

June 19, 2007

Dear Honorable Senator Shin:

Pursuant to our meeting a month ago, here is the summary you requested. As Alphonso Quashie pointed out at our meeting, for-profit schools have a financial incentive to deceive students into enrolling in their programs, and more importantly, deceiving students to continue to stay enrolled so they can remain eligible for financial aid and enrich the corporation.

In the case of CRI, this deception extended to both federal and state regulators, which included the WTECB in Washington, the U.S. Department of Education, and the Accrediting Council for Independent Colleges and Schools (ACICS). They also misrepresented their graduation rate to the Worker's Retraining Program so their students would be eligible for those funds. It was obviously necessary to deceive the various regulatory agencies in order to perpetuate the fraud. CRI's sole purpose appears to be one of deceiving and fleecing students, thereby doing the same to federal and state loan and grant agencies, and ultimately victimizing the State Tuition Reimbursement Fund as well.

Elements of the Fraud

Advertised Length of Program

The initial and most important deception was the advertised length of the program and the graduation rate. The program was advertised as a self-paced, 30 month program when I began in 1996, despite the fact that few, if any, persons actually graduated from it at all, let alone in two-and-a-half to three years. The actual length of the program was 5 to 7 years for those who did complete, as found by the WTECB.

Graduation Rate

CRI lied about their graduation rate to students and to various regulators. The WTECB found CRI's graduation rate to be nothing less than abysmal. **Their last investigation found that over a three year period, July 1998 – June 2001, only 6% of their students graduated. Of that 6%, only 1% had jobs in the court reporting field 6-9 months later.** (Students who did manage to graduate were seldom able to pass the state licensing exam.) By contrast, CRI's literature for the Worker's Retraining Program reports they had 50 graduates between 1996 and 1999. If you chose to use **only 1998 and 1999 from the CRI brochure, you would be led to believe that 34 students had graduated in only two of that three year reporting period. In actuality, the WTECB found only 11 out of 600 students in three years graduated.** Figures reported to other agencies were similarly skewed to fit their requirements or keep them from becoming too alarmed.

Self-Paced Program

The supposed self-paced nature of the program was used to induce students into the program and imply it could be completed in 3 years or less. It was similarly used against students when they took 5 or 7 years to complete the program. Again, the vast majority of students were unable to complete the program at all.

Moving Graduation Dates Forward

The WTECB documented this phenomena very well in its [findings](#) as concerns the complaint of Cheryl Paresa who started the evening program in January of 2000. Her graduation date (3,000 hours hence) was to have been September 2003. Nearly four years into the program, December 2003, her progress report indicated she was not maintaining satisfactory progress, and at that rate, her projected graduation rate would be May 2006. However, she received favorable written comments from her instructor. Nearly one

year later in October 2004, her projected graduation rate had moved to November 2007, but her instructor continued to comment favorably on her progress. In June 2005, three months before she withdrew from the program, her graduation date had moved to December 2008. After spending 4,000 hours attempting to complete a 3,000 program, she was still nowhere near graduation and her September 2003 projected graduation date had moved to December of 2008! For two years before she withdrew, she was not maintaining satisfactory progress. Yet CRI continued to encourage her to stay with their progress reports, thus costing her thousands of dollars more in tuition and associated costs.

Poor Equipment, Instruction, Facilities and Instructors

CRI's catalog and brochures generally used adjectives, such as "modern facility conducive to a learning environment", "fully equipped computer lab", or "state-of-the-art." In reality, their rental equipment was outdated, though most students had no idea what modern equipment even looked like. Later, one student quit and went to Green River Community College which did have modern equipment. She compared CRI's equipment to learning to type on an old Underwood typewriter instead of a computer keyboard. Despite the fact that court reporters were using electronic equipment by or before the 90's, CRI continued to rent mostly manual steno machines to their students. Manual writers could not be used to produce an electronic transcript as is expected in the day-to-day working life of a court reporter.

The computer lab for typing transcripts was a maze of broken chairs, computers, and printers. Despite numerous requests, repairs were seldom made. The building was dirty and unkempt. As the owner added computer training schools within the same building in Seattle, not wishing to lease additional space, rooms were divided into smaller classrooms by building partitions. This resulted in extreme climactic inconsistencies since the cold air intake ended up on one side of the wall and the heat vent on the other!

Space for court reporting students was constantly given over to the computer students. Many bathrooms were closed for long periods. The furnace was broken for a long period one winter and no auxiliary heat was provided. We were told parts had been ordered from Germany. Similar things happened to the hot water. In hindsight, it's not hard to imagine they did it to save money in order to increase profits.

Classes were either self-taught or taught by other failed or currently enrolled students who would dictate to students out of dilapidated dictation books. Their turnover rate was extremely high. I had at least 20 different "instructors" in one 2-3 year period – one of whom was nearly illiterate. When I asked why we didn't have court reporters for instructors, I was told that it was impossible to find people who were making \$80,000 a year to work at a school – something to reinforce what I and others had been told in the recruiting office. In fact, though I was just out of theory and struggling mightily, I was actually offered a job working as an instructor in a speed building class!

In later years, the school purchased a radio system that used tapes, called the *Stenowave*, allowing students to listen to dictation with headsets and all work at different speeds. It allowed the school to further downsize the number of "instructors" and rooms by jamming more speed levels together in the same room. The Stenowave was faulty from the time it was instituted. It was garbled and had terrible sound quality. Students consistently complained, and were told to be patient because new tapes were coming. These tapes never materialized, and the machine was never repaired.

How Students Fell Victim To The Fraud

Diligent Nature of Court Reporters

In large part, court reporting tends to attract people who are diligent and motivated achievers, many with perfectionist tendencies who know how to discipline themselves and set goals. Because it's a skill that cannot be compared to anything else you learn in life, you must depend upon feedback from those who already have the skill to determine your progress, at least initially. Student after student can tell you they were making "fabulous" or "terrific" progress, according to their instructors and progress reports, as long as there was loan or grant money available to them, exactly like the Cheryl Paresa example above.

For many students, this was their first experience with failure. CRI depended on such attitudes and exploited that susceptibility. When reminded others had finished the program in three years or less, and one in only a year, students would question their abilities and redouble their efforts. Additionally, after spending three years of your life pursuing a goal and being told that you need to invest "maybe just another year" it would appear that one should expend another year rather than abandon three years of work. When four years went by, one more year seemed a better investment than throwing out four! This explains how so many students spent so many years pursuing a goal which was not attainable with the training and equipment that CRI used.

Isolation, Intimidation and Expulsion of "Troublemakers"

CRI used isolation and indoctrination to keep students apart and to keep them from discovering too early how long other students may have been there. Beginning theory students were usually kept on a separate floor of the building and away from the higher speed students. In later years, they were often on opposite ends of the building or took separate break times. In my class, we were told not to talk to those higher speed students because either: a) they were diligent students focused on finishing and would not appreciate the distraction; or 2) they were slackers and losers with attitude and attendance problems and they didn't want their ways to rub off on us. Evening students were disdained as lazy and unmotivated or they would be attending day school.

New student start dates were every few weeks. People were coming and going. If you were to ask an instructor where a particular classmate was after not seeing them for some time, the standard answer was "they are on a leave of absence" or "I have no idea – she may have quit." It caused fear amongst the survivors. A Leave of Absence was often offered by the school to students who would complain about a lack of progress. They would be told that sometimes your brain just needs a little rest from the tedious work, and after a few weeks, many came back and begin progressing and passing tests! You relied on what they told you. And because of the above reasons, it was easy to lose track of who started, when they started and where they were with progression, and importantly, how long they had been there.

CRI used intimidation and poor treatment of students who were deemed troublemakers, and they were regularly cut out of the herd. The school had a clause in their contracts that said anyone saying anything that was not in the best interest of the school could be terminated and that did happen or they used it as a threat. It kept students from discussing peculiarities of what was going on amongst them. Student Jan Danek can attest to that because it happened to her. In fact, CRI's attorney wrote her a letter threatening to sue her for slander after her complaint to the WTECB was settled. They tried to kick me out after I had been there eight years. I was an embarrassment they didn't know how to explain to newer students. More

importantly, I wasn't worth any more money. The higher speed instructor, Karl Beck, regularly took turns targeting students for humiliation during class time. Many can attest to that.

By the same token, they had their favorite students that some referred to as the "CRI darlings." We all knew who they were, basically little more than CRI cheerleaders in hindsight. They used them to reinforce that this was indeed a tough course, not for whiners – indoctrination that started after you had been there awhile and may have been getting concerned. They reiterated lines the school had already honed: You get out of it what you put into it; attitude and attendance are the two most important components of the program; it just takes some students longer than others so don't let that discourage you. They also used these students as early warning devices to keep abreast of what students were saying about the school.

Ignorance of Complaint Procedures

The first time many people heard of the WTECB was when it was published in the Seattle Times article. I am unaware of when it became a requirement under the PVSA that it be published. What I do know is that many people have come forward to say they never received copies of their contracts or catalogs – particularly in the more recent years. I looked back at my contract and this is what I see: I was asked to initial several things, and there is information there about the WTECB. It is not initialed so I presume it was given little importance. And as I said in my WTECB complaint, I was not given a copy of the catalog, though they made me initial saying I had received one. I was told we would pick it up on the way out the door. When I reminded them of it at the door, I was told I could just pick one up when I started school because the new 1996 ones would be out then. (I signed a contract in 1995, and started in 1996.)

Regulatory Failure

CRI managed to fly fairly low under the radar between the three regulatory agencies for a long time: WTECB, the Department of Education, and ACICS. They had learned the way of bureaucracies, and took advantage of the fact that these agencies had separate jurisdiction. In a ten year period, nearly 30 complaints were adjudicated by the WTECB, and complaints were made to and program reviews performed by the Dept of Education. ACICS was notified many times. Northwest Education Loan Association and Sallie Mae were advised, as were numerous legislators. Governor Gary Locke and Attorney General Christine Gregoire were informed as well.

WTECB

The first written complaint came in 1999. The WTECB investigated and found the student had been lied to with regards to the length of the program and ordered CRI to pay him back approximately \$3,000. They also ordered CRI to make changes to prevent students from being misled in the future.

In 2001, **nine students** complained to not only the WTECB, but to most of the agencies and people listed under "Regulatory Failure." The WTECB performed an investigation and found essentially the same thing as they had in 1999: CRI lied about the length of the program and had not followed the requirements that had been ordered after Blair Mitchell's 1999 complaint. There was also a concern about how few students completed (11 out of 600 enrollees) and how much the students were being run into debt, mainly because of the addition of charges called "lab and dictation fees." (This allowed CRI to charge students who had not completed in the contracted length all over again – at one half of what they had paid the first

time around.) Once again, CRI was ordered to make changes so students would be informed about the true length and cost of the program, and to counsel students from taking on too much debt if it appeared they would not finish. None of the nine were eligible for reimbursement from the WTECB because they did not fall within the one year statute of limitations.

Walter Wong of the WTECB wrote a [letter](#) to the nine students who complained in 2001, where he says their concerns about the amount of money received by CRI in students loans, etc., would be passed on to the Department of Education.

In 2003 there was another complaint that was closed for lack of follow up. However, in 2004, two more students complained. The WTECB found CRI was using unqualified instructors, and the girls entered into a negotiated settlement with CRI via Assistant Attorney General Terry Ryan, each receiving about \$3,100 back. CRI signed an [agreement](#) with the state spelling out exactly what constituted a qualified instructor.

Between 2005 and 2006, the WTECB was flooded with complaints, similar to previous complaints. (Most of the previous complainants also noted lack of proper training materials, and the self-taught nature of the course.) However, at that time, CRI managed to convince the WTECB otherwise, so those aspects of the complaints went unsubstantiated until the 2005/2006 complaints. In the 2005 investigation, the WTECB found CRI continued to lie to students about the length of the program, continued to use unqualified instructors, failed to apply satisfactory progress standards consistently, and their equipment was insufficient.

Department of Education

A [letter](#) from DeNise Hill, Department of Ed, written in response to an inquiry made by Senator Maria Cantwell in 2006, states no complaints were received in her office before 2003. However, her letter reveals a program review was conducted over how the financial aid program was applied by CRI in 1993, **only two years after the school became eligible for Title IV funds.** They cited CRI for “moderate deficiencies” and she states they were subsequently corrected.

She cites the ongoing investigation at CRI that started in 2003 where she states on page 3: “The length of this review has been a result of the complexity of the finding, the number of students and academic years and the total amount and type of financial aid involved. We are aware that it has been a long process and to-date we are still actively seeking a satisfactory resolution.”

In 2005 DeNise Hill indicated to me that CRI had been on the DOE “radar screen” for years, and that she had personally gone to see Mr. Janisch many times during that period over bouncing proceeds of students’ loans to students. She stated Mr. Janisch gave her the same excuses I was able to quote to her.

Students have discovered in public records CRI had been in almost one continuous audit since 1999. The owner was forced by the Department of Ed to recapitalize the school because of results of audits in 1999, 2000, 2001. These public records can be provided.

Because of a myriad of complaints, shortly before CRI closed, the DOE forced CRI to “repackage” students for financial aid. This was after DeNise Hill found they had students “enrolled beyond the maximum timeframe, resulting in them receiving Title IV funds in excess of their eligibility” – same

letter, page 3. Students had to leave school or take out private loans if they wanted to continue. It was suggested to one woman she might refinance her home in order to stay in school.

NELA and ACICS and the Worker's Retraining Program

Students also complained to NELA, the loan guarantee agency, who took the side of the school. They complained to the Attorney General's office, who forwarded complaints to the WTECB. They complained to Sallie Mae, who said they must repay their loans, and to ACICS, who mostly ignored them.

The response to my complaint to ACICS came **one year later** in the form of a phone call from Doctor Kathleen Prince, who indicated to me proper steps would be taken against CRI if what I said was substantiated. In the interim year, calls to ACICS had met with the responses: "We do not give out information about schools." "Schools pay us, so we pretty much take care of them." "It would be a conflict of interest to give out that information." As it turns out, their only stream of revenue is in the form of fees paid by the member schools!

A few months after she contacted me, ACICS did make a surprise visit to the school. According to Mr. Janisch's attorney, Ron Christian, ACICS found no problems with the school, despite the fact **their court reporting license had not been renewed, they had a single digit completion and graduation rate, and a large number of complaints to WTECB.** During that site visit, one of the inspectors, using school records, called a former student and tried to get the student to say CRI was responsible for her becoming a court reporter. In fact, the student had quit some time ago, and had only recently become a court reporter through the use of voice recognition technology, something not even taught at CRI. Ironically, Mr. Janisch was on the ACICS committee that made site visits to other schools.

After confirming that CRI was a State Worker's Retraining program approved school, I sent the director, Mr. Holloway, a copy of the WTECB findings and requested he remove CRI from their program, which he did do. I have a document from 1996 wherein CRI states they had a 40% completion rate. Information from more recent students confirmed CRI had continued to inflate their number of graduates to that program.

How CRI "Succeeded"-- A Brilliant Business Plan! Sell Failure Instead Of Success – It's Much More Profitable!

"Sell" a course that's quick, easy, and pays a high wage

Even today, court reporting is not a well-known or understood field. Before wide use of the internet, even less was known. The course was sold as a 30-36 month program. Some prospects were told to put their hands on the keyboard and depress the keys. "You're a natural" was commonly heard by the student. Golden stories of making \$80,000 a year after completing their course were extolled. Many were told loan payments would only be \$50, and one student had completed the program in one year. Some in the early 90's were given an "admittance test" that was completely irrelevant to court reporting, yet admissions officers lauded it as an indicator of success. They told students it was a self-paced course, not mentioning there were certain benchmarks to meet if they were to remain eligible for student aid.

In response to questions about why tuition at CRI was many times higher than their competition, Green River Community College, students were told it was because their course and instructors were superior,

getting students through the course more quickly, thereby reducing their time in school. It enabled them to start earning a high wage in a short time, making it a better bargain for the consumer.

Manufacture satisfactory progress for financial aid eligibility

The majority of time in a court reporting program is spent in speed building, where a student strives to attain speeds of over 200 words per minute written accurately in language that can be translated by computer software. Testing takes place daily to see if you are ready to progress to the next speed level. When CRI students were in danger of losing their financial aid due to lack of progress, easy tests were sometimes read at slower than stated speeds, allowing students to pass, as demonstrated by most passing the same test on the same day. Students were sometimes suspicious, but took the pass or would have to start paying tuition out of their own pockets, according to CRI.

If a student was still unable to pass, they were told to send a note to the owner asking for a “waiver,” telling him why you felt you were not progressing and what you could do to improve. He alone had the authority to decide if you had enough extenuating circumstances to merit that. I remember nervously applying for a waiver early on, and after fretting about it and hearing nothing for quite some time, I went to the office to check on it. I was afraid of being put out of school. The woman working there had never heard the term “waiver” and told me to stop worrying – my check had already been received.

Hook students with their own financial aid checks

“Repackaging” for financial aid took place a couple of times a year. During a five minute break in classes, you were rushed to the office to look at papers already filled out by the school. Financial aid employees would sit across the table from you and point, telling you where to sign and initial. If you questioned them about taking out the maximum amount in funds, you were asked if you were prepared for financial emergencies. As most were hanging by a thread financially, CRI made you feel it was the only prudent thing to do. The implication was you might be able to work less, practice more, and get through quicker. In reality, you were **stuck** since they knew you couldn’t afford the loan payments if you quit.

One student started in 1991, the year CRI was first eligible for Title IV funds. She attended for 7 years, quitting in 1998. Her loan principle was \$35,750. She now owes \$50,000 after paying \$15,500 already. She is not an exception – nor is she a court reporter. She wrote a [letter](#) of complaint to Governor Locke. She had no idea the WTECB even existed.

Use the students’ money and hold it as long as possible before disbursing it to them

Living expense checks to students often bounced, particularly in the mid 90’s and early 2000’s. CRI eventually made the checks good, but it caused students embarrassment, inconvenience, and worry the school might close. In later years, students were prodded to sign agreements with the school to allow them to dole out living expenses in monthly allotments instead of giving it to them in a lump sum.

Students were sometimes issued personal checks by the owner as advances for their living expenses. He would say it was “just between them” and he would “just take it back out of their account when their loans or grants arrived.”

CRI pressed students to hand in practice work done at home, though there was never any feedback given about it, nor was it returned to them. It was then used to convert to class hours to keep their attendance at the requisite 100% levels to meet DOE regulations. It also allowed CRI to claim attendance that was further along in a financial aid disbursement period than was actually the case. In turn, that would allow CRI to keep a full disbursement check if a student quit before the school was entitled to the entire amount, instead of sending the money back to the lender or returning it to the student.

Charge the students again if they fail to learn the first time

In early years, tuition was a finite amount. However, in 1996, CRI added new charges, dubbed “lab and dictation” fees. This allowed them to charge students a second time if they had not finished in their contracted amount of time. This was said to be an “incentive” to get students to work harder and finish quicker. In reality, it added many thousands of dollars to the student’s loan debt and greatly enriched the school. In 1996, day school tuition was \$660 a month. After your time was up, you started paying again - \$330 a month – exactly half of what you had paid the first time. This could and did go on for years. By the time CRI closed, their tuition was close to \$1100 a month! Students ineligible for any further loan money were allowed to sign separate contracts with the school so they could manage the lab and dictation fees. Later, many ended up in collections because they either could not or would not pay. The judge in the bankruptcy suit has abandoned those accounts as assets, saying she did not want students who had basically been defrauded to be pursued by a collection agency.

Even though the WTECB eventually made CRI disclose their dismal graduation rates in their enrollment contracts, **students reported the recruiting office told them not to worry about them. Their students were so well qualified, they were out there working before they graduated and making so much money, they were unable to get them back in to graduate – thus skewing the statistics!**

Many employees in higher level positions were members of the Girgus family. However, most students did not learn of that potential conflict of interest until later because that information was not disclosed to them. They otherwise may have had second thoughts if they knew the man painting the bright future in the recruiting office was related to the person determining your “eligibility” for financial aid.

Two of the Girguses signed enrollment contracts using aliases: Tom Girgus signed as Thomas Fielding. His brother, Mike Girgus, signed as Michael Stiles. The Department of Education was notified and said it was okay, as long as they didn’t work in the financial aid department; never mind the fact they were related to Angela Girgus, who did work in the financial aid office!

It was not disclosed to students that to work in the field they would have to make a major monetary investment in equipment; i.e., an electric stenograph machine, laptop computer, software, printer, and regular business machines. They would also have to become notaries. When it was later discovered when the school had vendor fairs, or by hearing it from a high speed student, they were told they could use their loan money for that.

Why Did CRI Defraud Students? Money!

In a recent [government report](#) CRI was among the “Top Ten” recipients of federal grant money, receiving nearly \$4,200,000 between 2000 and 2006, despite being a school with enrollment that numbered approximately 175 in Seattle and San Diego respectively, and less in Boise and Tacoma.

In their bankruptcy suit, CRI claimed a gross income of \$3.8 million a year before the negative publicity in the Seattle Times and enrollment began declining. The owner paid himself \$15,000 a month, also available in the bankruptcy filing. Yet they reportedly had only \$750,000 worth of debt, a seemingly small amount for proportionately.

CRI used the easy availability of loan money to trap people in the system in order to enrich the corporation. Students had no reason to doubt what they were told. They were the experts in this little-known field. Unbeknownst to students, they were simply excellent con people. In fact the owner was a failed court reporting student himself. Anyone who may have had experience with a legitimate school in the past assumed they had the students' interests at heart. But at CRI, **the recruiting office was just an extension of the financial aid office.**

Even when the state refused to renew their license for the court reporting program, CRI was not about to walk away from their lucrative venture that supported not only the owner, but several branches of the Girgus family. They not only exercised their right of appeal of the licensure issue, but they continued to lie to students in an [emergency meeting](#) called by the school after the grim statistics found by the WTECB were reported by the [Seattle Times](#).

Conclusion

After continuing to enroll students during the pending appeals hearing, CRI finally abandoned that appeal in August of 2006, telling Assistant Attorney General Terrance Ryan they would be filing for bankruptcy and closing all four schools on August 31. However, the owner and some of the financial aid personnel continued to occupy the corporate office of the school for nearly three months after they closed, not filing until November 27, 2006. Not coincidentally, the filing occurred within days of John David Terry II, a Federal Way attorney filing a motion to compel answers to interrogatories in a civil suit that had been brought by several former students. As a last act of defiance, CRI included the names of approximately 2,900 students in their bankruptcy suit, listing them as possible creditors. It was a way to thumb their noses at them and abandon their last vestiges of responsibility.

CRI Created Their Own Demise Through a Designed Bankruptcy

Emboldened by many years of successful deceit, Mr. Janisch tried to deceive the bankruptcy court. However, this time, he ran into trouble. Students attended the Section 341 meeting of creditors and reported assets recorded in public records, as well as recent asset transfers to the trustee in the case – things the debtor had failed to disclose. This started a sequence of events that led to the court hiring an accountant to look for more assets, and an attorney to help with preferential analysis in the transactions disclosed by the students.

Though CRI managed to look broke for years to all the regulatory agencies, the bankruptcy accountant has stated they were not broke, and in fact, were a profitable business. He also said the owner, Alen Janisch, drew \$600,000-\$800,000 out of the business during the last six months it was in operation, writing checks to himself and a friend. Because he wouldn't cooperate with the accountant or attorney for the trustee, he was deposed for information about property transfers and the missing money. New information comes to light almost daily in this case.

For all intents and purposes, **CRI appears to have been little more than a for-profit business, masquerading as a court reporting school.** Like most private for-profit training schools, their income was almost entirely dependent on federal and state loan and grant programs. They relied upon and exploited the fact that the industry is fraught with oversight agencies that are understaffed, indifferent, or not equipped to deal with the level of deception practiced by CRI, not to mention an industry that is dependent on powerful lobbyists.

It has only recently become known to students that their prospects had indeed been almost nil for becoming a court reporter at CRI. Many quit years ago, believing they had failed personally - not knowing until findings of WTECB investigations were published in the Seattle Times they had been conned. Previously, they had no reason to suspect otherwise because the school met any questions, concerns, and requests for help from students with blame and criticism aimed at the student for not having practiced more, not studied harder, etc. Most have not only carried the financial burden of their involvement with CRI, but a shame that never seems to loosen its grip. It was always the student's fault and CRI owned up to nothing – as noted by Peggy Rudolph in some of her later determinations.

Students, predominantly women, spent from a few thousand dollars to \$70,000 or more, depending upon the length of time CRI was able to retain them, most of it obtained from federal and state student loan and grant programs, debt that will follow many to their graves. There is no bankruptcy for student loans – only the schools who took the money from them.

Through the bankruptcy court we have managed to get in contact with some students in Boise and San Diego. They have had money stolen from them by CRI - loan, money that was electronically deposited with CRI just before they closed. This loan money must be repaid by students though they received no benefit from it. Here is a [letter](#) from one of those students. Three students in Boise have lost \$7,500, \$9,000, and \$5,000, and similar stories are emerging from San Diego. **Because the schools have closed, there is no central repository for this information and it is almost impossible to track on a case-by-case basis. It's a safe bet the same thing happened in Seattle, but we have no way to contact students because of the closure.** Because the amounts of money are not extraordinary if looked at individually, it has been difficult to get law enforcement to show much interest. The Department of Education has disavowed any responsibility except to those who were in school within 90 days of their closure. The WTECB has a statute of limitations of one year from the last date of attendance. Everyone shirks responsibility. It is simply the students' problem.

Of the students who did get something back from the Tuition Reimbursement Fund, many are still in debt many thousands of dollars because the WTECB did not award the full amount allowed – i.e., interest on loans. It disproportionately affects students who stayed for 3-8 years in their attempt to complete the program. Peggy Rudolph has stated she felt we must have gotten “something” we could use out of CRI. Though she made that statement early on and may not feel that way now, it doesn't change the fact that many of us still face financial ruination because we are older and don't have the years or earning capacity with which to recoup those losses because the years of interest will overwhelm us.

CRI was a colossal regulatory failure. The agencies did not perform their mission of protecting students. Investigations performed by the WTECB were not thorough or complete. Follow up investigations only came only after more complaints were made. The WTECB knew CRI was misleading and deceiving students in 1999, yet it took them until 2006 to close them down, despite 30 complaints during that

period. Investigations were only conducted pursuant to complaints. I started at CRI in 1996, and was present during at least three investigations and never knew the school was being investigated; nor was I ever contacted by the WTECB. Despite all the complaints and a shaky financial picture with the Department of Education, CRI was still allowed to open a new school in Tacoma in approximately 2004.

Considering the width and breadth of the fraud, it seems unfair that students who were trying to better themselves should be saddled with enormous debt for the rest of their lives for an education they never received. As you said, Senator Shin, schools should help people, not hurt them. We are hopeful and would be eternally grateful if you could find a way to relieve the ex-victims of CRI of this debt.

Proposed Legislative Reforms

The bill that recently passed the legislature designed to address situations akin to what happened at CRI and BCTI makes the assumption these schools failed simply because they were undercapitalized. As you can see from the foregoing, if CRI was undercapitalized, it was strictly by design. We would like to propose legislative changes which would address the CRI scandal specifically:

- ✓ Publish complaints to the WTECB on their website. This would allow any student to research complaints and be made aware of problems with a school. CRI's fraud depended on the collective ignorance of many students. Having that information would have saved many students.
- ✓ Require every school to post contact and complaint process information for the WTECB in a prominent place in the school. Though information in later years was published in catalogs and enrollment agreements, many students overlooked it and/or didn't receive the information and did not realize they had the right to complain and seek redress. This publication would include a website address pointing to previous complaints and outlining the students rights
- ✓ Fraud insurance: As noted in our meeting, BCTI's students recently received \$5 million dollars from BCTI's insurers, and may possibly receive another \$55 million. We would like to propose that it be a requirement of every vocational school to carry some form of insurance that would cover fraud. The cost could be borne through supplemental fees on students and schools.
- ✓ Take a more proactive approach for feedback. Institute a system, possible something as simple as survey cards or maybe an online survey that would require some sort of password verification. Something needs to bring these things to the attention of regulators before they are as completely out of control as CRI was.

Sincerely,

Judy McKinney
Alphonso Quashie
Linda James

Additional information at crisaga.info