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U.S. Department of Education signs plan to protect students by avoiding immediate closure of Corinthian Colleges

The U.S. Department of Education is working with Corinthian Colleges Inc. on a plan to avoid an immediate closure of the career training program chain and prevent suddenly disrupting the education of 72,000 students and the jobs of 12,000 employees.

The Department and Corinthian signed a memorandum of understanding Sunday that requires the company to develop a plan to sell and teach-out programs across the country over the next six months, including hiring an independent monitor approved by the Department to oversee its finances and the sales process. In exchange, the Department has agreed to immediately release \$16 million in federal student aid for students currently enrolled at Corinthian campuses. Corinthian is required to provide enrollment documentation to back up the funding request.

“Students and their interests have been at the heart of every decision the Department has made regarding Corinthian,” said U.S. Under Secretary of Education Ted Mitchell. “We will continue to closely monitor the teach-out or sale of Corinthian’s campuses to ensure that students are able to finish their education without interruption and that employees experience minimal disruption to their lives. The Department is committed to ensuring all students receive a quality education that leads to a well-paying job and a strong future.”

Corinthian is the parent company of the Everest Institute, Everest College, WyoTech and Heald brands, which together receive \$1.4 billion in federal financial aid money for students annually. Under the agreement, Corinthian is required to put teach-out plans in place for all schools, including those for sale.

An independent monitor approved by the Department will review matters related to ongoing operations and will have fulltime access to Corinthian’s financial and operating records. In addition, Corinthian is permitted to continue enrolling new students but must reimburse any students who enroll in a campus found to be ineligible for federal student aid through the Department’s reviews and investigations.

The Department put Corinthian on heightened financial monitoring with a 21-day waiting period for federal funds on June 12 after Corinthian failed to comply with repeated requests to address ongoing concerns over the company’s practices, including falsifying job placement data used in marketing claims to prospective students and allegations of altered grades and attendance.

As part of the agreement, heightened financial monitoring remains in effect and Corinthian has agreed to turn over data that the Department has been requesting for the last five months to address inconsistencies in the company's job placement claims for graduates, as well as grade and attendance records. Inquiries by the Department and other federal agencies into Corinthian's practices will continue.

Students can receive updated info at www.studentaid.gov/Corinthian.

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