

Li Yu\*  
**DICELLO LEVITT LLP**  
485 Lexington Avenue, Suite 1001  
New York, New York 10017  
Tel. (646) 933-1000  
lyu@dicellolevitt.com

Adam J. Levitt (Ariz. Bar. No. 038655)  
**DICELLO LEVITT LLP**  
Ten North Dearborn Street, Sixth Floor  
Chicago, Illinois 60602  
Tel. (312) 214-7900  
alevitt@dicellolevitt.com

Peter C. Soldato\*  
Joseph Frate\*  
**DICELLO LEVITT LLP**  
8160 Norton Parkway  
Mentor, Ohio 44060  
Tel. (440) 953-8888  
psoldato@dicellolevitt.com  
jfrate@dicellolevitt.com

\**Admitted Pro Hac Vice*  
\*\**Pro Hac Vice* Admission Pending

Christopher J. Bryant\*  
Eric Rothchild\*  
Madeline Wiseman\*\*  
**NATIONAL STUDENT LEGAL  
DEFENSE NETWORK**  
1701 Rhode Island Avenue NW  
Washington, DC 20036  
Tel. 202-734-7495  
Chris@defendstudents.org  
Eric@defendstudents.org

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ARIZONA**

Tanner Smith, Qimin Wang, Sabrina Palmer,  
and Kimele Carter, individually and on  
behalf of all others similarly situated,

Plaintiffs,

v.

Grand Canyon Education, Inc.,

Defendant.

Civil Action No. 2:24-cv-1410-SPL

**FIRST AMENDED  
CLASS ACTION COMPLAINT**

**JURY TRIAL DEMANDED**

1 Plaintiffs Tanner Smith (“Smith”), Qimin Wang (“Wang”), Sabrina Palmer (“Palmer”),  
 2 and Kimele Carter (“Carter,” and, collectively with Smith, Wang, and Palmer, the “Plaintiffs”),  
 3 individually and on behalf of the other members of the below-defined classes they seek to  
 4 represent (the “Class,” or the “Classes”), hereby allege against defendant, Grand Canyon  
 5 Education, Inc. (“GCE” or “Defendant”), upon personal knowledge as to themselves and their  
 6 own acts, and as to all other matters upon information and belief, based upon investigation of  
 7 counsel, as follows:<sup>1</sup>

### 8 **I. NATURE OF THE ACTION**

9 1. Since at least 2017, GCE has orchestrated a racketeering scheme to induce  
 10 students—including Plaintiffs and the other Class Members—to enroll in doctoral degree  
 11 programs at Grand Canyon University, which has been controlled by GCE, by lying to students  
 12 about how much they would need to pay to obtain their doctoral degrees from Grand Canyon  
 13 University.

14 2. Both federal law and regulations promulgated by the U.S. Department of Education  
 15 (“ED”) require GCE, which had an exclusive agreement with Grand Canyon University to  
 16 provide marketing and student recruitment, to give prospective students accurate information as  
 17 to the true cost of the doctoral programs at Grand Canyon University.<sup>2</sup> Yet, GCE lied about  
 18 doctoral program costs—repeatedly and persistently—to students like Plaintiffs and the other  
 19 Class Members.

20 3. GCE has propagated false information about the true cost of Grand Canyon  
 21 University’s doctoral programs in a variety of ways: on the Grand Canyon University website,  
 22 through marketing materials sent by mail and email by GCE’s sales representatives, and in  
 23 enrollment applications and agreements.

24 \_\_\_\_\_  
 25 <sup>1</sup> In accordance with Local Rule 15, a comparison to the original complaint is attached as Exhibit 1.

26 <sup>2</sup> See 20 U.S.C. § 1092(a)(1)(E) (requiring accurate description of, among other things, “tuition and  
 27 fees”); see also 34 C.F.R. §§ 688.71-73 (prohibiting both educational institutions and any “person with  
 28 whom the [] institution has an agreement to . . . provide marketing, advertising, recruiting or admissions  
 services” from making any “false, erroneous or misleading statement” regarding, as relevant here, the  
 “cost of the program” and the “requirements for successfully completing the course of study”).

4. Through those methods, GCE falsely told prospective students like Plaintiffs and the other Class Members that they could obtain their doctoral degrees by paying a total tuition amount equal to 60 or 65 times the cost per credit.

5. For example, in July 2018, GCE informed Plaintiff Smith that the “estimated tuition” for him to complete a Ph.D. in General Psychology was \$39,000, *i.e.*, 60 credits x \$650 per credit. Similarly, in March 2019, GCE informed Plaintiff Wang that the “estimated tuition” for her to complete a Doctor of Education degree in Organizational Leadership was \$39,000, *i.e.*, 60 credits x \$650 per credit. GCE also falsely told prospective students like Plaintiff and the other Class Members that the “total estimated cost” of their degree would be the estimated tuition plus three specifically itemized fees. *See infra* ¶¶ 44–47, 89–97, 114–120.

6. In truth, however, since at least January 2017, senior executives at GCE—including Michael Berger, who has served as the Dean of the College of Doctoral Studies—have known that almost none of the students at Grand Canyon University have completed their doctoral degrees with just 60 credits (or 65 credits for two doctoral programs) and that artificial bottlenecks in the doctoral dissertation process created by GCE’s doctoral program policies and practices required at least 70% of doctoral students to pay thousands of dollars—and often tens of thousands of dollars—more in tuition for “continuation courses.” *See infra* ¶¶ 49–62.

7. In Plaintiff Smith’s case, GCE required him to pay more than \$8,400 in additional tuition for four “continuation courses” after he had already paid for all 60 credits that he expected to pay to complete his Ph.D. in General Psychology. In Plaintiff Wang’s case, GCE has required her to pay almost \$8,700 in additional tuition for four continuation courses after she completed all 60 credits towards her Doctor of Education degree in Organizational Leadership and may require her to pay for yet more continuation courses to complete that degree.

8. In October 31, 2023, the Office of Federal Student Aid (“FSA”) at ED announced a \$37.7 million fine against Grand Canyon University after an “FSA investigation found GCU lied to more than 7,500 former and current students about the cost of its doctoral programs over several years,” including by “falsely advertis[ing] a lower cost than what 98% of students ended

up paying to complete certain doctoral programs.”<sup>3</sup> Attached as Exhibit 2 to this Complaint is a copy of a letter dated October 31, 2023, from ED to Grand Canyon University setting forth the basis for the fine.

9. To orchestrate and profit from this fraud scheme, GCE exploited its control over Grand Canyon University. Specifically, to facilitate its aggressive recruiting efforts directed at prospective students like Plaintiff, GCE used the proceeds of its fraud scheme to establish Grand Canyon University as a nominally independent, not-for-profit entity in July 2018. Beneath the veneer of nominal independence, however, GCE continued to control Grand Canyon University and to use it as a RICO enterprise for carrying out GCE’s fraud scheme against doctoral students. *See infra* ¶¶ 63–87. (Attached as Exhibit 3 to this Complaint is a copy of a letter from ED, dated November 6, 2019, concluding that the nominally independent Grand Canyon University “[did] not satisfy the Department’s definition of a nonprofit” due to the extent of GCE’s control).

10. GCE reaped millions of dollars a year in profits from this fraud scheme, in violation of the Racketeering Influenced and Corrupt Organizations Act, 18 U.S.C. § 1961 *et seq.* (“RICO”), California consumer protection statutes like the Consumer Legal Remedies Act, Cal. Civ. Code §§ 1750, *et seq.* (“CLRA”), the Florida Deceptive and Unfair Trade Practices Act, Fla. Stat. §§ 501-201, *et seq.* (the “Florida DUTPA”), and the West Virginia Consumer Credit and Protection Act, 46A W. Va. Stat. §§ 6-101, *et seq.* (“W. Va. Consumer Protection Law”).

11. For thousands of students like Plaintiffs and the other Class Members, who enrolled in doctoral programs with dissertation requirements at Grand Canyon University, GCE’s fraud caused them collectively to incur tens of millions of dollars in losses as a result of either having to pay more to obtain doctoral degrees or, for many of them, having to leave those programs without ever graduating due to the unexpected costs.

12. This action seeks to recover tens of millions of dollars in tuition that Plaintiffs and other Class Members had to pay due to GCE’s fraud scheme and other relief authorized by law.

<sup>3</sup> <https://www.ed.gov/news/press-releases/us-department-education-office-federal-student-aid-fines-grand-canyon-university-377-million-deceiving-thousands-students> (last visited June 3, 2024).

## II. JURISDICTION AND VENUE

13. This Court has jurisdiction over the subject matter of this action pursuant to: (a) 18 U.S.C. § 1965(a), which authorizes the initiation of a “civil action” under RICO in a “district court of the United States”; and (ii) 28 U.S.C. § 1331, which confers federal question jurisdiction on actions arising under a federal statute like RICO.

14. This Court has supplemental jurisdiction over state law claims under 28 U.S.C. § 1367.

15. This Court has personal jurisdiction over GCE pursuant to 18 U.S.C. § 1965(a) because GCE can be found in this District and transacts business in this District.

16. Venue is proper in this District under (i) 18 U.S.C. § 1965(a) because GCE can be found in and transacts business in this District; and (ii) 28 U.S.C. § 1391 because the acts and omissions that give rise to the allegations and claims asserted in this action substantially occurred in this District.

## III. PARTIES AND OTHER RELEVANT ENTITIES AND INDIVIDUALS

17. Plaintiff **Tanner Smith** is a resident of Fairmount, West Virginia. Plaintiff Smith enrolled in September 2018 in the doctoral program in General Psychology at Grand Canyon University with an emphasis in industrial and organizational psychology. After having to pay \$8,400 for four “continuation courses,” Plaintiff Smith earned his doctorate in July 2022.

18. Plaintiff **Qimin Wang** is a resident of La Quinta, California. Plaintiff Wang enrolled in March 2019 in the doctoral program in Education at Grand Canyon University. Since May 2023, Plaintiff Wang has had to take and pay for four “continuation courses” to work on her doctoral dissertation, which has cost her almost \$8,700. Further, GCE may require Plaintiff Wang to pay for yet more continuation courses to obtain a doctoral degree.

19. Plaintiff **Sabrina Palmer** is currently a resident of Kingsport, Tennessee. Until 2023, Plaintiff Palmer lived in Lake Mary, Florida. In June 2017, Plaintiff Palmer enrolled in Grand Canyon University and began a doctoral program in Education with a concentration in Organizational Leadership. Before Plaintiff Palmer obtained her doctoral degree in July 2024,

1 she had to take and pay for nine “continuation courses” to complete her doctoral dissertation,  
 2 which cost her approximately \$18,000 above the estimated tuition cost that GCE had provided  
 3 to her before she enrolled.

4 20. Plaintiff **Kimele Carter** is a resident of San Antonio, Texas. In September 2019,  
 5 Plaintiff Carter enrolled in Grand Canyon University and began a doctoral program in  
 6 Psychology. In 2020, Plaintiff Carter switched to the Doctor of Education program with a  
 7 concentration on Organizational Leadership. Plaintiff Carter had to take and pay for two  
 8 “continuation courses” to work on her doctoral dissertation, which cost her more than \$4,000.  
 9 Further, GCE may require Plaintiff Carter to pay for yet more continuation courses to finish her  
 10 Doctor of Education program.

11 21. Defendant **GCE** is a for-profit corporation registered in Delaware with its principal  
 12 executive offices in Phoenix, Arizona. Since 2017, GCE has either owned or controlled both  
 13 iterations of Grand Canyon University—Old GCU and the GCU Enterprise (both of which are  
 14 described below). GCE also has been exclusively responsible for marketing and recruiting efforts  
 15 for Grand Canyon University, including such efforts directed at prospective doctoral students.  
 16 *See infra* ¶¶ 74–87.

17 22. **Grand Canyon University** was originally founded in 1949 as a non-profit  
 18 educational institution with an emphasis on religious studies.<sup>4</sup> In February 2004, it was acquired  
 19 by, and became a for-profit subsidiary of, GCE (then known as Significant Education, LLC).

20 23. During the relevant times, Grand Canyon University has existed in two iterations.  
 21 In its first iteration (“**Old GCU**”), it was owned and operated by GCE as a for-profit subsidiary  
 22 until July 2018. During that time, Old GCU was a major recipient of federal student aid from ED.

23 24. The current iteration of Grand Canyon University (the “**GCU Enterprise**”) is a  
 24 nominally non-profit educational institution registered in Arizona that enrolls more than 100,000  
 25 students in undergraduate, graduate, and certificate programs. The GCU Enterprise is supposedly  
 26

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27 <sup>4</sup> Grand Canyon University was originally called Grand Canyon College. In 1989, and on the 40th  
 28 anniversary of its founding, it was renamed to Grand Canyon University.

independent from GCE. In fact, GCE has controlled the GCU Enterprise’s operations and policies since its creation in July 2018. Specifically, in 2017 and 2018, senior GCE executives orchestrated a series of corporate transactions to establish the GCU Enterprise as a non-profit entity nominally independent from GCE. *See infra* ¶¶ 63–73. The GCU Enterprise has been a major recipient of federal student aid from ED since its creation.

25. Within the Old GCU and the GCU Enterprise, doctoral programs were operated by the **College of Doctoral Studies**. **Michael Berger**, who was an executive at GCE until at least July 2018, has been the Dean of the College of Doctoral Studies during all relevant times.

26. Finally, GCE exercised its control over the GCU Enterprise through its senior executives including **Brian Mueller**. Mr. Mueller, for example, has simultaneously served as the CEO, Board Chair, and President of GCE, while also serving as the President of the GCU Enterprise.

27. As noted above, Old GCU and the GCU Enterprise were both major recipients of federal student aid from ED. During ED’s 2022-2023 award year, for example, the GCU Enterprise received approximately \$1 billion in total federal student aid (*e.g.*, federal student loans), including more than \$18 million for first-year doctoral students.

28. As a condition of receiving federal student aid, Old GCU and the GCU Enterprise were required to enter into program participation agreements with ED, which set forth program requirements, including program integrity requirements. *See* 20 U.S.C. § 1094.

29. By entering into program participation agreements with ED, Old GCU and the GCU Enterprise agreed, *inter alia*, to comply with 20 U.S.C. § 1092, including to provide information to students that “shall accurately describe . . . the cost of attending [GCU], including (i) tuition and fees” as required by § 1092(a)(1)(E).

30. 20 U.S.C. § 1094(c) of the Higher Education Act authorizes ED to issue regulations to enforce program integrity requirements, including the requirement that an educational institution must not “engage[] in substantial misrepresentation of . . . its financial charges.” Congress provided this authority “to protect students from ‘false advertising’ and other forms of



manipulative ‘sharp practice.’” *Ass’n of Private Sector Colls. v. Duncan*, 681 F.3d 427, 436 (D.C. Cir. 2012) (quoting H.R. Rep. No. 94-1086 at 13 (1976)).

31. Pursuant to that authority, ED promulgated regulations to define “misrepresentation concerning the nature of an eligible institution’s financial charges” to “include[] false, erroneous, or misleading statements concerning . . . the cost of the program.” 34 C.F.R. § 668.73.

32. ED regulations also provide that, because the GCU Enterprise “has an agreement” with GCE, *i.e.*, the Master Services Agreement (“MSA”), “to provide marketing, advertising, [and] recruiting [] services,” any marketing, advertising, and recruiting materials that GCE disseminates on behalf of the GCU Enterprise must likewise give students accurate information concerning the cost of doctoral programs and not misrepresent those costs. 34 C.F.R. § 668.71.

33. Senior GCE executives, including CEO Brian Mueller, were aware of GCE’s obligation to comply with these federal laws and regulations. Mr. Mueller, for example, simultaneously served as the GCU Enterprise’s President. In that role, he has signed the program participation agreements on behalf of the GCU Enterprise. Accordingly, he was directly responsible for its compliance with the program participation agreements, including compliance with the requirement under 34 C.F.R. § 668.73 to refrain from giving students any “false, erroneous, or misleading” information “concerning the cost of [GCU’s doctoral] program[s].”

34. Mr. Mueller’s experience prior to his position at GCE also gave him ample reasons to be aware of GCE’s obligation to conduct marketing, advertising, and recruiting activities in accordance with federal law, ED regulations, and the program participation agreement.

35. Specifically, before joining GCE in 2008, Mr. Mueller was a senior executive at another for-profit education company, University of Phoenix. During that time, University of Phoenix failed to comply with federal laws and regulations that prohibit paying incentive compensation to admissions counselors based on the number of students recruited.

36. As a result of those violations, University of Phoenix was named as the defendant in a civil fraud lawsuit. *See U.S. ex rel. Hendow v. Univ. of Phoenix*, 461 F.3d 1166 (9th Cir.



2006). In December 2009, after the Ninth Circuit overturned dismissal of those fraud claims, *see id.*, University of Phoenix paid \$67.5 million to the federal government in settlement of the alleged civil fraud violations.<sup>5</sup>

#### IV. FACTUAL ALLEGATIONS

##### A. GCE's Scheme to Defraud Doctoral Degree Students Like Plaintiffs

37. During all relevant times, GCE was exclusively responsible for marketing and recruiting for the doctoral programs at Grand Canyon University.<sup>6</sup> GCE aggressively marketed to and recruited prospective doctoral students to increase its revenue and profit.

38. For example, to recruit prospective students, GCE carried out nationwide marketing campaigns that involved both online and social media advertisements and the use of sales representatives to conduct telemarketing to students.

39. Instead of being forthright about the sales representatives' role as telemarketers for GCE, GCE directed them to tell prospective students that they were counselors at Grand Canyon University. Further, rather than making the prospective students' goals the top priority of those "counselors," GCE assigned specific quotas of students—called "Annual Student Counts"—that each counselor was expected to enroll and retain.

40. At the same time, GCE significantly expanded the doctoral programs at Grand Canyon University. In 2018, there were only 16 doctoral programs. By 2022, the number had more than doubled to 35.

41. To sustain this expansion, GCE orchestrated a scheme to defraud prospective doctoral students by supplying them with marketing materials and enrollment forms with false "estimated tuition" and "total estimated cost" data.

42. Those estimates informed prospective students that they could obtain doctoral degrees by paying 60 credits worth of tuition costs. But GCE knew this was untrue for almost all

<sup>5</sup> See <https://www.justice.gov/opa/pr/university-phoenix-settles-false-claims-act-lawsuit-675-million> (last visited Feb. 24, 2024).

<sup>6</sup> In 2017 and early 2018, GCE conducted marketing and recruiting for its subsidiary, Old GCU. After July 2018, GCE carried out these functions for the GCU Enterprise, which GCE controlled.

1 doctoral students at Grand Canyon University. Instead, most students paid thousands of dollars  
2 more in tuition for “continuation courses” after completing 60 credits’ worth of courses.

3 43. GCE marketed the doctoral programs at Grand Canyon University as offering an  
4 “accelerated path” to doctorates:

5 Are you looking to advance your education by earning a [doctoral degree](#)? At Grand Canyon  
6 University, the doctoral journey is truly unique. From day one, you are placed on an  
7 accelerated path that will prepare you to succeed in your academic journey and career. Here  
8 are four ways to make the most of your doctoral journey at GCU:

9 44. GCE also told prospective students that they would obtain doctoral degrees on an  
10 “accelerated” basis because they could “get a head-start” on their doctoral dissertations “at  
11 GCU”:

## 12 **Get a Head-Start on Your Dissertation**

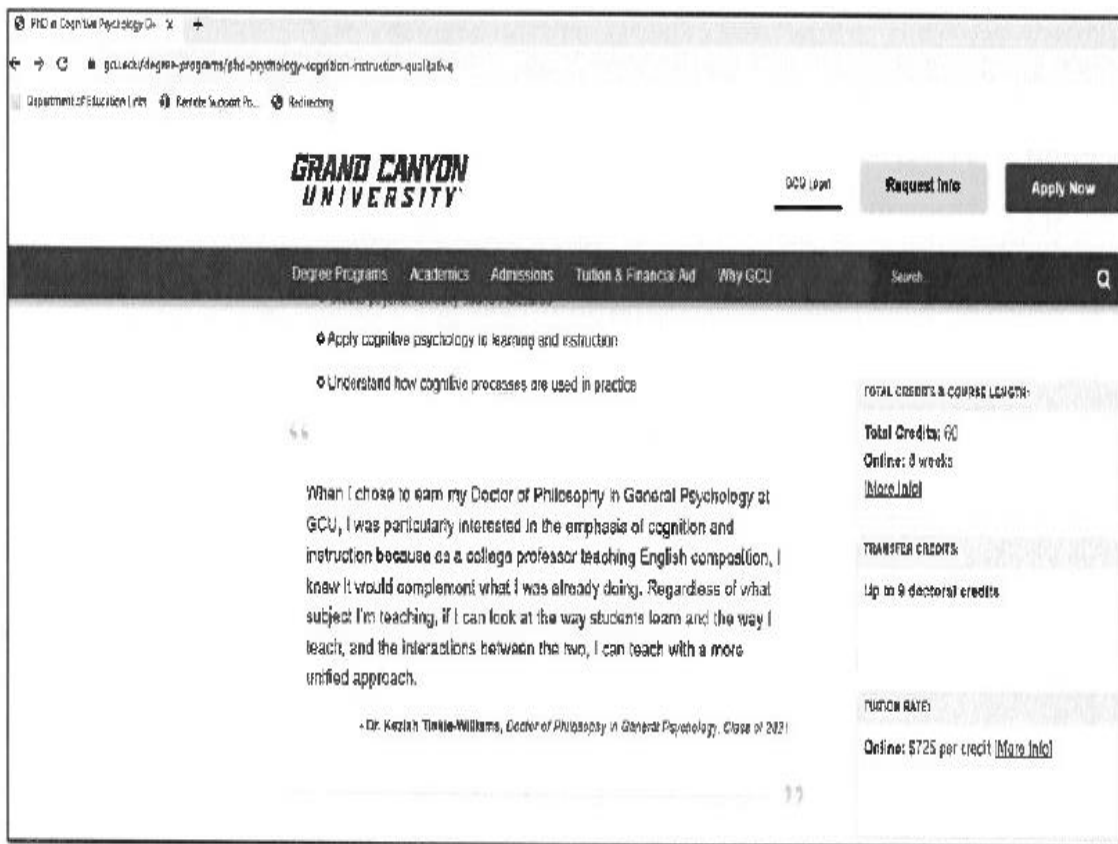
13 Unlike many other doctoral programs, at GCU, you will begin the [dissertation process](#) at the  
14 start of your program. In your first course, you will be introduced to the doctoral dispositions  
15 with emphasis on understanding expectations for scholarly work.

16 45. Further, GCE made the affordability of the “tuition rate” of doctoral programs at  
17 Grand Canyon University a key marketing point:



18 Competitive, **affordable** tuition  
19 rate so that furthering education  
20 is within reach for all<sup>1</sup>

21 46. GCE gave prospective students detailed tuition cost information for different  
22 doctoral programs on Grand Canyon University’s website and marketing materials. For example,  
23 in 2023, the webpage for the doctoral program in Psychology (Cognition and  
24 Instruction—Qualitative) offered key tuition cost information for prospective students in terms  
25 of the number of credits required and the cost per credit:  
26  
27  
28



47. According to this webpage, which was created and maintained by GCE, the “Total Credits” needed to complete the degree was 60, and the “Tuition Rate” was \$725 per credit. In other words, the total tuition cost of completing this doctoral degree was \$43,500.<sup>7</sup>

48. Prospective students who followed the “More Info” links on this webpage would find further confirmation that the tuition cost for this degree was \$43,500. Specifically, the “More Info” page for “Total Credits” elaborated on the 60 credits requirement by listing 20 courses associated with that requirement, including three dissertation courses included within the 60

<sup>7</sup> In or about early 2023, GCE modified the Grand Canyon University website for doctoral program-specific information by, inter alia, (1) replacing “Total Degree Requirement” with “Degree Requirement” when referencing the 60 credits, (2) adding language stating states that “[m]ost students will also need to take one or more [continuation courses] to complete a dissertation,” and (3) adding a link to a separate “About Doctoral Programs at GCU” webpage with statistics on the “the average number of continuation courses” and the “total program average time” for doctoral degree graduates since 2011. Prior to early 2023, however, the program-specific websites used the “Total Degree Requirement” language and did not contain the additional language or the link.


1 credits. And the “More Info” link for “Tuition Rate” took prospective students to a general tuition  
2 and costs page.<sup>8</sup>

3 49. When prospective students express a serious interest in a doctoral program at Grand  
4 Canyon University, GCE sends them an Application for Admission, which contains a standard,  
5 three-page enrollment agreement for the relevant program. As illustrated by the Doctor of  
6 Business Administration example below, the enrollment agreement not only contains information  
7 on the number of total credits needed to complete the degree, the cost per credit hour, and a list  
8 of required courses, but also provides the exact “Total Program Cost” or “Total Program Tuition  
9 and Fees”:

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27 <sup>8</sup> If prospective students followed the link for dissertation courses, they would again be informed that  
28 these programs require 60 credits at a cost of \$725 per credit.

**Doctor of Business Administration with an  
Emphasis in Data Analytics**

**Enrollment Agreement**



Student Name \_\_\_\_\_ SSN \_\_\_\_\_

Street Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Start Date \_\_\_\_\_

Required Program Major Courses	Credits
RES-811 Introduction to Advanced Graduate Studies and Scholarship	3
DBA-820 Emerging Issues in Financial Management	3
MGT-820 Using Business Analytics for Competitive Advantage	3
DBA-831 Analytic Foundations for Business Leaders	3
RES-850 Foundations for Research	3
RES-851 Residency: Dissertation	3
DBA-833 Predictive Modeling	3
RES-861 Analysis of Existing Research	3
DBA-815 Economics for Business Decisions	3
DBA-835 The Sustainable Future	3
RES-866 Approaches to Research Design and Data Analysis	3
RES-845 Statistics	3
RES-821 Residency: Presentation of Progress or Results	3
DBA-857 Prescriptive Modeling for Business Decisions	3
DBA-836 Enterprise Data Complexity	3
RES-880 Formalizing the Research Prospectus	3
DBA-885 Developing the Research Proposal	3
DBA-855 Dissertation I	3
DBA-900 Dissertation II	3
DBA-885 Dissertation III	3
<b>Required Program Major Course Total Credits</b>	<b>60</b>

A minimum of 60 credits are required for completion of this program of study.  
If taking one course at a time, this program will take a minimum of 30 months. Students with transfer credit that applies to this program will shorten this time to completion from that stated on this enrollment agreement.

Total Program Credits: 60  
 Cost/Credit Hour: \$640  
 Book Costs: \$2174  
 Learning Management Service Fee: \$400  
 Graduation Fee: \$150  
**Total Program Cost: \$40850**

Program cost is estimated based on current tuition rates and fees.  
 Book costs are based on an average. Costs may increase or decrease depending on electronic availability or publishers' book costs. A one-time Learning Management Service Fee will be charged to new students only. Students continuing from one degree program to another with Grand Canyon University will only be charged this fee for the first program.

50. The truth of the matter is that the “Total Program Cost” stated in the enrollment agreement that GCE distributes to prospective students significantly understates the actual total costs that they would need to pay to complete their degrees.

51. What GCE has not disclosed to prospective students—but senior GCE executives have known since at least January 2017—is that almost none of the doctoral students at Grand Canyon University obtains their degrees after paying the tuition costs for 60 credits, including credits for the three dissertation courses.

52. Instead, doctoral students at Grand Canyon University routinely encounter lengthy delays in their efforts to complete their dissertations due to policies and practices enacted by GCE that create artificial bottlenecks in the dissertation process. These include Byzantine review procedures that prevent doctoral students from communicating directly with key dissertation reviewers. They also include up to nine “Milestones” that require students to wait for extended periods of time as they try to make progress on their dissertations.

53. While doctoral students face these delays due to the artificial bottlenecks created by GCE, they also are required by GCE to enroll in “continuation courses” in order to maintain their enrollment and be eligible to obtain their doctoral degrees. In other words, students are compelled to pay for those “continuation courses” *after* they have completed 60 course credits and paid the tuition for those credits.

54. According to ED’s analysis of outcome data, less than 2% of the more than 1,800 students who completed doctoral programs at Grand Canyon University between 2021 and 2017 did so without exceeding the total program cost that GCE provided to them:<sup>9</sup>

**Table 2. Continuation Courses Taken by 1,858 Graduates between 2011 and 2017<sup>17</sup>**

Number of Continuation Courses (Enrollments from 1/2011 – 7/2022)	Percentage of Graduates	Additional Time	Additional Tuition/Institutional Cost
0	1.7%	NA	NA
1	2.1%	12 Weeks	\$2,106
2	5.5%	24 Weeks	\$4,212
3	6.3%	36 Weeks	\$6,318
4	6.7%	48 Weeks	\$8,424
5	42.9%	60 Weeks	\$10,530
6+	34.8%	72+ Weeks	\$12,636+

<sup>9</sup> According to ED, this analysis was based on data produced by Grand Canyon University concerning its doctoral student outcomes from 2011 to 2022. *See* Ex. 2 at 6. ED also performed an analysis of outcome data for students who enrolled between July 2017 and June 2022. In this cohort, more than 90% of students who graduated by January 2023 had to take at least one continuation course, and more than 63% of the students in this cohort had withdrawn by January 2023. *See id.*



55. Senior GCE executives, moreover, have known that the representations GCE was making to prospective students about the total program cost and tuition cost of doctoral programs at Grand Canyon University were false.

56. For example, in a series of emails from January 10, 2017, Michael Berger, the senior GCE executive who led the College of Doctoral Studies, discussed with one of his top subordinates that GCE's own internal analysis showed that most doctoral students were required to pay for multiple "continuation courses to complete their degrees."

**From:** Nikki Mancuso  
**Sent:** Tuesday, January 17, 2017 2:20 PM  
**To:** Michael Berger [REDACTED]  
**Subject:** RE: Graduates and continuation courses needed for this past year

Yes:  
 It is getting Dan 5 the grads and continuation data so he can determine what we should update this verbiage to show:  
*\* On average, doctoral students who graduated during the 2014/15 academic year required 5.25 continuation courses to complete their degree.*  
*Continuation Courses\*... \$1925 per course (1<sup>st</sup> 5 courses); \$500 per course (6<sup>th</sup> course and beyond)*

**Nikki Mancuso, MAOM**  
 Senior Vice President, College of Doctoral Studies

Grand Canyon University  
 3300 W. Camelback Road Phoenix, AZ 85017  
 1-800-800-9776 [REDACTED]

**From:** Michael Berger  
**Sent:** Tuesday, January 17, 2017 2:19 PM  
**To:** Nikki Mancuso <[REDACTED]>  
**Subject:** RE: Graduates and continuation courses needed for this past year

Can you remind me what this is?  
 Michael Berger, EdD  
 Dean  
 College of Doctoral Studies  
 Grand Canyon University

**From:** Nikki Mancuso  
**Sent:** Tuesday, January 17, 2017 1:40 PM  
**To:** Michael Berger <[REDACTED]>  
**Subject:** Graduates and continuation courses needed for this past year

Hi Michael,  
 When do you plan to get this data?

**Nikki Mancuso, MAOM**  
 Senior Vice President, College of Doctoral Studies

57. In August 2017, senior GCE executives, including Mr. Berger, again engaged in a discussion of "up to date data on our graduates." According to this internal GCE analysis, 70% of the doctoral program graduates were unable to complete their degrees without having to pay for three or more continuation courses.

58. GCE never updated the program cost information on the website it operated or in the application and enrollment packets it sent to prospective students to reflect the true costs. As



late as 2021, the enrollment agreement for the Ph.D. program in General Psychology (Industrial and Organizational Psychology with focus in Quantitative Research) still showed students a total program tuition and fees (for 60 credits) that did not include the cost of any continuation course:

<b>Program Major:</b>		<b>60 credits</b>
<b>Total Degree Requirements:</b>		<b>60 credits</b>
<b>Required Program Major Courses</b>		<b>Credits</b>
RES-815	Introduction to Research	3
RES-820C	The Literature Landscape: Psychology	3
PSY-810	History and Systems of Psychology	3
PSY-802	Psychoanalysis and Psychodynamic Theory	3
RES-831	Foundations of Research Design 1	3
RSD-851	Residency: Dissertation	3
RES-832	Foundations of Research Design 2	3
PSY-803	Behaviorism	3
PSY-830	Principles of Industrial and Organizational Psychology	3
PSY-804	Humanistic, Transpersonal and Existential Psychology	3
RES-842	Designing a Quantitative Study 1	3
RES-844	Designing a Quantitative Study 2	3
PSY-834	Psychology of Consulting and Coaching	3
RSD-884	Residency: The Quantitative Dissertation	3
PSY-836	Principles of Personnel and Human Resource Management	3
PSY-955	Dissertation I	3
RES-874	Quantitative Data Collection and Statistical Mechanics	3
PSY-960	Dissertation II	3
RES-884	Quantitative Data Analysis, Results, and Findings	3
PSY-965	Dissertation III	3
<b>Required Program Major Course Total Credits</b>		<b>60</b>

**A minimum of 60 credits are required for completion of this program of study.**

**If taking one course at a time, this program will take a minimum of 39 months. Students with transfer credit that applies to this program will shorten the time to completion from that stated on this enrollment agreement.**

Total Program Credits: 60

Cost Per Credit: \$715

Learning Service Management Fee Per Program: \$550

Graduation Fee Per Program: \$150

Course Fees: \$2,630

Total Program Tuition and Fees: \$46,230

Estimated Additional Costs

Book Costs: \$650

59. While the enrollment packet provides several notes on potential changes and additions to the program cost—such as potential changes to “retail pricing provided by publishers” of print textbooks, potential changes to “current tuition rates and fees,” and a “one-time learning management service fee”—it does not disclose that requiring students to take continuation courses could, and usually does, substantially increase the program cost.

1           60. By fraudulently misrepresenting the true cost of completing doctoral programs at  
2 Grand Canyon University as part of its aggressive marketing campaign, GCE has been able to  
3 leverage its control over Old GCU and the GCE Enterprise and profit from the fraud.

4           61. The continuation courses are especially profitable for GCE. Even though doctoral  
5 students enrolled in continuation courses are only working on their dissertation and do not receive  
6 instruction from faculty, Grand Canyon University charges the same price for the first five  
7 continuation courses as regular content courses. Thus, the continuation courses have allowed  
8 GCE to reap significant tuition revenue from doctoral students while incurring lower instructional  
9 and operating cost.

10           62. GCE also profits from the continuation courses because its policies and practices  
11 create artificial roadblocks in the dissertation process. For example, GCE's policies prohibit  
12 dissertation committee chairs from advising their doctoral students on the appropriate courses to  
13 take to facilitate the completion of the students' dissertations. GCE's dissertation review  
14 procedures also prohibit doctoral students from communicating directly with key reviewers, thus  
15 delaying the students' ability to make progress on their dissertations. Policies enacted by GCE  
16 further require doctoral students to fulfill up to nine separate "milestones" in their dissertation  
17 process. To fulfill each milestone, a doctoral student must correspond with an advisor or a review  
18 committee to obtain and address their comments. Instead of corresponding promptly with  
19 students, the advisors and review committees routinely wait up to two weeks to provide minor  
20 comments or approve minor changes. The cumulative result of these and other artificial  
21 roadblocks created by GCE's policies and practices is that nearly all of the doctoral students at  
22 Grand Canyon University are compelled to enroll in—and pay for—expensive continuation  
23 courses, which has redounded to GCE's financial benefit.

24           63. The false information GCE provided to doctoral students at Grand Canyon  
25 University regarding the cost of their programs has exacted significant financial tolls. According  
26 to ED's analysis, over 90% of the doctoral students who first enrolled in July 2017 and graduated  
27 before June 2022 had to take, and pay for, continuation courses.

64. The undisclosed cost of the doctoral programs also has contributed to the high rate of withdrawal among doctoral students at Grand Canyon University. According to ED’s analysis, more than 63% of the doctoral students who first enrolled in July 2017 withdrew from their programs by June 2022. Those students paid thousands of dollars in tuition—in most cases by taking out education loans—without ever obtaining degrees.

**B. GCE’s Creation of the GCU Enterprise in July 2018 and GCE’s Control of the GCU Enterprise Since July 2018.**

65. In February 2004, GCE acquired the assets of Old GCU, which was operating as a non-profit university.<sup>10</sup> From 2004 until 2018, GCE operated Old GCU as a for-profit educational institution. During this period, GCE’s business activities consisted solely of operating Old GCU.<sup>11</sup>

66. Starting in 2014, GCE began making plans to turn Old GCU into a non-profit entity that would be nominally independent from GCE.

67. To replace the Old GCU with GCU Enterprise, senior GCE executives orchestrated a series of transactions in 2017 and 2018 that were known within GCE as “Project Gazelle,” because they involved using a purportedly independent entity called Gazelle University, which Brian Mueller, the CEO of GCE, had chartered in 2014.

68. For GCE, a key purpose of Project Gazelle was to improve GCE’s effectiveness at recruiting prospective doctoral students like Plaintiff. In April 2018, for example, GCE’s board of directors received a report regarding Project Gazelle prepared by Barclays, which explained this project was “attractive” because establishing the GCU Enterprise as a non-profit entity would

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<sup>10</sup> GCE was initially formed in November 2003 as Significant Education, LLC. In August 2005, Significant Education, LLC converted from a limited liability company to a corporation and changed its name to Significant Education, Inc. In May 2008, Significant Education, Inc. changed its name to GCE. Later in 2008, GCE became a publicly traded company.

<sup>11</sup> Starting in 2018, GCE expanded its business to provide education services to other institutions. For example, in December 2018, GCE acquired Orbis Education and, through that acquisition, took over Orbis’s business of providing services to a group of 17 universities. According to GCE’s most recent annual report, GCE “provided education services and support to approximately 113,000 students,” with “more than 108,600” of them “enrolled in GCU’s programs, emphases, and certificates,” as of December 31, 2022.

1 allow GCE to “grow its student population” and “mitigate the potential risk (perceived or real)  
2 posed by its for-profit status.”

3 69. In December 2018, Brian Mueller, GCE’s CEO, boasted that creating a nominally  
4 independent non-profit entity gave GCE “a tailwind” with recruiting students “just because of  
5 how many students didn’t pick up the phone because we were for-profit.”

6 70. Mr. Mueller also told investors in February 2019, that “being out there a million  
7 times a day saying we’re non-profit has had an impact” on recruiting new students online.

8 a) Project Gazelle and Creation of the GCU Enterprise in July 2018.

9 71. As implemented, Project Gazelle had two major components. *First*, in July 2018,  
10 GCE “sold” the assets of Old GCU to Gazelle University for more than \$850 million. Post-sale,  
11 Gazelle University changed its name to Grand Canyon University.

12 72. This sale was not an arms-length transaction, but rather one orchestrated by GCE.  
13 Gazelle University was not actually independent from GCE. Instead, as noted above, it had been  
14 chartered by GCE’s CEO, Brian Mueller.

15 73. Gazelle University did not have to come up with the funding to buy Old GCU.  
16 Instead, GCE—the purported seller—was the source of all the funding for this sale. GCE  
17 “loaned” Gazelle University the entire amount (more than \$850 million) that Gazelle paid to  
18 purchase the assets and operations of Old GCU. Those funds then promptly flowed back to GCE  
19 when Gazelle made the acquisition and changed its name to Grand Canyon University.

20 74. Despite immediately recouping its loan in this round-trip transaction, GCE  
21 obtained a direct interest in the GCU Enterprise. Specifically, GCE received a Senior Secured  
22 Note in July 2018 in return for loaning Gazelle the entire purchase price for Old GCU.

23 75. Pursuant to this Senior Secured Note, GCE has been receiving approximately \$50  
24 million a year in interest payments from the GCU Enterprise. GCE also is entitled to a lump-sum  
25 repayment of the principal amount (\$853 million) from the GCU Enterprise in July 2025. Finally,  
26 this Senior Secured Note gives GCE a security interest in the properties of the GCU Enterprise.  
27  
28

1           76. GCE also obtained the ability to control and dominate GCU's operations and  
2 policies by making the GCU Enterprise enter into a Master Services Agreement with GCE, which  
3 had a 10-yearlong initial term and renewal by default every five years thereafter.

4           77. Under this Master Services Agreement, the GCU Enterprise is required to pay GCE  
5 a fee equal to 60% of its adjusted gross revenue—including revenue from tuition and fees from  
6 students like Plaintiff—in return for providing certain services.

7           78. Under the Master Services Agreement, GCE also is entitled to the same percentage  
8 of services fees irrespective of how the GCU Enterprise's revenue changes in relation to GCE's  
9 costs to provide these services. Further, the agreement places on limit on the total amount of  
10 services fee that the GCU Enterprise must pay GCE. In other words, if the GCU Enterprise's  
11 tuition and fees revenue doubles while GCE's costs stay flat, the agreement requires GCU  
12 Enterprise to pay twice as much in services fees to GCE.

13           79. Overall, having the GCU Enterprise pay services fees to GCE has resulted in a  
14 dramatic increase in costs to Grand Canyon University while providing a significant financial  
15 benefit for GCE. A report that GCE's board of directors received from Barclays in April 2018  
16 indicated that "the costs to operate [Grand Canyon University] following the change of  
17 ownership (with GCE providing services) would increase from \$810 million to \$1.496 billion in  
18 fiscal year 2019, solely as a result of fees paid to GCE."

19           80. In addition, the Master Services Agreement made GCE the "exclusive" provider of  
20 essential services like technology, budgeting analysis, enrollment, marketing, and student  
21 support.

22           81. GCE made it infeasible for the GCU Enterprise to seek out other vendors to supply  
23 services for which GCE is not designated as the "exclusive" provider. Under the Master Services  
24 Agreement, the GCU Enterprise is required to pay the same 60% of its adjusted gross revenue to  
25 GCE even if it were to pick another vendor to supply services such as procurement or auditing.

26           82. GCE also made it practically impossible for the GCU Enterprise to emerge from  
27 GCE's control. Under the Master Services Agreement, the GCU Enterprise is required to pay  
28

1 GCE 60% of its adjusted gross revenue each year until 2028. If it opts out of the agreement, the  
2 GCU Enterprise is required to pay GCE in one lump sum a “non-renewal fee” equal to the 50%  
3 of the fees that GCE had received over the preceding year—which would amount to hundreds of  
4 millions of dollars.

5 83. As ED noted in its 2019 decision denying the GCU Enterprise’s request to be  
6 recognized as a non-profit educational institution, the combination of the Master Services  
7 Agreement and the Senior Secured Note meant that GCE received as much as 95% of the annual  
8 revenues of the nominally independent GCU Enterprise. Indeed, as GCE’s board of directors  
9 were informed by corporate advisors in 2017 and 2018, a key purpose of Project Gazelle—the  
10 creation of the purportedly non-profit and nominally independent GCU Enterprise—was to  
11 benefit the financial interests of *GCE*’s shareholders.

12 b) GCE’s Control of the GCU Enterprise Since July 2018.

13 84. Since July 2018, the GCU Enterprise has functioned as an instrument through  
14 which GCE profits from fraud schemes directed at students like Plaintiffs, who enrolled in  
15 doctoral-degree programs at the GCU Enterprise.

16 85. GCE has done so by controlling and dominating the operations and policies of the  
17 GCU Enterprise, including those relating to the doctoral degree programs at issue here.

18 86. For example, GCE has ensured its control of the GCU Enterprise by having the key  
19 functions managed by GCE executives and employees.

20 87. As noted above, Brian Mueller has served as both the CEO of GCE and as the  
21 President of the GCU Enterprise since July 2018.

22 88. Of the 58 GCE senior executives responsible for managing and overseeing Old  
23 GCU’s operations before July 2018, 41 (including Mr. Mueller) continued to work at GCE, rather  
24 than at the GCU Enterprise, after July 2018.

25 89. Additionally, when the GCU Enterprise came into existence, the 17 top positions  
26 below President were filled by former GCE executives. The Dean of the College of Doctoral  
27  
28



1 Studies—where Plaintiffs and other Class Members were and are enrolled—is Michael Berger,  
2 who served in the same role as a GCE executive prior to July 2018.<sup>12</sup>

3 **C. Plaintiff Smith’s Financial Loss Due to GCE’s Fraud Scheme.**

4 90. Plaintiff Tanner Smith stands in the shoes of thousands of victims of GCE’s fraud  
5 scheme. He would not have enrolled in a doctoral-degree program at Grand Canyon University  
6 if GCE and a “counselor” acting at GCE’s direction had disclosed to him in 2018 that the  
7 estimated tuition cost that GCE represented to him significantly understated the true cost to  
8 complete the program.

9 91. In May 2018, Plaintiff Smith requested information from Grand Canyon University  
10 regarding its doctoral program in General Psychology with an emphasis in Industrial and  
11 Organizational Psychology.

12 92. In response, Plaintiff Smith was contacted by LH<sup>13</sup> from Grand Canyon University,  
13 who proceeded to communicate with Plaintiff Smith over telephone and electronic mail to  
14 persuade him to enroll in this doctoral program.

15 93. On May 18, 2018, LH sent an e-mail to Plaintiff Smith with the subject line: “Grand  
16 Canyon University-Your Proposed Graduation Timeline.” This email attached a “Proposed  
17 Graduation Timeline,” described as a “personalized proposed schedule based on the degree  
18 program [Plaintiff Smith] selected.” According to this email, the Proposed Graduation Timeline  
19 “outlines *each course* you will need to complete.” (emphasis added).

20 94. According to this Proposed Graduation Timeline, if Plaintiff Smith were to begin  
21 his doctoral program in July 2018, his “Expected Graduation Date” would be May 26, 2021. In  
22

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23 <sup>12</sup> GCE’s control over the GCU Enterprise is also underscored by how GCE responded to ED’s 2019  
24 decision refusing to recognize the GCU Enterprise as a nonprofit institution for purposes of Title IV of  
25 the Higher Education Act. To assuage ED, GCE had the GCU Enterprise offer to amend the Master  
26 Services Agreement to make the terms more favorable to the GCU Enterprise. GCE, however, made the  
27 GCU Enterprise condition the “adoption of the [amended Master Services Agreement] contingent on,”  
28 inter alia, ED’s “approval of GCU’s nonprofit status.” See *Grand Canyon Univ. v. Cardona*, 2022 WL  
18456049 (D. Ariz. Dec. 1, 2022).

<sup>13</sup> In the interest of privacy, Plaintiffs refers to the sales representatives that GCE assigned to them—  
MA, LH, KV, and TL—by their initials.



other words, Plaintiff Smith was told that he could expect to graduate with his doctoral degree within three years of beginning his doctoral studies at Grand Canyon University.

95. This Proposed Graduation Timeline also stated that Plaintiff Smith could expect to graduate with his doctoral degree after completing 60 credit hours. It did not disclose that he would need to take and pay for continuation courses to complete the doctoral program.

96. According to ED's investigation, GCE provided similar graduation timelines to other prospective students and used those timelines to lure students to enroll in doctoral degree programs at Grand Canyon University.

97. Plaintiff Smith also received a "Proposed Cost" document from LH. This document gave him a "personalized college cost estimation" for the Ph.D. program in General Psychology with an emphasis in Industrial and Organizational Psychology at Grand Canyon University.

98. The "Proposed Cost" document informed Plaintiff Smith that he could expect to pay \$39,000.00 in "Estimated Tuition" to complete his doctoral degree:

**Academic Year (AY) 2017 - 2018**

Estimated Costs	AY1	AY2	AY3	AY4	AY5	Total
Credit Hours	12	15	15	12	6	60
Estimated Tuition	\$7,800	\$9,750	\$9,750	\$7,800	\$3,900	\$39,000
Canyon Connect Fee	\$420	\$420	\$420	\$420	\$210	\$1,890
Learning Management System Fee	\$400	\$0	\$0	\$0	\$0	\$400
Course/Lab/Graduation Fees	\$0	\$795	\$795	\$0	\$150	\$1,740
<b>Total Estimated Cost</b>	<b>\$8,620</b>	<b>\$10,965</b>	<b>\$10,965</b>	<b>\$8,220</b>	<b>\$4,260</b>	<b>\$43,030</b>
<b>Scholarships and Other Aid</b>						
Total Estimated Scholarships and Other Aid	\$0	\$0	\$0	\$0	\$0	\$0
<b>Financial Aid</b>						
Total Estimated Federal Aid	\$0	\$0	\$0	\$0	\$0	\$0
<b>Summary</b>						
Estimated Net Cost	\$8,620	\$10,965	\$10,965	\$8,220	\$4,260	\$43,030
Total Estimated Federal Aid	\$0	\$0	\$0	\$0	\$0	\$0
Total Estimated Out of Pocket Cost (Credit)	\$8,620	\$10,965	\$10,965	\$8,220	\$4,260	\$43,030

99. While this proposed cost identified three specific fees (the Canyon Connect Fee, the Learning Management System Fee, and the Course/Lab/Graduation Fees) that were included

1 (along with the “Estimated Tuition”) in the “Total Estimated Cost,” it did not include the cost of  
2 any continuation courses—let alone the four different continuation courses that GCE eventually  
3 required Plaintiff Smith to pay for.<sup>14</sup>

4 100. According to ED’s investigation, GCE provided similar proposed cost documents  
5 to other prospective students and used those documents to lure students to enroll in doctoral  
6 degree programs at Grand Canyon University by falsely representing how much it would cost  
7 students to complete their doctoral degrees.

8 101. After receiving the graduation timeline and the false and misleading estimated  
9 tuition cost and total estimated cost information from LH and GCE, Plaintiff Smith decided to  
10 enroll in the Ph.D. program in General Psychology at Grand Canyon University in July 2018.

11 102. In the course of Plaintiff Smith’s numerous communications with LH over  
12 telephone and e-mail, neither LH nor any other representative of GCE (or Old GCU or GCU  
13 Enterprise) disclosed to him the truth about the actual cost to complete his Ph.D. program. Even  
14 though senior GCE executives like Michael Berger knew that almost none of the doctoral  
15 students at Grand Canyon University completed their degrees with just 60 credits and that at least  
16 70% of those students had to pay thousands, often tens of thousands, of dollars more in tuition  
17 for at least three “continuation courses” to complete their degrees, this information was never  
18 given to Plaintiff Smith.

19 103. In or about July 2018, Plaintiff Smith began taking courses in Grand Canyon  
20 University’s Ph.D. program in General Psychology. At that time, and throughout his studies at  
21 Grand Canyon University, Plaintiff Smith lived in West Virginia and took classes remotely via  
22 online platforms.

23 104. Plaintiff Smith was able to complete his 60 credit hours of doctoral course studies  
24 in approximately three years, *i.e.*, by Fall, 2021, consistent with the proposed timeline from LH.

25  
26  
27 <sup>14</sup> While information materials provided by GCE to Plaintiff Smith mentioned continuation courses,  
28 those materials never included the cost of continuation courses in either the estimated tuition or the total  
estimated cost for Plaintiff Smith to complete his doctoral degree.

1           105. As Plaintiff Smith neared completion of his 60 credit hours of required  
2 coursework, GCE determined that Plaintiff Smith could not complete his Ph.D. degree program  
3 with those 60 credit hours and, instead, would be required to take continuation courses to  
4 complete his dissertation and earn his doctoral degree.

5           106. The innumerable delays that Plaintiff Smith encountered during the dissertation  
6 process at Grand Canyon University resulted in him having to incur costs for continuation courses  
7 that he was not told about before enrolling.

8           107. While completing his dissertation, Plaintiff Smith's academic advisors repeatedly  
9 required him to submit and resubmit drafts for review in response to minor and insignificant edits  
10 that could have been addressed more efficiently. Almost every time, moreover, Plaintiff Smith  
11 found that the academic advisors failed to respond promptly to his submissions. Instead, they  
12 habitually waited two weeks (*i.e.*, 10 business days) to respond to simple questions or minor  
13 edits, thus delaying Plaintiff Smith's ability to make progress on and complete his dissertation.

14           108. These routine delays were amplified by GCE's policies requiring doctoral students  
15 to fulfill nine milestones to complete their dissertation. In connection with each milestone,  
16 Plaintiff Smith encountered artificial bottlenecks. The cumulative effect of these roadblocks  
17 significantly delayed Plaintiff Smith's ability to complete his dissertation and caused him to pay  
18 for continuation courses.

19           109. In September 2021, GCE required Plaintiff Smith to enroll in his first continuation  
20 course, "Research Continuation I." Per policy established by GCE, completion of this  
21 continuation course was required for Plaintiff Smith to complete work on his dissertation, in order  
22 to earn his doctoral degree.

23           110. In December 2021, GCE required Plaintiff Smith to enroll in a second continuation  
24 course, "Research Continuation II." Per policy established by GCE, completion of this  
25 continuation course was required for Plaintiff Smith to complete work on his dissertation, in order  
26 to earn his doctoral degree.

27           111. In March 2022, GCE required Plaintiff Smith to enroll in his third continuation  
28

1 course, “Research Continuation III.” Per policy established by GCE, completion of this  
2 continuation course was required for Plaintiff Smith to complete work on his dissertation, in order  
3 to earn his doctoral degree.

4 112. In June 2022, GCE required Plaintiff Smith to enroll in his fourth continuation  
5 course, “Research Continuation IV.” Per policy established by GCE, completion of this  
6 continuation course was required for Plaintiff Smith to complete work on his dissertation, in order  
7 to earn his doctoral degree.

8 113. As a result, Plaintiff Smith did not receive his Ph.D. degree in General Psychology  
9 from Grand Canyon University until September 2022 (at least 12 months after his promised  
10 completion date) and after having paid for a total of 72 credit hours.

11 114. Due to GCE’s repeated misrepresentations and omissions regarding the cost  
12 required to complete his Ph.D., Plaintiff Smith paid \$8,463.00 for continuation courses above the  
13 program cost that he had been told about.

14 **D. Plaintiff Wang’s Financial Loss Due to GCE’s Fraud Scheme.**

15 115. Plaintiff Qimin Wang also stands in the shoes of thousands of victims of GCE’s  
16 fraud scheme. She would not have enrolled in the Doctor of Education program at Grand Canyon  
17 University in March 2019 if GCE and a “counselor” acting at GCE’s direction had disclosed to  
18 her that the estimated tuition cost that GCE provided to her in fact significantly understated the  
19 true cost to complete her degree program.

20 116. In early 2019, Plaintiff Wang requested information from Grand Canyon  
21 University regarding its Doctor of Education program.

22 117. In response, Plaintiff Wang was contacted by TS from Grand Canyon University,  
23 who proceeded to communicate with Plaintiff Wang over electronic mail and telephone to  
24 persuade her to enroll in this doctoral program.

25 118. In e-mails and phone calls, TS provided Plaintiff Wang a detailed breakdown of  
26 the timeline of her coursework. TS advised Plaintiff Wang that she would be able to obtain her  
27 doctorate by completing 60 credits and should finish in approximately three years.

119. According to ED's investigation, GCE provided similar graduation timelines to other prospective students and used those timelines to lure students to enroll in doctoral degree programs at Grand Canyon University by falsely representing how long it would take students to complete their doctoral degrees.

120. Plaintiff Wang also received a "GCU Price Sheets" document from TS. This document gave her a "personalized college cost estimation" for the Doctor of Education program in Organizational Leadership at Grand Canyon University.

121. According to this "GCU Price Sheets," Plaintiff Wang could expect to pay \$39,000.00 in "Estimated Tuition" to complete her doctoral degree:

#### Academic Year (AY) 2018 - 2019

Estimated Costs	AY1	AY2	AY3	AY4	AY5	Total
Credit Hours	12	15	15	12	6	60
Estimated Tuition	\$7,800	\$9,750	\$9,750	\$7,800	\$3,900	\$39,000
Canyon Connect Fee	\$460	\$460	\$460	\$460	\$230	\$2,070
Learning Management System Fee	\$400	\$0	\$0	\$0	\$0	\$400
Course/Lab/Graduation Fees	\$0	\$795	\$795	\$0	\$150	\$1,740
<b>Total Estimated Cost</b>	<b>\$8,660</b>	<b>\$11,005</b>	<b>\$11,005</b>	<b>\$8,260</b>	<b>\$4,280</b>	<b>\$43,210</b>
<b>Scholarships and Other Aid</b>						
MOU-Coachella USD	\$780	\$975	\$975	\$780	\$390	\$3,900
<b>Total Estimated Scholarships and Other Aid</b>	<b>\$780</b>	<b>\$975</b>	<b>\$975</b>	<b>\$780</b>	<b>\$390</b>	<b>\$3,900</b>
<b>Financial Aid</b>						
<b>Total Estimated Federal Aid</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Summary</b>						
<b>Estimated Net Cost</b>	<b>\$7,880</b>	<b>\$10,030</b>	<b>\$10,030</b>	<b>\$7,480</b>	<b>\$3,890</b>	<b>\$39,310</b>
<b>Total Estimated Federal Aid</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Estimated Out of Pocket Cost (Credit)</b>	<b>\$7,880</b>	<b>\$10,030</b>	<b>\$10,030</b>	<b>\$7,480</b>	<b>\$3,890</b>	<b>\$39,310</b>

122. While this proposed cost identified three specific fees (the Canyon Connect Fee, the Learning Management System Fee, and the Course/Lab/Graduation Fees) that were included (along with the "Estimated Tuition") in the "Total Estimated Cost," it did not include the cost of any continuation courses—let alone the four different continuation courses that GCE has already

1 required Plaintiff Wang to pay for.<sup>15</sup>

2 123. According to ED's investigation, GCE provided similar proposed cost documents  
3 to other prospective students and used those documents to lure students to enroll in doctoral  
4 degree programs at Grand Canyon University by falsely representing how much it would cost  
5 students to complete their doctoral degrees.

6 124. In reliance on the graduation timeline and false and misleading estimated tuition  
7 cost and total estimated cost information provided by TS and GCE, Plaintiff Wang decided to  
8 enroll in the Doctor of Education program in Organizational Leadership at Grand Canyon  
9 University in March 2019. At that time, and throughout her studies at Grand Canyon University,  
10 Plaintiff Wang has lived in California.

11 125. Between March 2019 and February 2022, Plaintiff Wang was able to complete 17  
12 content courses at GCU and earn 51 credits toward her Doctor of Education degree.

13 126. In March 2022, Plaintiff Wang began enrolling in the first of three courses focusing  
14 on her dissertation. Policies and practices enacted by GCE, however, caused Plaintiff Wang to  
15 encounter innumerable delays in her dissertation process.

16 127. During her dissertation process, academic advisors and reviewers repeatedly told  
17 Plaintiff Wang to revise and resubmit drafts of sections for review even though those comments  
18 and edits could have been addressed more efficiently. Almost every time, the advisors and  
19 reviewers did not review Plaintiff Wang's resubmissions promptly and, instead, waited two full  
20 weeks before communicating with her.

21 128. These repeated delays were exacerbated by the fact that Grand Canyon University's  
22 policies require Plaintiff Wang to fulfill nine milestones to complete her dissertation. In  
23 connection with each milestone, Plaintiff Wang has encountered artificial bottlenecks and delays  
24 describe above. As a result, Plaintiff Wang has had to bear the cost of multiple continuation  
25

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26  
27 <sup>15</sup> While information materials provided by GCE to Plaintiff Wang mentioned continuation courses,  
28 those materials never included the cost of continuation courses in either the estimated tuition or the total  
estimated cost for Plaintiff Wang to complete her doctoral degree.

1 courses that she was not told about before she enrolled.

2 129. In May 2023, GCE required Plaintiff Wang to enroll in her first continuation  
3 course, “Research Continuation I.” Per policy established by GCE, completion of this  
4 continuation course was required for Plaintiff Wang to complete work on her dissertation, in  
5 order to earn her doctoral degree.

6 130. In September 2023, GCE required Plaintiff Wang to enroll in a second continuation  
7 course, “Research Continuation II.” Per policy established by GCE, completion of this  
8 continuation course was required for Plaintiff Wang to complete work on her dissertation, in  
9 order to earn her doctoral degree.

10 131. In February 2024, GCE required Plaintiff Wang to enroll in her third continuation  
11 course, “Research Continuation III.” Per policy established by GCE, completion of this  
12 continuation course was required for Plaintiff Wang to complete work on her dissertation, in  
13 order to earn her doctoral degree.

14 132. In May 2024, GCE required Plaintiff Wang to enroll in her fourth continuation  
15 course, “Research Continuation IV.” Per policy established by GCE, completion of this  
16 continuation course was required for Plaintiff Wang to complete work on her dissertation, in  
17 order to earn her doctoral degree.

18 133. To date, Plaintiff Wang has had to spend more than \$8,700 out of pocket to pay for  
19 these four continuation courses and may be required to incur yet more costs before completing  
20 her doctoral degree. She had had to incur these costs due to GCE’s repeated misrepresentations  
21 and omissions regarding the cost required to complete her Doctor of Education degree.

22 134. Further, even today, policies and practices enacted by GCE continue to delay  
23 Plaintiff Wang’s ability to complete her degree and stop paying tuition for continuation courses  
24 that she never expected to incur.

25 **E. Plaintiff Palmer’s Financial Loss Due to GCE’s Fraud Scheme.**

26 135. Plaintiff Sabrina Palmer stands in the shoes of thousands of victims of GCE’s fraud  
27 scheme, including the sub-class of Florida doctoral students. She would not have enrolled in the  
28



1 Doctor of Education program at Grand Canyon University if GCE and a “counselor” acting at  
2 GCE’s direction had disclosed to her in 2017 that the estimated tuition cost that GCE represented  
3 to her significantly understated the true cost to complete the Doctor of Education program.

4 136. In the spring of 2017, Plaintiff Palmer first learned about the Doctor of Education  
5 program at Grand Canyon University through a discount that GCE offered to educators in Orange  
6 County, Florida. Plaintiff Palmer then reviewed information on Grand Canyon University’s  
7 website concerning the Doctor of Education program with a concentration in Organizational  
8 Leadership, which provided the estimated cost for the degree based on the cost to complete the  
9 60 credits required.

10 137. Plaintiff Palmer also was contacted by a Grand Canyon University counselor, who  
11 communicated with her over telephone and electronic mail. To persuade Plaintiff Palmer to enroll  
12 in this doctoral program, the Grand Canyon University counselor told her that she should expect  
13 to be able to complete the program and obtain her a doctoral degree after completing the required  
14 60 credits.

15 138. In response to concerns that Plaintiff Palmer expressed about the cost of the Doctor  
16 of Education program, the Grand Canyon University counselor also sent her information  
17 regarding the estimated cost for completing the degree.

18 139. Specifically, the counselor sent a document with the estimated tuition and total  
19 estimated cost for the Doctor of Education program. According to those cost estimations, Plaintiff  
20 Palmer could expect to graduate after paying the tuition cost for 60 credits. While the cost  
21 estimation identified certain specific fees that were included (along with the estimated tuition) in  
22 the total estimated cost for completing the doctoral degree, it did not include the cost of any  
23 continuation courses—let alone the nine different continuation courses that GCE eventually  
24 required Plaintiff Palmer to take and pay for.<sup>16</sup>

25  
26  
27 <sup>16</sup> While information materials provided by GCE to Plaintiff Palmer mentioned continuation courses,  
28 those materials never included the cost of continuation courses in either the estimated tuition or the total  
estimated cost for Plaintiff Palmer to complete her doctoral degree.

1           140. According to ED’s investigation, GCE provided similar proposed cost documents  
2 to other prospective students and used those documents to lure students to enroll in doctoral  
3 degree programs at Grand Canyon University by falsely representing how much it would cost  
4 students to complete their doctoral degrees.

5           141. The information from the Grand Canyon University counselor also advised  
6 Plaintiff Palmer that if she began her doctoral program in the summer of 2017, she could expect  
7 to graduate in 2020. In other words, Plaintiff Palmer was told that she could expect to graduate  
8 with her doctoral degree within three years of beginning her doctoral studies at Grand Canyon  
9 University.

10           142. For example, Grand Canyon University sent a graduation timeline to Plaintiff  
11 Palmer, which stated that she could expect to graduate with her Doctor of Education degree after  
12 completing 60 credit hours. It did not disclose that she would need to take and pay for  
13 continuation courses to complete the Doctor of Education degree.

14           143. According to ED’s investigation, GCE provided similar graduation timelines to  
15 other prospective students and used those timelines to lure students to enroll in doctoral degree  
16 programs at Grand Canyon University.

17           144. After receiving the false and misleading estimated tuition cost and total estimated  
18 cost information and the graduation timeline, Plaintiff Palmer decided to enroll in the Doctor of  
19 Education program with a concentration in Organizational Leadership at Grand Canyon  
20 University in June 2017.

21           145. In the course of her communications with Grand Canyon University, no  
22 representative of GCE, Old GCU, or GCU Enterprise disclosed to Plaintiff Palmer the truth about  
23 the actual cost to complete the Doctor of Education degree. Even though senior GCE executives  
24 like Michael Berger knew that almost none of the doctoral students at Grand Canyon University  
25 completed their degrees with just 60 credits and that at least 70% of those students had to pay  
26 thousands, often tens of thousands, of dollars more in tuition for at least three “continuation  
27 courses” to complete their degrees, this information was never given to Plaintiff Palmer.  
28

1           146. In June 2017, Plaintiff Palmer began taking courses in Grand Canyon University's  
2 Doctor of Education program with a concentration in Organizational Leadership. Between 2017  
3 and 2023, while she was enrolled at Grand Canyon University, Plaintiff Palmer lived in Lake  
4 Mary, Florida, and took almost all of her classes remotely via online platforms.

5           147. As Plaintiff Palmer neared completion of her coursework, GCE determined that  
6 Plaintiff Palmer could not complete her Doctor of Education program with 60 credit hours and,  
7 instead, would be required to take continuation courses to complete her dissertation and earn her  
8 doctoral degree.

9           148. The many delays that Plaintiff Palmer encountered during the dissertation process  
10 resulted in her having to incur costs for continuation courses that she was not told about before  
11 enrolling at Grand Canyon University.

12           149. For example, even though Plaintiff Palmer's dissertation committee included a  
13 member who was the designated "content expert," Grand Canyon University's policies did not  
14 allow Plaintiff Palmer to communicate directly with the content expert regarding matters specific  
15 to the content of her dissertation. Instead, Plaintiff Palmer had to send her content-related  
16 questions and comments to her dissertation committee chair, who would then forward the  
17 questions and comments to the content expert, receive the content expert's responses, and then  
18 send the content expert's responses back to Plaintiff Palmer.

19           150. Further, Plaintiff Palmer's academic advisors and reviewers frequently required her  
20 to submit and resubmit drafts for review in response to minor edits. While advisors and reviewers  
21 Grand Canyon University assiduously enforced those burdensome procedural hurdles, the  
22 school's academic staff frequently failed to conduct their reviews in a prompt manner or respond  
23 promptly to Plaintiff Palmer's submissions. Instead, they habitually waited two weeks (*i.e.*, 10  
24 business days) or more to answer simple questions or offer minor edits, thus delaying her ability  
25 to complete her dissertation.

26           151. These routine delays were amplified by GCE's policies requiring doctoral students  
27 to fulfill nine milestones to complete their dissertation, which created artificial bottlenecks for  
28

Plaintiff Palmer. The cumulative effect of these roadblocks significantly delayed Plaintiff Palmer's ability to complete her dissertation without having to pay for multiple continuation courses.

152. In July 2021, GCE required Plaintiff Palmer to enroll in her first continuation course, "Research Continuation I." Per policy established by GCE, completion of this continuation course was required for Plaintiff Palmer to keep working on her dissertation. Further, between then and July 2024, Plaintiff Palmer had to enroll, and pay for, nine continuation courses to work on and complete her dissertation and obtain her Doctor of Education degree.

153. In total, and as the excerpt from a program summary created by Grand Canyon University shows, Plaintiff Palmer ultimately had to pay for 87 credits at Grand Canyon University even though the estimated tuition provided by GCE informed her that she could obtain her degree after paying for 60 credits of courses (highlighting added).

Doctor of Education in Organizational Leadership with an Emphasis in Behavioral Health  
vb11 (3)

**Program Details**

<b>Program Version:</b>	NDEOLBH11B	<b>Campus:</b>	Non Traditional
<b>Degree Pursued:</b>	Doctor of Education in Organizational Leadership	<b>Enrollment Cum. GPA:</b>	3.59
<b>Catalog:</b>	2018-2019 Catalog	<b>Status:</b>	Active
<b>Credits Current/Scheduled:</b>	0	<b>Credits Completed:</b>	60
<b>(Applied in current enrollment)</b>		<b>Credits Required:</b>	60
<b>Total Enrollment Credits:</b>	87		

As a result, Plaintiff Palmer paid approximately \$18,000 in tuition for the nine continuation courses above the estimated tuition amount that GCE had provided to her in 2017 to induce her to enroll in the Doctor of Education program.

**F. Plaintiff Carter's Financial Loss Due to GCE's Fraud Scheme.**

154. Plaintiff Kimele Carter stands in the shoes of thousands of victims of GCE's fraud scheme. She would not have enrolled in a doctoral-degree program at Grand Canyon University if GCE and a "counselor" acting at GCE's direction had disclosed to her in 2019 that the

1 estimated tuition cost that GCE represented to her significantly understated the true cost to  
2 complete the program.

3 155. In the summer of 2019, Plaintiff Carter reviewed information on Grand Canyon  
4 University's website concerning its doctoral program in Psychology, which provided the  
5 estimated costs for the degree based on the cost to complete the 60 credits required.

6 156. Plaintiff Carter next requested information from Grand Canyon University  
7 regarding that program. In response, Plaintiff Carter was contacted by a counselor from Grand  
8 Canyon University, who proceeded to communicate with Plaintiff Carter over telephone and  
9 electronic mail to persuade her to enroll in this doctoral program.

10 157. Plaintiff Carter was told that she should expect to be able to complete the program  
11 and obtain her doctoral degree in Psychology in approximately three years. The counselor from  
12 Grand Canyon University also sent Plaintiff Carter information regarding the estimated cost for  
13 completing the doctoral program.

14 158. Specifically, the information from the Grand Canyon University counselor advised  
15 Plaintiff Carter that if she began her doctoral program in the fall of 2019, she could expect to  
16 graduate in late 2022. In other words, Plaintiff Carter was told that she could expect to graduate  
17 with her doctoral degree within three years of beginning her doctoral studies at Grand Canyon  
18 University.

19 159. For example, Grand Canyon University sent a Proposed Graduation Timeline to  
20 Plaintiff Carter, which stated that she could expect to graduate with her doctoral degree after  
21 completing 60 credit hours. It did not disclose that she would need to take and pay for  
22 continuation courses to complete the doctoral program in psychology.

23 160. According to ED's investigation, GCE provided similar graduation timelines to  
24 other prospective students and used those timelines to lure students to enroll in doctoral degree  
25 programs at Grand Canyon University.

26 161. The information that Grand Canyon University sent Plaintiff Carter also included  
27 a "Proposed Cost" document detailing the "cost estimation" for her doctoral program in.  
28

1 According to this document, Plaintiff Carter could expect to graduate after paying the cost for 60  
2 credit hours in “Estimated Tuition” cost.

3 162. While this proposed cost identified certain specific fees that were included (along  
4 with the “Estimated Tuition”) in the “Total Estimated Cost,” it did not include the cost of any  
5 continuation course for which GCE eventually required Plaintiff Carter to pay or the cost of any  
6 credit hours above 60.<sup>17</sup>

7 163. According to ED’s investigation, GCE provided similar proposed cost documents  
8 to other prospective students and used those documents to lure students to enroll in doctoral  
9 degree programs at Grand Canyon University by falsely representing how much it would cost  
10 students to complete their doctoral degrees.

11 164. After receiving the graduation timeline and the false and misleading estimated  
12 tuition cost and total estimated cost information from GCE, Plaintiff Carter decided to enroll in  
13 the Ph.D. program in Psychology at Grand Canyon University in September 2019.

14 165. In the course of Plaintiff Carter’s communications with Grand Canyon University,  
15 no representative of GCE or Grand Canyon University disclosed to her the truth about the actual  
16 cost to complete her Ph.D. program. Even though senior GCE executives like Michael Berger  
17 knew that almost none of the doctoral students at Grand Canyon University completed their  
18 degrees with just 60 credits and that at least 70% of those students had to pay thousands, often  
19 tens of thousands, of dollars more in tuition for at least three “continuation courses” to complete  
20 their degrees, this information was never given to Plaintiff Carter.

21 166. In or about September 2019, Plaintiff Carter began taking courses in Grand Canyon  
22 University’s Ph.D. program in Psychology.

23 167. In early 2020, Plaintiff Carter switched to the Doctor of Education program with a  
24 concentration on Organizational Leadership. Before she made the switch, Plaintiff Carter  
25

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26  
27 <sup>17</sup> While information materials provided by GCE to Plaintiff Carter mentioned continuation courses,  
28 those materials never included the cost of continuation courses in either the estimated tuition or the total  
estimated cost for Plaintiff Carter to complete her doctoral degree.

1 inquired about the estimated cost of the Doctor of Education program. Grand Canyon University  
2 provided Plaintiff Carter with an estimated tuition based on the required 60 credits and did not  
3 inform Plaintiff Carter that the true estimated tuition for the Doctor of Education degree would  
4 exceed the cost of those 60 credit hours.

5 168. Despite having changed programs, Plaintiff Carter was able to complete 60 credit  
6 hours for her Doctor of Education program by late 2022. However, as Plaintiff Carter neared  
7 completion of her 60 credit hours of required coursework, GCE determined that Plaintiff Carter  
8 could not complete her doctoral program with those 60 credit hours and, instead, would be  
9 required to take continuation courses to complete her dissertation and earn a doctoral degree.

10 169. The many delays that Plaintiff Carter encountered during the dissertation process  
11 resulted in her having to incur costs for continuation courses that she was not told about before  
12 enrolling at Grand Canyon University.

13 170. For example, while working on her dissertation, Plaintiff Carter's dissertation  
14 advisor often required her to get separate approvals from different academic staff at Grand  
15 Canyon University just to submit drafts for review. Plaintiff Carter's academic advisors also  
16 repeatedly required her to submit and resubmit drafts for review in response to minor and  
17 insignificant edits that could have been addressed more efficiently. While Grand Canyon  
18 University assiduously enforced those burdensome procedural hurdles, Plaintiff Carter found that  
19 the school's academic staff frequently failed to conduct their reviews in a prompt manner or  
20 respond promptly to her submissions. Instead, they habitually waited two weeks (*i.e.*, 10 business  
21 days) to answer simple questions or offer minor edits, thus delaying Plaintiff Carter's ability to  
22 make progress on her dissertation.

23 171. These routine delays were amplified by GCE policies requiring doctoral students  
24 to fulfill nine milestones to complete their dissertation, which created artificial bottlenecks for  
25 Plaintiff Carter. The cumulative effect of these roadblocks significantly delayed Plaintiff Carter's  
26 ability to complete her dissertation without having to pay for continuation courses.



172. Specifically, GCE required Plaintiff Carter to enroll in her first continuation course, “Research Continuation I.” Per policy established by GCE, completion of this continuation course was required for Plaintiff Carter to keep working on her dissertation.

173. GCE also required Plaintiff Carter to enroll in a second continuation course, “Research Continuation II.” Per policy established by GCE, enrolling in this continuation course was required for Plaintiff Carter to keep working on her dissertation.<sup>18</sup>

174. In 2023, and in the middle of her second continuation course, Plaintiff Carter had to pause her doctoral program to care for a family member with health problems. By that time, Plaintiff Carter had paid for 66 credit hours to Grand Canyon University for her Doctor of Education program.<sup>19</sup> Yet, she was not yet able to complete her dissertation or obtain her Doctor of Education degree. Due to GCE’s repeated misrepresentations and omissions regarding the cost required to complete her doctoral program., Plaintiff Carter paid more than \$4,000 for continuation courses above the estimated tuition that she was given.

## V. CLASS ACTION ALLEGATIONS

175. Plaintiffs bring this action as a class action pursuant to Rules 23(a), 23(b)(2), and 23(b)(3) of the Federal Rules of Civil Procedure, individually and on behalf of all others similarly situated.

176. Plaintiffs seek to represent the following classes:

**Nationwide Class:** All persons who enrolled in one of the doctoral programs at Grand Canyon University and paid for one or more “continuation courses” on or after June 13, 2020.

**California Subclass:** All persons in California who enrolled in one of the doctoral

<sup>18</sup> Throughout her studies at Grand Canyon University, and until this day, Plaintiff Carter has lived in San Antonio, Texas and taken almost all of her classes remotely via online platforms.

<sup>19</sup> Plaintiff Carter also paid for courses she took in 2019 for her doctoral degree in Psychology that she was not able to transfer to her doctoral program in Education. The credit hours for those Psychology courses are **not** included in the 66 credit hours discussed in this paragraph.

1 programs at Grand Canyon University and paid for one or more “continuation courses”  
 2 on or after June 13, 2020.

3 **Florida Subclass:** All persons in Florida who enrolled in one of the doctoral programs at  
 4 Grand Canyon University and paid for one or more “continuation courses” on or after June  
 5 13, 2020.

6 **West Virginia Subclass:** All persons in California who enrolled in one of the doctoral  
 7 programs at Grand Canyon University and paid for one or more “continuation courses”  
 8 on or after June 13, 2020.

9 The Nationwide Class, California Subclass, Florida Subclass, and West Virginia Subclass are all  
 10 referred to as the “Class” or the “Classes.” Members of each of the Classes are referred to,  
 11 collectively, as “Class Members.”

12 177. Excluded from the Class are (1) GCE and GCU employees; (2) the judicial officers  
 13 and the Court staff assigned to this case and their immediate family members.

14 178. Plaintiffs reserve the right to modify or amend the Class definition, as appropriate,  
 15 during the course of this litigation.

16 179. This action has been brought and may properly be maintained on behalf of the Class  
 17 proposed herein under the criteria of Rule 23 of the Federal Rules of Civil Procedure.

18 180. **Numerosity – Federal Rule of Civil Procedure 23(a)(1).** Class Members are so  
 19 numerous and geographically dispersed that individual joinder of all Class Members is  
 20 impracticable. While the precise number of Class Members is presently unknown, ED data  
 21 indicates that there are more than 7,000 Class Members. The identities of the Class Members—  
 22 and the members of each Class—may be ascertained from books and records accessible to GCE  
 23 and GCU.

24 181. **Commonality and Predominance – Federal Rule of Civil Procedure 23(a)(2)**  
 25 **and 23(b)(3).** This action involves common questions of law and fact, which predominate over  
 26 any questions affecting individual Class Members, including, without limitation:  
 27  
 28

- a. whether GCE devised a fraud scheme to obtain money by means of false or fraudulent representations to prospective GCU students about the true cost of GCU's doctoral programs and the actual number of credits needed to graduate;
- b. whether GCE knowingly executed this fraud scheme;
- c. whether for purposes of executing this fraud scheme, GCE transmitted or caused to be transmitted any writings, signs, or signals by wire in interstate commerce;
- d. whether for purposes of executing this fraud scheme, GCE placed or caused to be placed any matter or thing to be delivered by mail;
- e. whether GCE conducted this fraud scheme leveraging its control over GCU as the RICO enterprise;
- f. whether GCE invested income from its fraud scheme to acquire an interest in Gazelle University for the purpose of establishing a RICO enterprise under the guise of a new, non-profit GCU in 2018;
- g. whether GCE violated section 1962(a) and 1962(c) of RICO;
- h. whether GCE's conduct in connection with its fraud scheme violated California consumer protection statutes;
- i. whether GCE's conduct in connection with its fraud scheme violated the Florida DUTPA;
- j. whether GCE's conduct in connection with its fraud scheme violated the West Virginia Consumer Fraud Statute;
- k. whether Plaintiffs and the Class have been harmed as a result of GCE's fraud scheme; and
- l. whether Plaintiffs and the Class are entitled to equitable or injunctive relief, including but not limited to prohibiting GCE from engaging in the same type

1 of fraudulent misrepresentations as alleged here, pursuant to 18 U.S.C. §  
2 1964(a).

3 182. **Typicality – Federal Rule of Civil Procedure 23(a)(3).** Plaintiffs’ claims are  
4 typical of the other Class Members’ claims because Plaintiffs and each of the other Class  
5 Members first enrolled in a doctoral program at GCU between January 1, 2017, and October 31,  
6 2023, and because Plaintiffs and each of the other Class Members were given false or fraudulent  
7 representations by GCE concerning the true cost and the actual number of credits needed to  
8 complete those doctoral degrees. Plaintiffs and each of the other Class Members suffered  
9 damages as a direct proximate result of the same wrongful practices in which GCE engaged.  
10 Plaintiffs’ claims arise from the same practices and course of conduct that give rise to the claims  
11 of the other Class Members.

12 183. **Adequacy of Representation – Federal Rule of Civil Procedure 23(a)(4).**  
13 Plaintiffs will fairly and adequately protect the interests of the Classes. By prevailing on their  
14 own claims, Plaintiffs will establish GCE’s liability to all Class Members. Plaintiffs’ counsel are  
15 unaware of any conflicts of interest between Plaintiffs as class representatives and absent Class  
16 Members with respect to the matters at issue in this litigation. Plaintiffs will vigorously prosecute  
17 the suit on behalf of the Classes. Plaintiffs have retained counsel with substantial experience in  
18 handling complex class action litigation, including complex questions that arise in this type of  
19 fraud and consumer protection litigation. Further, Plaintiffs and their counsel are committed to  
20 the vigorous prosecution of this action.

21 184. **Declaratory and Injunctive Relief – Federal Rule of Civil Procedure 23(b)(2).**  
22 GCE has acted or refused to act on grounds generally applicable to Plaintiffs and the other Class  
23 Members, thereby making appropriate final injunctive relief and declaratory relief, including but  
24 not limited to prohibiting GCE from engaging in the same type of fraudulent misrepresentations  
25 as alleged herein, with respect to the Class as a whole.

26 185. **Insufficiency of Separate Actions.** Absent a class action, Plaintiffs and Class  
27 Members will continue to suffer the harm described herein, for which they would have no  
28

remedy. Even if individual Grand Canyon University doctoral student could bring separate actions, the resulting multiplicity of lawsuits would cause undue burden and expense for both the Court and the litigants, as well as create a risk of inconsistent rulings and adjudications that might be dispositive of the interests of similarly situated consumers, substantially impeding their ability to protect their interests, while establishing incompatible standards of conduct for GCE.

186. **Superiority – Federal Rule of Civil Procedure 23(b)(3).** A class action is superior to any other available means for the fair and efficient adjudication of this controversy for at least the following reasons:

- a) The damages suffered by each individual Class Member do not justify the burden and expense of individual prosecution of the complex and extensive litigation necessitated by GCE's conduct;
- b) Even if individual Class Members had the resources to pursue individual litigation, it would be unduly burdensome to the courts in which the individual litigation would proceed;
- c) The claims presented in this case predominate over any questions of law or fact affecting individual members of the Classes;
- d) Individual joinder of all Class Members is impracticable;
- e) Absent a class action, Plaintiffs and Class Members will continue to suffer harm as a result of GCE's unlawful conduct; and
- f) This action presents no difficulty that would impede its management by the Court as a class action, which is the best available means by which Plaintiff and Class Members can seek redress for the harm caused by GCE.

187. In the alternative, the Classes may be certified for the following reasons:

- a) The prosecution of separate actions by individual Class Members would create a risk of inconsistent or varying adjudication concerning individual

members of the Classes, which would establish incompatible standards of conduct for GCE;

- b) Adjudications of claims of the individual Class Members against GCE would, as a practical matter, be dispositive of the interests of other putative Class Members who are not parties to the adjudication and may substantially impair or impede the ability of other putative Class Members to protect their interests; and
- c) GCE has acted or refused to act on grounds generally applicable to the putative Class Members, thereby making appropriate final and injunctive relief concerning the putative Classes as a whole.

## VI. CLAIMS ASSERTED

### COUNT I

#### USING PROCEEDS OF RACKETEERING ACTIVITY TO ACQUIRE AN INTEREST IN OR TO ESTABLISH A RICO ENTERPRISE IN VIOLATION OF 18 U.S.C. § 1962(A)

#### (ON BEHALF OF THE NATIONWIDE CLASS)

188. Plaintiffs reallege and incorporate by reference the allegations contained in Paragraphs 1-187, as though fully set forth herein.

189. 18 U.S.C. § 1962(a) provides, in relevant part:

“It shall be unlawful for any person who has received any income derived, directly or indirectly, from a pattern of racketeering activity . . . to use or invest, directly or indirectly, any part of such income, or the proceeds of such income, in acquisition of any interest in, or the establishment or operation of, any enterprise which is engaged in, or the activities of which affect, interstate or foreign commerce. . . .”

190. At all relevant times, Defendant GCE was a “person” within the meaning of 18 U.S.C. § 1962(c), because it was an “entity capable of holding a legal or beneficial interest in property[.]” *See* 18 U.S.C. § 1961(3)

191. Between August 2017 and July 2018, as set forth above, *see, e.g., supra* ¶¶ 35-81, Defendant GCE received income derived, directly or indirectly, from a pattern of racketing



1 activity, including by engaging in numerous and repeated uses of the mails and interstate wire  
2 communications to execute a scheme to defraud students to enroll in doctoral programs at its  
3 subsidiary Old GCU in violation of 18 U.S.C. § 1341 and 1343.

4 192. In July 2018, Defendant GCE used or invested part of such income, or proceeds of  
5 such income, to acquire an interest in a RICO enterprise—namely, the GCU Enterprise—through  
6 Project Gazelle, including by obtaining the Senior Secured Note from GCU.

7 193. In July 2018, Defendant GCE also used or invested part of such income or proceeds  
8 of such income to establish the operation of the GCU enterprise through Project Gazelle.

9 194. Defendant GCE committed or aided and abetted the commission of at least two acts  
10 of racketeering activity, *i.e.*, indictable violations of 18 U.S.C. §§ 1341 and 1343, between  
11 August 2017 and July 2018.

12 195. These multiple acts of racketeering activity that Defendant GCE committed and/or  
13 aided and abetted in the commission of, were related to each other, pose a threat of continued  
14 racketeering activity, and therefore constitute a “pattern of racketeering activity” under 18 U.S.C.  
15 § 1961(5).

16 196. Defendant GCE’s predicate acts of racketeering within the meaning of 18 U.S.C. §  
17 1961(1) include, but are not limited to:

18 a) **Mail Fraud**: GCE violated 18 U.S.C. § 1341 by sending or receiving, or  
19 causing to be sent or received, materials via U.S. mail or commercial  
20 interstate carriers for the purpose of executing the scheme to defraud  
21 students to enroll in Old GCU’s doctoral programs, which amounts to a  
22 material scheme to defraud and to obtain money on false pretenses,  
23 misrepresentations, promises, and/or omissions. The materials include, but  
24 are not limited to, marketing materials, enrollment materials, and invoices  
25 sent by GCE to doctoral students at Old GCU.

26 b) **Wire Fraud**: GCE violated 18 U.S.C. § 1343 by transmitting or receiving,  
27 or causing to be transmitted or received, materials via wire for the purpose  
28

1 of executing the scheme to defraud students to enroll in Old GCU's doctoral  
2 programs, which amounts to a material scheme to defraud and to obtain  
3 money on false pretenses, misrepresentations, promises, and/or omissions.  
4 The materials include, but are not limited to, marketing information  
5 presented on Old GCU's website, emails to doctoral students at Old GCU,  
6 and interstate credit card transactions.

7 197. Defendant GCE knowingly and intentionally made misrepresentations concerning  
8 the cost of Old GCU's doctoral programs and/or failed to disclose material facts concerning their  
9 true cost. GCE either knew or recklessly disregarded that these were material misrepresentations  
10 and/or omissions.

11 198. Defendant GCE obtained money and property belonging to Plaintiff Wang and  
12 other Class Members as a result of these violations of 18 U.S.C. §§ 1341 and 1343. Plaintiff  
13 Wang and other Class Members have been injured in their business or property by GCE's overt  
14 acts of mail fraud and wire fraud.

15 199. Plaintiffs and other Class Members have been injured in their property by reasons  
16 of Defendant GCE's violation of 18 U.S.C. § 1962, including the tuition they paid to Old GCU,  
17 which collectively amount to tens of millions of dollars, plus interest on their student loans and  
18 late fees charged by their credit cards. In the absence of GCE's violation of 18 U.S.C. § 1962,  
19 Plaintiffs and the Class would not have incurred those losses.

20 200. Plaintiffs other Class Members' injuries were directly and proximately caused by  
21 Defendant GCE's racketeering activity.

22 201. Defendant GCE knew and intended that Plaintiffs and other Class Members would  
23 rely on the misrepresentations and omissions propagated as part of this scheme to defraud. GCE  
24 knew and intended for Plaintiff Wang and the Class to pay excess tuition to Old GCU as a result  
25 of this scheme.

26 202. Under 18 U.S.C. § 1964(c), Plaintiffs and other Class Members are entitled to bring  
27 this action and to recover treble damages as well as the cost to bring this action and reasonable  
28 attorneys' fees.

## COUNT II

### CONDUCTING A RICO ENTERPRISE’S AFFAIRS THROUGH A PATTERN OF RACKETEERING ACTIVITY IN VIOLATION OF 18 U.S.C. § 1962(c) (ON BEHALF OF THE NATIONWIDE CLASS)

203. Plaintiffs reallege and incorporate by reference the allegations contained in Paragraphs 1-187, as though fully set forth herein.

204. 18 U.S.C. § 1962(c) provides, in relevant part:

“It shall be unlawful for any person employed by or associated with any enterprise engaged in, or the activities of which affect, interstate or foreign commerce, to conduct or participate, directly or indirectly, in the conduct of such enterprise’s affairs through a pattern of racketeering activity ... .”

205. At all relevant times, Defendant GCE was a “person” within the meaning of 18 U.S.C. § 1962(c), because it was an “entity capable of holding a legal or beneficial interest in property[.]” *See* 18 U.S.C. § 1961(3).

206. As set forth above, *see, e.g., supra* ¶¶ 35–87, Defendant GCE was associated with a RICO enterprise—namely, the GCU Enterprise—and conducted and participated in the GCU Enterprise’s affairs through a pattern of racketeering activity, as defined in 18 U.S.C. § 1961(5), including by engaging in numerous and repeated uses of the mails and interstate wire communications to execute a scheme to defraud students to enroll in doctoral programs at GCU in violation of 18 U.S.C. § 1341 and 1343.

207. During all relevant times, Defendant GCE established and used the GCU Enterprise through Project Gazelle and used that enterprise to carry out the scheme to defraud and a pattern of racketeering activity, including to defraud students to enroll in doctoral programs at GCU.

208. Defendant GCE committed or aided and abetted the commission of at least two acts of racketeering activity, *i.e.*, indictable violations of 18 U.S.C. §§ 1341 and 1343, within the past 10 years.

209. These multiple acts of racketeering activity that Defendant GCE committed and/or aided and abetted in the commission of, were related to each other, pose a threat of continued racketeering activity, and therefore constitute a “pattern of racketeering activity” under 18 U.S.C.

§ 1961(5).

210. Defendant GCE's predicate acts of racketeering within the meaning of 18 U.S.C. § 1961(1) include, but are not limited to:

- a) **Mail Fraud**: GCE violated 18 U.S.C. § 1341 by sending or receiving, or causing to be sent or received, materials via U.S. mail or commercial interstate carriers for the purpose of executing the scheme to defraud students to enroll in GCU's doctoral programs, which amounts to a material scheme to defraud and to obtain money on false pretenses, misrepresentations, promises, and/or omissions. The materials include, but are not limited to, marketing materials, enrollment materials, and invoices sent by GCE to doctoral students at GCU.
- b) **Wire Fraud**: GCE violated 18 U.S.C. § 1343 by transmitting or receiving, or causing to be transmitted or received, materials via wire for the purpose of executing the scheme to defraud students to enroll in GCU's doctoral programs, which amounts to a material scheme to defraud and to obtain money on false pretenses, misrepresentations, promises, and/or omissions. The materials include, but are not limited to, marketing information presented on GCU's website, emails to doctoral students at GCU, and interstate credit card transactions.

211. Defendant GCE knowingly and intentionally made misrepresentations concerning the cost of GCU's doctoral programs and/or failed to disclose material facts concerning their true cost. GCE either knew or recklessly disregarded that these were material misrepresentations and/or omissions.

212. Defendant GCE and its associated entity GCU obtained money and property belonging to Plaintiffs and other Class Members as a result of these violations of 18 U.S.C. §§ 1341 and 1343. Plaintiffs and other Class Members have been injured in their business or property by GCE's overt acts of mail fraud and wire fraud.

213. Plaintiffs and other Class Members have been injured in their property by reasons of Defendant GCE's violation of 18 U.S.C. § 1962, including the tuition they paid to GCU, which collectively amount to tens of millions of dollars, plus interest on their student loans and late fees charged by their credit cards. In the absence of GCE's violation of 18 U.S.C. § 1962, Plaintiffs and the Class would not have incurred those losses.

214. Plaintiffs' and other Class Members' injuries were directly and proximately caused by Defendant GCE's racketeering activity.

215. Defendant GCE knew and intended that Plaintiffs and other Class Members would rely on the misrepresentations and omissions propagated as part of this scheme to defraud. GCE knew and intended for Plaintiffs and the Class to pay excess tuition to GCU as a result of this scheme.

216. Under 18 U.S.C. § 1964(c), Plaintiffs and other Class Members are entitled to bring this action and to recover treble damages as well as the cost to bring this action and reasonable attorneys' fees.

### COUNT III

#### UNTRUE OR MISLEADING REPRESENTATIONS IN VIOLATION OF CAL. BUS. AND PROF. CODE § 17500

#### (ON BEHALF OF THE CALIFORNIA SUBCLASS)

217. Plaintiffs reallege and incorporate by reference the allegations contained in Paragraphs 1-187, as though fully set forth herein.

218. During all relevant times, Defendant GCE has engaged in, and continues to engage in, and/or has aided and abetted, and continues to aid and abet, acts or practices that constitute violations of Cal. Business and Professions Code § 17500 et seq., by making or causing to be made untrue or misleading statements with the intent to induce members of the public to purchase services relating to the doctoral programs at Grand Canyon University.

219. GCE's untrue or misleading representations to Plaintiff Wang and other Class Members in California include, but are not limited to, affirmative misrepresentations and omissions concerning the cost of the doctoral degree programs at Grand Canyon University. The

misrepresentations and omissions made to Plaintiff Wang on which she relied are set forth above in Paragraphs 169-89.

220. At the time the misrepresentations and omissions set forth in the preceding Paragraph were made, GCE knew, or by the exercise of reasonable care should have known, that the representations were untrue or misleading.

221. As a result of GCE's untrue or misleading representations and omissions, Plaintiff Wang and other Class Members in California are entitled to an order, pursuant to Cal. Business and Professions Code § 17535, enjoining such future conduct by GCE and such other orders and judgments that may be necessary to provide restitutionary disgorgement of GCE's ill-gotten gains and to restore to any Class member in California all monies paid as a result of GCE's untrue or misleading statements.

#### **COUNT IV**

#### **UNFAIR COMPETITION IN VIOLATION OF CAL. BUS. AND PROF. CODE § 17200**

#### **(ON BEHALF OF THE CALIFORNIA SUBCLASS)**

222. Plaintiffs reallege and incorporate by reference the allegations contained in Paragraphs 1-216, as though fully set forth herein.

223. During all relevant times, Defendant GCE has engaged in, and continues to engage in, and/or has aided and abetted, and continues to aid and abet, business acts or practices that constitute unfair competition as defined in the Unfair Competition Law, Business and Professions Code § 17200 *et seq.*, in that such business acts and practices are unlawful, unfair, and fraudulent within the meaning of that statute.

224. The business acts and practices engaged in by GCE that violate the Unfair Competition Law include:

- a) Providing Plaintiff Wang and Class Members in California with untrue, misleading, unreliable, and/or inaccurate information concerning the cost of the doctoral programs at Grand Canyon University; and



b) Omitting material facts concerning the true cost of the doctoral programs at Grand Canyon University in communications with Plaintiff Wang and Class Members in California.

225. These business acts and practices are unlawful because they violate laws including:

- a) Cal. Business and Professions Code § 17500;
- b) RICO;
- c) 34 C.F.R. §§ 688.71-73; and
- d) Federal and state laws and regulations, including those preclude misrepresentations to students and potential students and those governing accreditation standards and disclosures.

226. These business acts and practices are unfair in that GCE have caused doctoral students like Plaintiff Wang to pay thousands, sometimes tens of thousands, of dollars in unanticipated costs for continuation courses. These acts and practices violate public policy and are also immoral, unethical, oppressive, unscrupulous, and/or substantially injurious to consumers.

227. These business acts and practices are fraudulent in that GCE's untrue and misleading representations and omissions regarding the accreditation of their professional graduate degree or certification programs are likely to, and in fact have, deceived the public.

228. As a result of Defendants' unlawful, unfair, and fraudulent business acts and practices, Plaintiff Wang and the Class Members in California are entitled to an order, pursuant to Business and Professions Code § 17203, enjoining such future conduct by GCE and such other orders and judgments that may be necessary to provide restitutionary disgorgement of GCE's ill-gotten gains and to restore to any Class member all monies paid as a result of GCE's conduct.

## COUNT V

### VIOLATION OF THE CONSUMER LEGAL REMEDIES ACT CAL. CIVIL CODE § 1750

(ON BEHALF OF THE CALIFORNIA SUBCLASS)

229. Plaintiffs reallege and incorporate by reference the allegations contained in

1 Paragraphs 1-187, as though fully set forth herein.

2 230. GCE has engaged in, and continues to engage in, and has aided and abetted, and  
3 continues to aid and abet, practices that violate the Consumer Legal Remedies Act (“CLRA”),  
4 Civil Code § 1750 *et seq.*, specifically unfair, deceptive, unlawful, and unconscionable  
5 commercial practices in connection with the sale of services to consumers.

6 231. Plaintiff Wang and other Class Members in California are “consumers” as defined  
7 by Cal. Civil Code § 1761(d). The doctoral programs promoted and provided by GCE are  
8 “services” as defined by Civil Code § 1761(b).

9 232. The practices engaged in by GCE that violate the CLRA include:

- 10 a) Providing Plaintiff Wang and Class Members in California with untrue,  
11 misleading, unreliable, and/or inaccurate information concerning the cost of  
12 the doctoral programs at Grand Canyon University; and  
13 b) Omitting material facts concerning the true cost of the doctoral programs at  
14 Grand Canyon University in communications with Plaintiff Wang and Class  
15 Members in California.

16 *See, e.g.*, Civil Code §§ 1770(a)(2)-(3), (5), (7), (9), (14).

17 233. As a result of GCE’s violations, Plaintiff Wang and other Class Members in  
18 California suffered ascertainable monetary losses in the form of tuition they paid and/or debts  
19 they incurred for GCE’s doctoral programs and (including interest), which they would not have  
20 incurred but for GCE’s unlawful practices.

21 234. Pursuant to Cal. Civil Code § 1782, on or around June 12, 2024, Plaintiff Wang  
22 notified GCE in writing via certified mail, return receipt requested, to GCE’s principal places of  
23 business, of the particular violations of the CLRA, as set forth in Exhibit 4. In that letter, Plaintiff  
24 Wang demanded that GCE rectify the actions described above by providing monetary relief,  
25 agreeing to be bound by its legal obligations, and giving notice to all affected customers of  
26 its intent to do so. GCE has not complied to date.

**COUNT VI**

**UNFAIR METHODS OF COMPETITION, UNCONSCIONABLE ACTS OR PRACTICES, AND UNFAIR  
OR DECEPTIVE ACTS AND PRACTICES IN THE CONDUCT OF ANY TRADE OR COMMERCE  
IN VIOLATION OF FLA. STAT. §§ 501.201 *et seq.***

**(ON BEHALF OF THE FLORIDA SUBCLASS)**

235. Plaintiffs reallege and incorporate by reference the allegations contained in Paragraphs 1-187, as though fully set forth herein.

236. Florida Statute § 501.204(1) provides, in relevant part, that:

“Unfair methods of competition, unconscionable acts or practices, and unfair or deceptive acts or practices in the conduct of any trade or commerce are hereby declared unlawful.”

237. At all relevant times, Plaintiff Palmer and other Class Members in Florida were “consumers” within the meaning of the Florida DUPTA, because they enrolled in, and paid for, doctoral program courses offered by Grand Canyon University. *See* Fla. Stat. § 501.203(7).

238. At all relevant times, Defendant GCE engaged in “trade or commerce” within the meaning of the Florida DUPTA because it engaged in the advertising, sale, and distribution of services in Florida. Specifically, GCE marketed and distributed doctoral programs at Grand Canyon University to residents of Florida, including Plaintiff Palmer and the other Class Members in Florida. *See* Fla. Stat. § 501.203(8).

239. Defendant GCE has engaged, and continues to engage, in unfair methods of competition, unconscionable acts and practices, and unfair or deceptive acts or practices in conducting trade or commerce, as defined in the Florida DUPTA. *See* Fla. Stat. § 501.204(1).

240. The acts and practices engaged in by Defendant GCE that violate the Florida DUPTA include, without limitation:

- a) Providing Plaintiff Palmer and other Class Members in Florida with untrue, misleading, unreliable, and/or inaccurate information concerning the cost of doctoral programs at Grand Canyon University; and

b) Advertising to Plaintiff Palmer and other Class Members in Florida regarding the doctoral programs at Grand Canyon University with the intent not to provide this service as advertised.

241. As a result of Defendant GCE's unconscionable, unfair, or deceptive acts or practices, Plaintiff Palmer and other Class Members in Florida enrolled in doctoral programs at Grand Canyon University and were required to incur higher tuition costs than Defendant GCE informed them of. These costs incurred amount to actual damages, as defined in the Florida DUPTA. *See* W Fla. Stat. § 501.211(2).

242. Plaintiff Palmer's and other Florida Class Members' actual damages were directly and proximately caused by Defendant GCE's unconscionable, unfair, or deceptive acts or practices.

243. Pursuant to Fla. Stat. § 501.211, Plaintiff Palmer and other Florida Class Members seek an order enjoining the above unconscionable, unfair, or deceptive acts or practices and awarding actual damages, treble damages, restitution, attorneys' fees, and any other just and proper relief available under the Florida UDTPA against GCE.

## COUNT VII

### UNFAIR METHODS OF COMPETITION AND UNFAIR OR DECEPTIVE ACTS AND PRACTICES IN VIOLATION OF W. VA. CODE § 46A-6

#### (ON BEHALF OF THE WEST VIRGINIA SUBCLASS)

244. Plaintiffs reallege and incorporate by reference the allegations contained in Paragraphs 1-187, as though fully set forth herein.

245. West Virginia Code § 46A-6-104 provides, in relevant part:

“Unfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce are hereby declared unlawful.”

246. At all relevant times, Plaintiff Smith and other Class Members in West Virginia were “consumers” within the meaning of the West Virginia Consumer Protection Law, because they were “a natural person to whom a sale or lease is made in a consumer transaction and a

1 ‘consumer transaction’ means a sale or lease to a natural person or persons for a personal, family,  
2 household or agricultural purpose.” *See* W. Va. Code § 46A–6-102(2).

3 247. At all relevant times, Defendant GCE engaged in “trade or commerce” within the  
4 meaning of the West Virginia Consumer Protection Law because it engaged in the advertising,  
5 sale, and distribution of services<sup>20</sup> that affected people of the state of West Virginia. Specifically,  
6 GCE marketed and distributed doctoral programs at Grand Canyon University to residents of  
7 West Virginia, including Plaintiff Smith and the other Class Members in West Virginia. *See* W.  
8 Va. Code § 46A–6-102(6).

9 248. Defendant GCE has engaged, and continues to engage, in unfair methods of  
10 competition and deceptive acts or practices in conducting trade or commerce, as defined in the  
11 West Virginia Consumer Protection Law. *See* W. Va. Code § 46A–6-102(7).

12 249. The acts and practices engaged in by Defendant GCE that violate the West Virginia  
13 Consumer Protection Law include, without limitation:

- 14 a) Providing Plaintiff Smith and other Class Members in West Virginia with  
15 untrue, misleading, unreliable, and/or inaccurate information concerning the  
16 cost of doctoral programs at Grand Canyon University; and
- 17 b) Advertising to Plaintiff Smith and other Class Members in West Virginia  
18 regarding the doctoral programs at Grand Canyon University with the intent  
19 not to provide this service as advertised.

20 250. As a result of Defendant GCE’s unfair and deceptive acts or practices, Plaintiff  
21 Smith and other Class Members in West Virginia enrolled in doctoral programs at Grand Canyon  
22 University and were required to incur higher tuition costs than Defendant GCE informed them  
23  
24

25  
26 <sup>20</sup> As recognized by the Supreme Court of Appeals of West Virginia, “[c]onsidered in the context of the  
27 CCPA, we see that a ‘service’ includes a peculiar legal right with respect to education . . . *State ex rel.*  
28 *Morrissey v. Diocese of Wheeling-Charleston*, 244 W. Va. 92, 97, 851 S.E.2d 755, 760 (2020) (*citing*  
*Mountain State Coll. v. Holsinger*, 230 W. Va. 678, 684, 742 S.E.2d 94, 100 (2013) (describing private  
college as “seller of education services”)).

of. These costs incurred amount to an ascertainable loss, as defined in the West Virginia Consumer Protection Law. *See* W. Va. Code § 46A–6-106.

251. Plaintiff Smith’s and other West Virginia Class Members’ ascertainable losses were directly and proximately caused by Defendant GCE’s unfair and deceptive acts or practices.

252. On March 19, 2024, Plaintiff Smith sent correspondence to Defendant GCE, in writing and by certified mail, notifying it of its violations of the West Virginia Consumer Protection Law. At the time of this filing, Defendant GCE has not made a cure offer to Plaintiff Smith.

## **VII. REQUEST FOR RELIEF**

WHEREFORE, Plaintiffs seek entry of judgment against Defendant GCE as follows:

- a. Certifying the Classes as requested herein, designating Plaintiffs as class representatives, and appointing the undersigned counsel as Class Counsel;
- b. Ordering Defendant GCE to cease and desist from engaging in any further violation of 18 U.S.C. §§ 1962, 1341, and 1343, including to make any further misrepresentation or material omission concerning the cost of doctoral programs at GCU using mail or the interstate wire system;
- c. Entering judgment against Defendant GCE in an amount equal to three times the amount of damages that the Plaintiffs and the Class to their property by reason of Defendant GCE’s violation of 18 U.S.C. §§ 1962(a) and 1962(c);
- d. Awarding injunctive relief as permitted by law or equity;
- e. Awarding Plaintiffs’ reasonable attorneys’ fees, costs, and expenses;
- f. Awarding pre- and post-judgment interest on any amounts awarded;
- g. Awarding Plaintiffs and the Class all costs of this action, including their reasonable attorneys’ fees and expenses, pursuant to 18 U.S.C. § 1964(c); and
- h. Awarding such other and further relief as may be just and proper.



**VIII. JURY TRIAL DEMANDED**

Plaintiffs demand a trial by jury on all causes of action so triable.

Dated: September 20, 2024

/s/ Adam Levitt

ADAM LEVITT

Li Yu\*

**DICELLO LEVITT LLP**

485 Lexington Avenue, Suite 1001

New York, New York 10017

Tel. (646) 933-1000

lyu@dicellolevitt.com

Adam J. Levitt (Ariz. Bar. No. 038655)

**DICELLO LEVITT LLP**

Ten North Dearborn Street, Sixth Floor

Chicago, Illinois 60602

Tel. (312) 214-7900

alevitt@dicellolevitt.com

Peter C. Soldato\*

Joseph Frate\*

**DICELLO LEVITT LLP**

8160 Norton Parkway

Mentor, Ohio 44060

Tel. (440) 953-8888

psoldato@dicellolevitt.com

jfrate@dicellolevitt.com

***Counsel for Plaintiffs and the Proposed Class***

Christopher J. Bryant\*

Eric Rothchild\*

Madeline Wiseman\*\*

**NATIONAL STUDENT LEGAL  
DEFENSE NETWORK**

1701 Rhode Island Avenue NW

Washington, DC 20036

Tel. 202-734-7495

[Chris@defendstudents.org](mailto:Chris@defendstudents.org)

[Eric@defendstudents.org](mailto:Eric@defendstudents.org)

\*Admitted Pro Hac Vice

\*\*Pro Hac Vice Admission Pending