3A__www.artinstitutes.edu_denver_about_accreditation&d=DwMGaQ&c=VJcX3xJwJK
ggcmYZP-xVNfKwBnVBQf3uSOP111vxQbo&r=N60-
otwjB6fBINA4QcclOQS3deaxofjUOHSgPsi8VZM&m=f7hgQJ1Igdgdx7hEOEt94TK5q90kWSCW
MbzliCoyjwE&s=PwfApIg0yfwZ-r0yDcYJw5bzZJVxQTF_HagbI_815S0&e=>

Ellyn McLaughlin, EdD
Assistant Vice President, Regional Accreditation Accreditation & State
Licensing
Phone: 443-671-1111
Fax: 443-671-1110

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From: "Murphy, Shelly M."
Sent: Fri, 2 Mar 2018 11:04:17 -0500
To: "DelSanto, Chris" <cdelsanto@dcedh.org>
Cc: "Echols, Deana C." <dcechols@dcedh.org>
Subject: Re: Final Call -- HLC Eligibility Filing
Attachments: image003.jpg, image004.png, image005.jpg, image006.png

Great. Thank you.

Sent from my iPhone

On Mar 2, 2018, at 7:51 AM, DelSanto, Chris <cdelsanto@dcedh.org> wrote:

Deana - I found the link suggested by outside counsel in an email tree Elyn forwarded. They provided an example of what to use.

Shelly – I have what we need to move forward.

Chris DelSanto
Vice President Risk and Compliance
Office: 412-995-7377 | Email: cdelsanto@dreamcentered.org
<image003.jpg>
<image004.png>

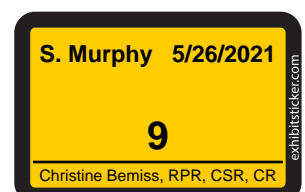
1400 Penn Ave | Pittsburgh, PA 15222
WWW.DCEDH.ORG

From: Echols, Deana C.
Sent: Friday, March 02, 2018 9:50 AM
To: DelSanto, Chris <cdelsanto@dcedh.org>; Murphy, Shelly M. <smurphy@dcedh.org>
Subject: RE: Final Call -- HLC Eligibility Filing

Hi Chris and Shelly,

I am not sure exactly what I need to confirm. Did HLC respond to our letter? If so, could someone send the response? The language below does not match the latest directive from HLC (prior to our response last week) on what we are required to disclose. Also, I believe HLC requires the disclosure to all students, I am not sure that the catalog updates, etc. would meet their expectations. Will we also do an email blast to all currently enrolled students?

Chris,



Regarding your question on the link, I am not sure which link to use. If the language below is what will be in our catalog, I am not sure where else we would direct students.

If you can let me know what you need me to do, I will gladly do it.

Thanks,

Deana

Deana Echols

Vice President Student Finance and Compliance

Dream Center Education Holdings, LLC
210 Sixth Avenue, 4th floor
Pittsburgh, PA 15222
(770) 883-8414
(706) 276-2996
dcechols@dcedh.org

From: DelSanto, Chris
Sent: Friday, March 02, 2018 8:55 AM
To: Murphy, Shelly M. <smurphy@dcedh.org>
Cc: Echols, Deana C. <dcechols@dcedh.org>
Subject: RE: Final Call -- HLC Eligibility Filing

What URL goes in the (link)?

Chris DelSanto
Vice President Risk and Compliance
Office: 412-995-7377 | Email: cdelsanto@dreamcentered.org
<image005.jpg>
<image006.png>

1400 Penn Ave | Pittsburgh, PA 15222
WWW.DCEDH.ORG

From: Murphy, Shelly M.
Sent: Thursday, March 01, 2018 5:43 PM
To: DelSanto, Chris <cdelsanto@dcedh.org>
Cc: Echols, Deana C. <dcechols@dcedh.org>
Subject: Re: Final Call -- HLC Eligibility Filing

Yes, that looks correct.

Deana can you confirm. Thanks

Shelly Murphy
Dream Center Education Holdings
Regulatory and Government Affairs
480-650-4249

On Mar 1, 2018, at 2:52 PM, DelSanto, Chris <cdelsanto@dcedh.org> wrote:

Shelly,

Yes, my BPC team can facilitate this change.

Just so I am clear on the direction, you want the following language to replace the current accreditation statement in all relevant areas (websites, catalogs, etc.); correct?

The Art Institute of Colorado is in transition during a change of ownership. We remain accredited as a candidate school seeking accreditation under new ownership and our new non-profit status. Our students remain eligible for Title IV. For more information (link).

The Illinois Institute of Art is in transition during a change of ownership. We remain accredited as a candidate school seeking accreditation under new ownership and our new non-profit status. Our students remain eligible for Title IV. For more information (link).

What URL goes in the (link)?

Chris DelSanto
Vice President Risk and Compliance
Office: 412-995-7377 | Email: cdelsanto@dreamcentered.org
<image005.jpg>
<image006.png>

1400 Penn Ave | Pittsburgh, PA 15222
WWW.DCEDH.ORG

From: Murphy, Shelly M.
Sent: Thursday, March 01, 2018 1:49 PM
To: DelSanto, Chris <cdelsanto@dcedh.org>
Subject: Fwd: Final Call -- HLC Eligibility Filing

Chris,

Can your team handle this?

Shelly Murphy
Dream Center Education Holdings
Regulatory and Government Affairs
480-650-4249

Begin forwarded message:

From: "McLaughlin, Ellyn D." <edmclaughlin@dcedh.org>
Date: March 1, 2018 at 9:21:31 AM MST
To: "Valdez, Benjamin A." <bvaldez@aii.edu>, "Murphy, Shelly M." <smurphy@dcedh.org>, "Richardson, Chris C." <crichardson@dcedh.org>
Cc: "DelSanto, Chris" <cdelsanto@dcedh.org>, "Surdo, Deann C." <dsurdo@aii.edu>
Subject: RE: Final Call -- HLC Eligibility Filing

Once we hear from Shelly about who is changing the website, Chris R has said the statement should be changed everywhere.

Ellyn McLaughlin, EdD
Assistant Vice President, Regional Accreditation
Accreditation & State Licensing
Phone: 443-671-1111
Fax: 443-671-1110

From: McLaughlin, Ellyn D.
Sent: Thursday, March 1, 2018 10:31 AM
To: Valdez, Benjamin A.; Murphy, Shelly M.; Richardson, Chris C.
Cc: DelSanto, Chris; Grossi, Deann C.
Subject: RE: Final Call -- HLC Eligibility Filing

Hi Benjamin,

As I understand, Shelly is arranging for the website change. I will copy her here to confirm that the website change is being handled. Shelly -- who is making the website change for the ILIA and Colorado candidacy statement. The email from Chris R had said you were handling that.

Regarding second question, it is my assumption that the accreditation statement will change everywhere it is posted (website, catalog, view books, etc.) as there can't be different accreditation statements posted. I will also copy Chris Richardson here just to confirm this practice. Chris R -- The accreditation statement is to change everywhere it appears, right?

I am also copying Deann here just to keep someone from ILIA in the loop on all of this.

Ellyn

Ellyn McLaughlin, EdD
Assistant Vice President, Regional Accreditation
Accreditation & State Licensing
Phone: 443-671-1111
Fax: 443-671-1110

From: Valdez, Benjamin A.
Sent: Thursday, March 1, 2018 10:21 AM
To: McLaughlin, Ellyn D.
Subject: RE: Final Call -- HLC Eligibility Filing

Ellyn,

I wanted to follow-up with you regarding updating the website with the updated verbiage regarding our accreditation status. Is this something that we need to do at the campus level or will it be done through your office?

Also, will we need to make this change in the catalog as well????

Thanks,

Benjamin A. Valdez, DBA, EdS
Vice President & Dean of Academic Affairs
bvaldez@aii.edu
Phone: 303-824-4879 I Fax: 303-284-4890

1200 Lincoln Street I Denver, CO 80203
artinstitutes.edu/denver

-----Original Message-----

From: McLaughlin, Ellyn D.
Sent: Tuesday, February 27, 2018 8:06 AM
To: McLaughlin, Ellyn D. <edmclaughlin@dcedh.org>;
Ray, David <dray@aii.edu>; Yohe, Ben <byohe@aii.edu>;
Lawrence, Jodie <jlawrence@aii.edu>; Valdez, Benjamin
A. <bvaldez@aii.edu>; Pond, Josh <jpond@aii.edu>;
Brown, Claude <clbrown@aii.edu>; Barton, Randall
<rabarton@dcedh.org>; Baughman, Leslie
<lbaughman@aii.edu>; DelSanto, Chris
<cdelsanto@dcedh.org>; Monday, Elden
<emonday@aii.edu>; Murphy, Shelly M.
<smurphy@dcedh.org>; Richardson, Chris C.
<crichardson@dcedh.org>; Surdo, Deann C.
<dsurdo@aii.edu>
Cc: Chris Richardson <crichardson@lopescapital.com>
Subject: RE: Final Call -- HLC Eligibility Filing

For discussion on our call today (related to the HLC
candidacy notification to students/public):

Response in the narratives:

The Art Institute of Colorado portrays clearly and
accurately to the public its current status with the Higher
Learning Commission and with specialized, and
professional accreditation agencies.

The Illinois Institute of Art portrays clearly and accurately to the public its current status with the Higher Learning Commission and with specialized, and professional accreditation agencies.

Posting on the websites:

The Art Institute of Colorado is in transition during a change of ownership. We remain accredited as a candidate school seeking accreditation under new ownership and our new non-profit status. Our students remain eligible for Title IV. For more information ([link](#)).

The Illinois Institute of Art is in transition during a change of ownership. We remain accredited as a candidate school seeking accreditation under new ownership and our new non-profit status. Our students remain eligible for Title IV. For more information ([link](#)).

The remaining question is how/if the schools are to be disclosing the status during enrollment and recruitment at this time. Are the schools to inform students?

Ellyn McLaughlin, EdD
Assistant Vice President, Regional Accreditation
Accreditation & State Licensing
Phone: 443-671-1111
Fax: 443-671-1110

From: McLaughlin, Ellyn D.

Sent: Sunday, February 25, 2018 11:08 AM
Required: Ray, David; Yohe, Ben; Lawrence, Jodie;
Valdez, Benjamin A.; Pond, Josh; Brown, Claude; Barton,
Randall; Baughman, Leslie; DelSanto, Chris; Monday,
Elden; Murphy, Shelly M.; Richardson, Chris C.; Surdo,
Deann C.
Optional: Chris Richardson
Subject: Final Call -- HLC Eligibility Filing
When: Tuesday, February 27, 2018 11:00 AM-12:00 PM.
Where: Conference Call

This will likely be our final team call before submission of the HLC Eligibility Filing, which is due March 1. The Eligibility Filing will include the following pieces:

PDF 1 – Description of the institution
PDF 2 – Narrative responses to all requirements, assumed practices, and core components
PDF 3 – File containing all evidentiary materials
HLC Action Plan for each institution

The colleges should bring all remaining questions/gaps to this call. One specific point to discuss and confirm is the accreditation statement on the websites for both ILIA and AI Colorado. The current statement that is posted says “accredited” rather than the typical statement associated with HLC candidacy.

1-888-585-8475

Conference Room 456-486-846

Organizer ID 7622313

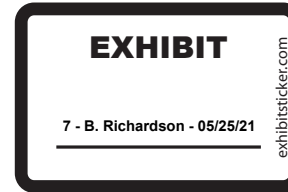
APPENDIX F



HIGHER LEARNING COMMISSION

230 South LaSalle Street, Suite 7-500
Chicago, IL 60604-1411
312.263.0456 | 800.621.7440
Fax: 312.263.7462 | hlcommission.org

November 16, 2017



VIA ELECTRONIC MAIL

Elden Monday, Interim President
The Art Institute of Colorado
1200 Lincoln St.
Denver, CO 80203

Josh Pond, President
Illinois Institute of Art
350 N. Orleans St.
Suite 136
Chicago, IL 60654

Brent Richardson
Chief Executive Officer
Dream Center Education Holdings, LLC
7135 East Camelback Road
Phoenix, AZ 85251

Dear President Monday, President Pond, and Mr. Richardson:

This letter is formal notification of action taken by the Higher Learning Commission (“HLC” or “the Commission”) Board of Trustees (“the Board”) concerning Illinois Institute of Art (“IIA”) and the Art Institute of Colorado (“AIC”) (“the Institutes” or “the institutions,” collectively). During its meeting on November 2-3, 2017, the Board voted to approve the application for Change of Control, Structure, or Organization wherein the Dream Center Foundation (“DCF”), through Dream Center Education Holdings LLC (“DCEH” or “the buyers”) and related intermediaries, acquires certain assets currently held by Education Management Corporation (“EDMC”), including the assets of the Institutes; however, this approval is subject to the requirement of Change of Control Candidacy Status. The requirements of Change of Control Candidacy Status are outlined below. In taking this action, the Board considered materials submitted to the Commission including: the Change of Control, Structure or Organization application, the Summary Report and its attachments, the additional information provided by the Institutes throughout the review process, and the Institutes’ responses to the Summary Report.

As noted under policy, the Commission considers five factors in determining whether to approve a requested Change of Control, Structure, or Organization. It is the applying institution’s burden, in its request and submission of related information, to demonstrate with clear and convincing evidence that the transaction meets these five factors and to resolve any concerns or ambiguities regarding the transaction and its impact on the institution and its ability to meet Commission

requirements. The Board found that the Institutes did not demonstrate that the five approval factors were met without issue, as outlined in its findings below, but found that the Institutes demonstrated sufficient compliance with the Eligibility Requirements to be considered for pre-accreditation status identified as “Change of Control Candidate for Accreditation,” during which time each Institute can rebuild its full compliance with all the Eligibility Requirements and Criteria for Accreditation and can develop evidence that each Institute is likely to be operationally and academically successful in the future.

The conditions set forth by the Board in its approval of the application subject to Change of Control Candidate for Accreditation are as follows:

The institutions undergo a period of candidacy known as a Change of Control Candidacy that is effective as of the date of the close of the transaction; the period of candidacy may be as short as six months but shall not exceed the maximum period of four years for candidacy.

The institutions submit an interim report every 90 days following the date of the consummation of the transaction until their next comprehensive evaluations on the following topics:

- Current term enrollment at the institutions. This should include the number of full- and part-time students, as well as comparisons to planned enrollment numbers. The institutions should also provide revised enrollment projections based on enrollments at the time of submission;
- Quarterly financials, to include a balance sheet and cash flow statement for DCF, DCEH and each institution, as a means to ensure adequate operating resources at each entity and at the institutions;
- Information regarding any complaints received by DCF, DCEH or any of the institutions;
- Information regarding any governmental investigation, enforcement actions, settlements, etc. involving DCF, DCEH, its related service provider Dream Center Education Management, (“DCEM”), or any of the institutions;
- Information regarding any stockholder, student, or consumer protection litigation, settlement, judgment, etc. involving DCF, DCEH, DCEM or any of the institutions;
- Information regarding reductions in faculty and/or staff at any of the institutions;
- Updated student retention and completion measures for each of the institutions;
- Copies of any information sent to the U.S. Department of Education (“USDE”), including any information sent in response to the USDE’s September 11, 2017 letter (or any updates to that letter); and
- An update on the activities and findings of the Settlement Administrator through 2018, and on findings from audit processes conducted by an independent third-party entity acceptable to HLC subsequently implemented after the conclusion of the work of the Settlement Administrator.

The institutions submit separate Eligibility Filings no later than February 1, 2018, providing detailed documentation that each institution meets the Eligibility Requirements

and Assumed Practices, as well as a highly detailed plan with timelines, action steps, and personnel assignments to remedy issues related to Core Components 1.D, regarding commitment to the public good; 2.A, regarding integrity and ethical behavior; 2.B, regarding public disclosure and transparency; 2.C, regarding the autonomy of board governance; 4.A, regarding improving program outcomes; 5.A, regarding financial resources; and 5.C, regarding planning, with specific focus on enrollment and financial planning. The outcome of this process shall be reported to the HLC Board of Trustees at its spring 2018 meeting.

The institutions host a visit within six months of the transaction date, as required by HLC policy and federal regulation, focused on ascertaining the appropriateness of the approval and the institutions' compliance with any commitments made in the Change of Control application and with the Eligibility Requirements and the Criteria for Accreditation, with specific focus on Core Component 2.C, as it relates to the institutions incorporating in the state of Arizona, and Eligibility Requirements #3, 4, 5, 6, 7, 8, 9, 13, 14, 16 and 18.

The institutions host a focused visit no later than June 2019, to include a visit to the Dream Center Foundation and Dream Center Education Holdings, on the following topics:

- Core Component 1.D:
 - The institutions should provide evidence that the missions of the institutions demonstrate a commitment to public good. Specifically, that the institutions' operations align to the pursuit of the stated missions in terms of recruiting, marketing, advertising, and retention.
- Core Component 2.A:
 - The institutions should demonstrate that they possess effective policies and procedures for assuring integrity and transparency.
 - DCEH and the institutions should provide evidence that the parent company and the institutions are continuing to perform voluntarily the obligations of the Consent Agreement, as assured by DCEH to the Higher Learning Commission in writing.
- Core Component 2.B:
 - DCEH and the institutions must demonstrate that policies and procedures following the Consent Judgment have been fully implemented and are effective in ensuring the proper training and oversight of personnel.
- Core Component 2.C:
 - Evidence that the DCF, DCEH, DCEM and the Art Institutes organizations, as well as related corporations, demonstrate that they have organizational documents and have engaged in a pattern of behavior that indicates the respective boards of the institutions have been able to engage in appropriately autonomous oversight of their institutions.
- Core Component 4.A:
 - Evidence that the institutions have engaged in effective planning processes to address programs that have failed the USDE's gainful employment requirements (when those requirements were still applicable), as well as those that are "in the zone." The institutions should also provide any plans that have been implemented to improve program outcomes.

- Core Component 5.A:
 - Evidence that the institutions have increased enrollments to the levels set forth in the application for Change of Control, Structure, or Organization. This should include any revised budgetary projections and evidence of when the institutions intend to achieve balanced budgets.
- Core Component 5.C:
 - The institutions should provide any revised plans or projections that occur following consummation of the transaction.

If at the time of the second focused evaluation, the institutions are able to demonstrate to the satisfaction of the Board that they meet the Eligibility Requirements, Criteria for Accreditation and Assumed Practices without concerns, the Board shall reinstate accreditation and place the institutions on the Standard Pathway and identify the date of the next comprehensive evaluation, which shall be in no more than five years from the date of this action.

The Board will receive and review the Eligibility Filing, related staff comments, and the report of the first focused visit team to determine whether to continue the Change of Control Candidacy status. If the Eligibility Filing and focused evaluation does not provide clear, convincing and complete evidence of each institution meeting each Eligibility Requirement and of making substantial progress towards meeting the Criteria for Accreditation in the maximum period allotted for such Change of Control Candidacy as indicated in this letter, the Board may withdraw Change of Control Candidate for Accreditation status at its June 2018 meeting.

The Board provided the Institutes and the buyers with fourteen days from the date of receipt of this action letter to accept these conditions in writing. If the institutions and the buyers do not accept these conditions in writing within fourteen days, the approval of the Board will become null and void, and the institutions will need to submit a new application for Change of Control, Structure, or Organization if they choose to proceed with this transaction or another transaction in the future. In that event, the Institutes will remain accredited institutions. However, if the Institutes proceed with the Change of Control, Structure or Organization without Commission approval, the Commission Board of Trustees has the authority to withdraw accreditation.

Assuming acceptance of these conditions, the Institutes and buyers must provide written notice of the closing date within 24 hours after the transaction has closed. The Institutes are also obligated to notify the Commission prior to closing if any of the material terms of this transaction have changed or appear likely to change. By Commission policy the closing must take place within no more than thirty days from the date of the Board's approval. If there is any delay such that the transaction cannot close within this time frame, the Institutes must notify the Commission as soon as possible so alternate arrangements can be identified to ensure that the Board's approval remains in effect.

The Board based its action on the following findings made in regard to the Institutes:

In reference to the first, second, and fourth approval factors and, related to the continuity of the institutions accredited by the Commission and sufficiency of financial support for

the transaction, the institutions and the buyers have provided reasonable evidence that these factors have been met.

In reference to the third approval factor, the substantial likelihood that following consummation of the transaction the institutions will meet the Commission's Criteria for Accreditation, with specific reference to governance, mission, programs, disclosures, administration, policies and procedures, finances, and integrity, the institutions and the buyers have provided reasonable evidence that this factor is met, although the following Criteria for Accreditation are Met with Concerns:

- Criterion One, Core Component 1.D: "The institution's mission demonstrates commitment to the public good," for the following reasons:
 - Neither institution has demonstrated evidence that its underlying operations, in addition to its tax status, will be transformed to reflect a non-profit mission;
 - Neither institution has demonstrated significant planning required to undertake a mission that includes the responsibility of educating a potentially very different student population represented by the Dream Center clientele; and
 - The buyers have not provided evidence that the institutions' educational purposes will take primacy over contributing to a related or parent organization, which will be struggling in its initial years to improve the enrollment and financial wherewithal of a large number of institutions purchased from EDMC.
- Criterion Two, Core Component 2.A: "The institution operates with integrity in its financial, academic, personnel, and auxiliary functions; it establishes and follows policies and processes for fair and ethical behavior on the part of its governing board, administration, faculty, and staff," for the following reason:
 - Although each institution is making changes to procedures specifically identified in the November 2015 Consent Judgment, neither institution has yet established a long-term track record of integrity in its auxiliary functions.
- Criterion Two, Core Component 2.B: "The institution presents itself clearly and completely to its students and to the public with regard to its programs, requirements, faculty and staff, costs to students, control, and accreditation relationships," for the following reasons:
 - Changes being made by the institutions to ensure transparency, particularly with students, are recent in nature and have yet to fully penetrate the complex organizational structure of which the institutions are a part; and
 - Given the replication of that operational structure and the continuity of personnel following the transaction, the potential for continuing challenges is of concern.
- Criterion Two, Core Component 2.C: "The governing board of the institution is sufficiently autonomous to make decisions in the best interest of the institution and to assure its integrity," for the following reasons:
 - There remain questions about how the governance of DCEH, its related service provider Dream Center Education Management, and the Art Institutes will take place after the transaction and how that governance will affect the governance of the AIC and IIA, and the mere replication of the EDMC corporate structure with new non-profit corporations does not resolve the

- question of how these new corporations will function in the future to assure autonomy and governance in the best interest of the institutions;
- An apparent conflict of interest exists owing to an investment by the DCEH CEO of 10% in the purchase price for which limited documentation exists; and
 - No evidence was provided indicating that either institution's board had yet engaged in significant consideration of the role that typifies non-profit boards.
 - Criterion Four, Core Component 4.A: "The institution demonstrates responsibility for the quality of its educational programs," for the following reasons:
 - Neither institution has demonstrated that improvements have been made to academic programs identified since January 2017 by the USDE as having poor outcomes, or that such programs have been eliminated; and
 - The risk of harm to students admitted to such programs absent such improvement or elimination is of concern, regardless of the institutions' tax-status or whether they are subject to gainful employment regulations.
 - Criterion Five, Core Component 5.A: "The institution's resource base supports its current educational programs and its plans for maintaining and strengthening their quality in the future," for the following reasons:
 - Despite the adoption of certain cost-reducing and related measures, the impact of which are yet to be determined, the ability of each institution to sustain its resource base and improve enrollment beyond 2019 depends on the occurrence of several contingencies, most of which are assumptions tied to the institutions' change in tax status, and none of which are guaranteed;
 - The ability of the buyers to provide the cash flow infusions necessary to sustain the institutions over the next five years are also linked to assumptions related to the institutions' change in tax status and the long-term debt taken on by DCEH and DCF in addition to the debt acquired for the purchase price; and
 - Although the buyers are expected to have \$35 million in cash at closing (based on debt as noted above), these funds are intended to support multiple transactions within Argosy University, South University and the Art Institutes, and the potential need for and access to additional debt financing on the part of the buyers is of concern.
 - Criterion Five, Core Component 5.C: "The institution engages in systematic and integrated planning," for the following reasons:
 - Neither institution has demonstrated that the impacts of the transaction have been accounted for in their strategic planning; and
 - IIA's strategic planning process is still in the process of maturing.

In reference to the fifth approval factor, the experience of the buyers, administration, and board with higher education, the officers (CEO and CDO) of the buyers have some experience in higher education but do not have any experience as chief officers of a large system of non-profit institutions or with the specific challenges pertinent to EDMC institutions, including challenges related to marketing and recruitment policies, governance, administration, and student outcomes across institutions with many campuses and programs operating across the United States.

President Monday, President Pond, and Mr. Richardson, November 16, 2017 7

The Board action, if the conditions are accepted by the Institutes and the buyers, resulted in changes to the affiliation of the Institutes. These changes will be reflected on the Institutional Status and Requirements Report. Some of the information on that document, such as the dates of the last and next comprehensive evaluation visits, will be posted to the HLC website.

Commission policy COMM.A.10.010, Commission Public Notices and Statements, requires that HLC prepare a summary of actions to be sent to appropriate state and federal agencies and accrediting associations and published on its website within thirty days of any action. The summary will include HLC Board action regarding the Institutes. The Commission will also simultaneously inform the U.S. Department of Education of this action by copy of this letter. As further explained in policy, HLC may publish a Public Statement regarding this action and the transaction following the institutions' and the buyer's decision of whether to accept the conditions outlined above. Please note that any public announcement by the buyers about this action must include the information that any approval provided by the Commission is subject to the condition of the buyers accepting Change of Control candidacy for not less than six months up to a maximum of four years.

On behalf of the Board of Trustees, I thank you and your associates for your cooperation. If you have questions about any of the information in this letter, please contact Dr. Anthea Sweeney.

Sincerely,

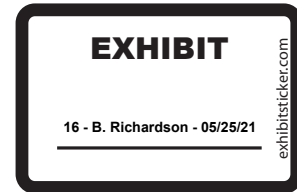


Barbara Gellman-Danley
President

cc: Chair of the Board of Trustees, Illinois Institute of Art
Chair of the Board of Trustees, Art Institute of Colorado
Deann Grossi, Director of Institutional Effectiveness, Illinois Institute of Art
Ben Yohe, Director of General Education, the Art Institute of Colorado
Diane Duffy, Interim Executive Director, Colorado Department of Higher Education
Stephanie Bernoteit, Senior Associate Director, Academic Affairs, Illinois Board of
Higher Education
Evaluation team members
Anthea Sweeney, Vice President for Accreditation Relations, Higher Learning
Commission
Karen Peterson Solinski, Vice President for Legal and Governmental Affairs, Higher
Learning Commission
Michael Frola, Division Director, Multi-Regional and Foreign Schools Participation
Division, U.S. Department of Education
Herman Bounds, Director, Accreditation Group, U.S. Department of Education

APPENDIX G

From: "Richardson, Brent D." <brichardson@dcedh.org>
Sent: Sun, 30 Sep 2018 22:34:51 -0500
To: "Sweeney, Stacy L." <slsweeney@dcedh.org>
Subject: Re: Welcome to Chicago!
Attachments: image001.png



Stacy

See you in the morning.

BR

Sent from my iPhone

On Sep 30, 2018, at 9:37 PM, Sweeney, Stacy L. <slsweeney@dcedh.org> wrote:

Hi Brent,

And you are right...this is a yucky hotel! (Meant to send this email yesterday but my mailbox is full and things are getting stuck in the outbox)

We are planning to meet up tomorrow somewhere in the lobby area around 8:30 am to say hello and see if there are any last minute details to review. I can text you once we find a place in the lobby if you would like to join us ahead of time.

We then convene at 9:15 am in the following conference room on the Mezzanine Level:

9:15 am Institution Arrival
Room: Dublin/London- Mezzanine Level
The institutional representatives should arrive in the hearing room shortly before it begins.

We had our prep call with Chris and his team on Friday and we decided that he should introduce you pretty soon after he states his welcome. I included the first paragraph below of his remarks so you get a sense of what he will be saying and then he will turn it over to you to speak for about 5 minutes. Once you are done, you can just turn things back over to Chris..."Now I would like to ask President Mesecar (or Chris ☺) to continue with his remarks..."

We have a total of 20 minutes for opening remarks and then the remainder of the time we will be asked questions from the HLC Hearing Committee. This will go on for about 2 hours. (Good times!) At the end of the hearing, they will dismiss us. Next steps they vote on a recommendation that they will then send onto the HLC Board of Trustees, The Board of Trustees will then vote and make the final decision regarding AIC's accreditation. We can ask tomorrow when the BOT meets.

I have attached the following for you in case you would like to review:

- 1) The Agenda for the hearing
- 2) Bios of all of the participants
- 3) Chris' Opening Remarks
- 4) The original visit report from the HLC visiting team—not a good one
- 5) AIC's response to the visiting team report

Feel free to text or call me if you have any questions. I will be up most likely until about 11:00 pm.

Really appreciate you being here! Thanks Brent!

Stacy

The beginning of Chris' Opening Remarks below:

Good morning. Chairwoman Hartung-Cheng, Board committee members, Dr. Gellman-Danley, HLC staff and Dr. Koch, my name is Chris Mesecar and I'm the president of The Art Institute of Colorado. With me today are Debra Newgard, Vice President and Dean of Academic Affairs, Dr. Ben Yohe, Director of General Education and Ai Colorado's HLC Liaison, Dr. Stacy Sweeney, Chief Officer of Academic Excellence for Dream Center Education Holdings and Brent Richardson, Chief Executive Officer of Dream Center Education Holdings. We're here on behalf of our students, faculty and staff and I thank you for the opportunity to represent them today. It's because of our students that I look forward to this meeting and our continued discussion about how to do the best thing by them and restore the school's accreditation.

CHRIS TO INTRODUCE BRENT WHO WILL THEN SPEAK FOR 5 minutes

Brent will then turn things back over to Chris....

Chris continues on with the remainder of the Opening Remarks

I have been with The Art Institute of Colorado since July 24th of this year...

Stacy L. Sweeney, Ed.D.

Chief Officer of Academic Excellence

<image001.png>

1255 South Spectrum Boulevard | Chandler, Arizona 85286

C: (617) 413-2595

O: (480) 327-3489

slsweeney@dcedh.org | <https://www.dcedh.org/>

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<AIC_HLCCCommitteeHearing.docx>

<Board Committee Hearing Final Agenda Art Inst of Colorado - Institution.docx>

<HLCBoardHearing_OpeningStatement_ChrisMesecar's remarks.docx>

<Art Institute of Colorado-HLC Visiting team Focused Visit Report.pdf>

<AI Colorado HLC Response (8-27-18)_finaldraft.docx>

APPENDIX H

From: "Murphy, Shelly M."
Sent: Fri, 2 Mar 2018 11:04:17 -0500
To: "DelSanto, Chris" <cdelsanto@dcedh.org>
Cc: "Echols, Deana C." <dcechols@dcedh.org>
Subject: Re: Final Call -- HLC Eligibility Filing
Attachments: image003.jpg, image004.png, image005.jpg, image006.png

Great. Thank you.

Sent from my iPhone

On Mar 2, 2018, at 7:51 AM, DelSanto, Chris <cdelsanto@dcedh.org> wrote:

Deana - I found the link suggested by outside counsel in an email tree Elyn forwarded. They provided an example of what to use.

Shelly – I have what we need to move forward.

Chris DelSanto
Vice President Risk and Compliance
Office: 412-995-7377 | Email: cdelsanto@dreamcentered.org
<image003.jpg>
<image004.png>

1400 Penn Ave | Pittsburgh, PA 15222
WWW.DCEDH.ORG

From: Echols, Deana C.
Sent: Friday, March 02, 2018 9:50 AM
To: DelSanto, Chris <cdelsanto@dcedh.org>; Murphy, Shelly M. <smurphy@dcedh.org>
Subject: RE: Final Call -- HLC Eligibility Filing

Hi Chris and Shelly,

I am not sure exactly what I need to confirm. Did HLC respond to our letter? If so, could someone send the response? The language below does not match the latest directive from HLC (prior to our response last week) on what we are required to disclose. Also, I believe HLC requires the disclosure to all students, I am not sure that the catalog updates, etc. would meet their expectations. Will we also do an email blast to all currently enrolled students?

Chris,



Regarding your question on the link, I am not sure which link to use. If the language below is what will be in our catalog, I am not sure where else we would direct students.

If you can let me know what you need me to do, I will gladly do it.

Thanks,

Deana

Deana Echols

Vice President Student Finance and Compliance

Dream Center Education Holdings, LLC
210 Sixth Avenue, 4th floor
Pittsburgh, PA 15222
(770) 883-8414
(706) 276-2996
dcechols@dcedh.org

From: DelSanto, Chris
Sent: Friday, March 02, 2018 8:55 AM
To: Murphy, Shelly M. <smurphy@dcedh.org>
Cc: Echols, Deana C. <dcechols@dcedh.org>
Subject: RE: Final Call -- HLC Eligibility Filing

What URL goes in the (link)?

Chris DelSanto
Vice President Risk and Compliance
Office: 412-995-7377 | Email: cdelsanto@dreamcentered.org
<image005.jpg>
<image006.png>

1400 Penn Ave | Pittsburgh, PA 15222
WWW.DCEDH.ORG

From: Murphy, Shelly M.
Sent: Thursday, March 01, 2018 5:43 PM
To: DelSanto, Chris <cdelsanto@dcedh.org>
Cc: Echols, Deana C. <dcechols@dcedh.org>
Subject: Re: Final Call -- HLC Eligibility Filing

Yes, that looks correct.

Deana can you confirm. Thanks

Shelly Murphy
Dream Center Education Holdings
Regulatory and Government Affairs
480-650-4249

On Mar 1, 2018, at 2:52 PM, DelSanto, Chris <cdelsanto@dcedh.org> wrote:

Shelly,

Yes, my BPC team can facilitate this change.

Just so I am clear on the direction, you want the following language to replace the current accreditation statement in all relevant areas (websites, catalogs, etc.); correct?

The Art Institute of Colorado is in transition during a change of ownership. We remain accredited as a candidate school seeking accreditation under new ownership and our new non-profit status. Our students remain eligible for Title IV. For more information (link).

The Illinois Institute of Art is in transition during a change of ownership. We remain accredited as a candidate school seeking accreditation under new ownership and our new non-profit status. Our students remain eligible for Title IV. For more information (link).

What URL goes in the (link)?

Chris DelSanto
Vice President Risk and Compliance
Office: 412-995-7377 | Email: cdelsanto@dreamcentered.org
<image005.jpg>
<image006.png>

1400 Penn Ave | Pittsburgh, PA 15222
WWW.DCEDH.ORG

From: Murphy, Shelly M.
Sent: Thursday, March 01, 2018 1:49 PM
To: DelSanto, Chris <cdelsanto@dcedh.org>
Subject: Fwd: Final Call -- HLC Eligibility Filing

Chris,

Can your team handle this?

Shelly Murphy
Dream Center Education Holdings
Regulatory and Government Affairs
480-650-4249

Begin forwarded message:

From: "McLaughlin, Ellyn D." <edmclaughlin@dcedh.org>
Date: March 1, 2018 at 9:21:31 AM MST
To: "Valdez, Benjamin A." <bvaldez@aii.edu>, "Murphy, Shelly M." <smurphy@dcedh.org>, "Richardson, Chris C." <crichardson@dcedh.org>
Cc: "DelSanto, Chris" <cdelsanto@dcedh.org>, "Surdo, Deann C." <dsurdo@aii.edu>
Subject: RE: Final Call -- HLC Eligibility Filing

Once we hear from Shelly about who is changing the website, Chris R has said the statement should be changed everywhere.

Ellyn McLaughlin, EdD
Assistant Vice President, Regional Accreditation
Accreditation & State Licensing
Phone: 443-671-1111
Fax: 443-671-1110

From: McLaughlin, Ellyn D.
Sent: Thursday, March 1, 2018 10:31 AM
To: Valdez, Benjamin A.; Murphy, Shelly M.; Richardson, Chris C.
Cc: DelSanto, Chris; Grossi, Deann C.
Subject: RE: Final Call -- HLC Eligibility Filing

Hi Benjamin,

As I understand, Shelly is arranging for the website change. I will copy her here to confirm that the website change is being handled. Shelly -- who is making the website change for the ILIA and Colorado candidacy statement. The email from Chris R had said you were handling that.

Regarding second question, it is my assumption that the accreditation statement will change everywhere it is posted (website, catalog, view books, etc.) as there can't be different accreditation statements posted. I will also copy Chris Richardson here just to confirm this practice. Chris R -- The accreditation statement is to change everywhere it appears, right?

I am also copying Deann here just to keep someone from ILIA in the loop on all of this.

Ellyn

Ellyn McLaughlin, EdD
Assistant Vice President, Regional Accreditation
Accreditation & State Licensing
Phone: 443-671-1111
Fax: 443-671-1110

From: Valdez, Benjamin A.
Sent: Thursday, March 1, 2018 10:21 AM
To: McLaughlin, Ellyn D.
Subject: RE: Final Call -- HLC Eligibility Filing

Ellyn,

I wanted to follow-up with you regarding updating the website with the updated verbiage regarding our accreditation status. Is this something that we need to do at the campus level or will it be done through your office?

Also, will we need to make this change in the catalog as well????

Thanks,

Benjamin A. Valdez, DBA, EdS
Vice President & Dean of Academic Affairs
bvaldez@aii.edu
Phone: 303-824-4879 I Fax: 303-284-4890

1200 Lincoln Street I Denver, CO 80203
artinstitutes.edu/denver

-----Original Message-----

From: McLaughlin, Ellyn D.
Sent: Tuesday, February 27, 2018 8:06 AM
To: McLaughlin, Ellyn D. <edmclaughlin@dcedh.org>;
Ray, David <dray@aii.edu>; Yohe, Ben <byohe@aii.edu>;
Lawrence, Jodie <jlawrence@aii.edu>; Valdez, Benjamin
A. <bvaldez@aii.edu>; Pond, Josh <jpond@aii.edu>;
Brown, Claude <clbrown@aii.edu>; Barton, Randall
<rabarton@dcedh.org>; Baughman, Leslie
<lbaughman@aii.edu>; DelSanto, Chris
<cdelsanto@dcedh.org>; Monday, Elden
<emonday@aii.edu>; Murphy, Shelly M.
<smurphy@dcedh.org>; Richardson, Chris C.
<crichardson@dcedh.org>; Surdo, Deann C.
<dsurdo@aii.edu>
Cc: Chris Richardson <crichardson@lopescapital.com>
Subject: RE: Final Call -- HLC Eligibility Filing

For discussion on our call today (related to the HLC
candidacy notification to students/public):

Response in the narratives:

The Art Institute of Colorado portrays clearly and accurately to the public its current status with the Higher Learning Commission and with specialized, and professional accreditation agencies.

The Illinois Institute of Art portrays clearly and accurately to the public its current status with the Higher Learning Commission and with specialized, and professional accreditation agencies.

Posting on the websites:

The Art Institute of Colorado is in transition during a change of ownership. We remain accredited as a candidate school seeking accreditation under new ownership and our new non-profit status. Our students remain eligible for Title IV. For more information ([link](#)).

The Illinois Institute of Art is in transition during a change of ownership. We remain accredited as a candidate school seeking accreditation under new ownership and our new non-profit status. Our students remain eligible for Title IV. For more information ([link](#)).

The remaining question is how/if the schools are to be disclosing the status during enrollment and recruitment at this time. Are the schools to inform students?

Ellyn McLaughlin, EdD
Assistant Vice President, Regional Accreditation
Accreditation & State Licensing
Phone: 443-671-1111
Fax: 443-671-1110

From: McLaughlin, Ellyn D.

Sent: Sunday, February 25, 2018 11:08 AM

Required: Ray, David; Yohe, Ben; Lawrence, Jodie; Valdez, Benjamin A.; Pond, Josh; Brown, Claude; Barton, Randall; Baughman, Leslie; DelSanto, Chris; Monday, Elden; Murphy, Shelly M.; Richardson, Chris C.; Surdo, Deann C.

Optional: Chris Richardson

Subject: Final Call -- HLC Eligibility Filing

When: Tuesday, February 27, 2018 11:00 AM-12:00 PM.

Where: Conference Call

This will likely be our final team call before submission of the HLC Eligibility Filing, which is due March 1. The Eligibility Filing will include the following pieces:

PDF 1 – Description of the institution

PDF 2 – Narrative responses to all requirements, assumed practices, and core components PDF 3 – File containing all evidentiary materials HLC Action Plan for each institution

The colleges should bring all remaining questions/gaps to this call. One specific point to discuss and confirm is the accreditation statement on the websites for both ILIA and AI Colorado. The current statement that is posted says “accredited” rather than the typical statement associated with HLC candidacy.

1-888-585-8475

Conference Room 456-486-846

Organizer ID 7622313