

STATE OF WYOMING)
)SS
COUNTY OF LARAMIE)

IN THE DISTRICT COURT
FIRST JUDICIAL DISTRICT

FREDERICK N. BRISTOW, WANDA)
ARNETT, WILLIAM ATWOOD, DANIEL)
BARTON, RICHARD BOEBEL, BRYAN J.)
BRUXVOORT, RONALD L. CARR, JOSEPH)
CHANDRA, DARIN M. COZATT, RONALD)
A. DAVIS, SCOTT DEGRAW, TIMOTHY)
LEE DUELL, SHANNON M. ERDMANN,)
JEREMY FINCH, ROBERT FORBUS, JASON)
D. FORD, JOSEPH G. GATT, JOHN)
GEPHART, TONI F. GORE, PHYLLIS)
GREER-HALL, WILLIAM GRUBER,)
AMANDA HAYNES, KEVIN HUCKABY,)
MICHAEL DENNIS HUTCHINS, JOCHEN)
JAHN, KRISTI JENCKS, HARRY MICHAEL)
JOHNSON, RICHARD C. JONES, DOUGLAS)
J. KENDALL, CURTIS H. KENNEY, JR.,)
WILLIAM KING, MARLENE R. LANE,)
MILAJURINE LINDSAY, CHARLES A.)
LOBIANCO, LORAINÉ J. LYNCH,)
WILLIAM A. MARTIN, HRISTO)
MASLINKOV, JASON L. MICK, JENNIFER)
A. MICK, ELIZABETH N. MILES, KELLEY)
MORTON, COLLEEN MURPHY, THOMAS)
E. MYERS, JR., WALTER CHRIS NIXON,)
JEREMY NOYES, VICTORIA OGNERU,)
ADAM PEREZ, CATHERINE E. PYCLIK,)
IDRIS S. RASHEED, STEVEN J.)
REINHARDT, JAMES ROBERTS, MICHAEL)
B. SENKOWSKY, KENNETH SMITH, RYAN)
A. SMITH, KATHY A. SOLEIMANI, FRED)
V. SPECHT, JR., MICHAEL T. STUBEDA,)
EDWARD SWINNICH, JR., CHRISTA RENE)
TOBY, DANIEL TUFFIELD, CHERYL)
TURNER, SHOSHANA TYSON, ANTHONY)
T. VENEZIANI, ADAM VOGHT, JAMES M.)
WALLACE, JR., IRVING D. WEINBERG and)
TODD WOLFF, Individually.)

Civil Action No.

Plaintiffs,

vs.

WARREN NATIONAL UNIVERSITY, LLC.,)
a Wyoming Flexible Limited Liability)
Company, f/k/a KENNEDY-WESTERN)
UNIVERSITY; L3, INC., a Delaware)
Corporation; PAUL S. SALTMAN, Resident of)
California; ROBERT E. PATTERSON,)
Resident of Wyoming; F. BARRON)
FLETCHER, III, Resident of Texas; and)
TRAVELERS CASUALTY AND SURETY)

COMPANY OF AMERICA, a Connecticut)
Corporation.)
)
Defendants.

COMPLAINT

Plaintiffs listed above (collectively "Plaintiffs"), by and through their undersigned counsel, Rothgerber Johnson & Lyons LLP, for their Complaint against Defendants Warren National University, LLC f/k/a Kennedy-Western University; L3, Inc; Paul S. Saltman; Robert E. Patterson; F. Barron Fletcher, III; and Travelers Casualty and Surety Company of America state and allege as follows:

PARTIES

1. Plaintiffs, residents of the states or countries set forth below, enrolled as students at Warren National University, LLC, f/k/a Kennedy-Western University ("Defendant WNU") on the indicated dates:

	<u>Name</u>	<u>Residence</u>	<u>Enrollment</u>
a.	Fred Bristow	Colorado	August, 2006
b.	Wanda Arnett	North Carolina	September, 2006
c.	William Atwood	Michigan	June, 2005
d.	Daniel Barton	Ohio	October, 2006
e.	Richard Boebel	Arizona	December, 2006
f.	Bryan Bruxvoort	Colorado	May, 2005
g.	Ron Carr	Alabama	April, 2006
h.	Joseph Chandra	New Jersey	2003
i.	Darin M. Cozatt	Ohio	June, 2003
j.	Ron Davis	Texas	October, 2003
k.	Scott DeGraw	New Jersey	November, 2005
l.	Tim Duell	Ohio	July, 2005
m.	Shannon Erdmann	Colorado	August, 2006

n.	Jeremy Finch	Texas	November, 2006
o.	Robert Forbus	Tennessee	Fall, 2006
p.	Jason D. Ford	Michigan	July 2004
q.	Joseph Gatt	Michigan	October, 2006
r.	John Gephart	Ohio	July, 2006
s.	Toni F. Gore	Maryland	Fall, 2003
t.	Phyllis Greer-Hall	North Carolina	November, 2005
u.	William Gruber	Wisconsin	February, 2007
v.	Amanda Haynes	Georgia	November, 2006
w.	Kevin Huckaby	Georgia	July, 2006
x.	Michael Hutchins	Michigan	June, 2006
y.	Jochen Jahn	Canada	August, 2006
z.	Kristi Jencks	New Mexico	October, 2007
aa.	Harry Johnson	Illinois	October, 2005
bb.	Richard Jones	New York	March 2007
cc.	Douglas Kendall	Canada	November, 2003
dd.	Curtis Kenney, Jr.	Louisiana	January, 2006
ee.	William King	New Jersey	July, 2007
ff.	Marlene Lane	Wyoming	December, 2006
gg.	Milajurine Lindsay	D.C.	January, 2007
hh.	Charles A. LoBianco	California	December, 2000
ii.	Loraine J. Lynch	Michigan	August, 2004
jj.	William A. Martin	Nevada	November, 2005
kk.	Hristo Maslinkov	North Carolina	August, 2006
ll.	Jason L. Mick	Texas	November, 2005
mm.	Jennifer A. Mick	Texas	November, 2005
nn.	Elizabeth Miles	Pennsylvania	August, 2006
oo.	Kelley Morton	Georgia	December, 2006
pp.	Colleen Murphy	Nevada	October, 2007

qq.	Tom Myers	Pennsylvania	May, 2006
rr.	W. Chris Nixon	Virginia	March, 2003
ss.	Jeremy Noyes	Minnesota	January, 2006
tt.	Victoria Ogneru	Georgia	December, 2006
uu.	Adam Perez	Wisconsin	July, 2005
vv.	Cathy Pyclik	Tennessee	October, 2006
ww.	Idris Rasheed	North Carolina	September, 2005
xx.	Steven Reinhardt	Texas	November, 2006
yy.	James Roberts	Missouri	September, 2006
zz.	Michael Senkowsky	Pennsylvania	November, 2005
aaa.	Kenneth Smith	Georgia	December, 2006
bbb.	Ryan A. Smith	Mississippi	June, 2007
ccc.	Kathy A. Soleimani	Virginia	Fall, 2005
ddd.	Fred Specht	Kentucky	August, 2005
eee.	Michael T. Stubeda	Indiana	October, 2003
fff.	Edward Swinnich, Jr.	New York	October, 2004
ggg.	Christa Rene Toby	Illinois	May, 2005
hhh.	Daniel Tuffield	Colorado	December, 2006
iii.	Cheryl Turner	New Jersey	April, 2007
jjj.	Shoshana Tyson	New York	April, 2003
kkk.	Anthony T. Veneziani	Georgia	September, 2007
lll.	Adam Voght	Indiana	December, 2006
mmm.	James M. Wallace, Jr.	Rhode Island	July, 2004
nnn.	Irving D. Weinberg	Arizona	September, 2005
ooo.	Todd Wolff	Michigan	Fall, 2005

2. Defendant WNU is a flexible limited liability company registered in the state of Wyoming with a principal place of business in Cheyenne, Wyoming.

3. Defendant L3, Inc. ("Defendant L3"), a Delaware corporation, is the managing member of Defendant WNU.

4. Defendant Paul S. Saltman ("Defendant Saltman"), a resident of California, is the founder of Defendant WNU, a member of the Defendant L3, Inc.'s Board of Directors, and former President of Defendant WNU.

5. Defendant Robert E. Patterson ("Defendant Patterson"), a resident of Wyoming, served as Chief Operating Officer of Defendant WNU, is a member of the Defendant L3, Inc.'s Board of Directors and recently served as President of Defendant WNU.

6. Defendant F. Barron Fletcher, III ("Defendant Fletcher"), a resident of the state of Texas, is a member of the Defendant L3, Inc.'s Board of Directors.

7. Defendant Travelers Casualty and Surety Company of America ("Defendant Travelers") is the surety on performance bonds pledged by Defendant WNU pursuant to Wyoming's Private School Licensing Act, W.S. 21-2-401 et seq., and the claims against Defendant Travelers are asserted only to its role as a surety.

JURISDICTION AND VENUE

8. Venue is proper in this judicial district pursuant to W.S. § 1-5-105 because Defendant WNU is situated in Laramie County and its principal place of business in Wyoming is in Laramie County.

9. This Court has jurisdiction over this matter pursuant to Art. V, Section 10 of the Wyoming Constitution.

GENERAL ALLEGATIONS

10. Defendant WNU is an online, distance-learning education institution which offered bachelors, masters and doctorate degrees in a variety of subject areas including business administration, engineering, health administration, management information systems, and computer science.

11. Plaintiffs, as former or current students of Defendant WNU, seek damages for the acts and omissions of the Defendants.

12. Defendants L3, Saltman, Fletcher and Patterson actively participated in, condoned and directed the acts, omissions and commissions that damaged Plaintiffs.

ACCREDITATION

13. Most states require accreditation of online distance learning institutions to receive a license from the state. Accreditation is a process by which an educational institution is evaluated by an external body, recognized by the United States Department of Education. Accredited status is granted if the educational institution is able to satisfy a set of established standards.

14. Neither the State of Wyoming Department of Education nor the State Board of Education has ever engaged in accreditation of institutions of higher education; and neither ever approved that Defendant WNU could claim that it was an accredited institution.

15. Defendant WNU, one of the nation's largest online universities, is not an accredited institution and never has been accredited.

16. Defendant WNU moved its registration and licensing from California, to Idaho, to Hawaii, and finally in 2000, to Wyoming.

17. Defendant WNU was incorporated in California in 1984 and was licensed in California until 1991. When California revised its licensing laws, requiring educational institutions to become accredited, Defendant WNU declined to renew its California license.

18. Although Defendant WNU maintained administrative offices in Agoura Hills, California, at all times pertinent to the allegations of this Complaint, it was prohibited by the State of California from enrolling California residents as students.

19. In 1989, Defendant WNU incorporated in Hawaii, but was voluntarily dissolved in 1998 after failing to file its annual reports.

20. Defendant WNU also operated and was registered in Idaho. However, when Defendant WNU sought renewal of its registration in 1998, the Idaho State Board of Education refused due to Defendant WNU's lack of accreditation.

21. Defendant WNU ceased operations in California and Idaho once those states required accreditation for licensees.

22. Eventually, Defendant WNU chose registration in Wyoming because the state had less stringent requirements for a license such as no accreditation requirement.

23. Kennedy-Western University, Inc., a predecessor of Defendant WNU, was incorporated in Wyoming in 2000; and Defendant WNU became a flexible limited liability company in Wyoming in 2004.

24. Defendant WNU's Wyoming office was located in Cheyenne, Wyoming.

25. The majority of its operations for the solicitation for students, enrollment of students and financial operations were based in California.

26. Effective July 1, 2006, amendments were made to Wyoming's Private School Licensing Act which required online or distance-learning institutions such as Defendant WNU to either be accredited or to have applied for accreditation in order to be or remain licensed in Wyoming. W.S. § 21-2-402(b).

27. In response to these amendments, Defendant WNU applied for accreditation through the Higher Learning Commission of the North Central Association of Colleges and Universities.

28. In 2008, the Higher Learning Commission advised Defendant WNU that it would not be recommended for accreditation.

29. Due to Defendant WNU's failure to gain accredited status, the Wyoming Department of Education revoked Defendant WNU's license and Defendant WNU ceased operations in Wyoming as of March 31, 2009.

30. Tuition at Defendant WNU ranged from \$6,600 to \$12,000, plus in some cases other monthly fees and additional charges.

31. Defendants Fletcher, Saltman and Patterson led the Plaintiffs and the public to believe that Defendant WNU's operations were based in Cheyenne, Wyoming when in truth and in fact Defendant WNU was operated from California and Texas by the Board of Directors of Defendant L3 including Defendants Saltman, Patterson and Fletcher.

32. This prevarication that Defendant WNU was operated from Wyoming was made in part to appease the Higher Learning Commission of the North Central Association of Colleges and Schools and to appease the Wyoming Department of Education so that Defendant WNU could continue to enroll students and collect additional tuition even after Wyoming changed its law in July, 2006 to require a licensee to obtain accreditation or file an application for accreditation.

33. Defendants L3, Saltman, Fletcher and Patterson appointed a Board of Trustees including local people from Wyoming who were then kept in the dark about the true operations of Defendant WNU and had little or no control over the solicitation of students, the finances, the course of instruction, responses to complaints from students, or the other affairs of Defendant WNU.

34. At the time of enrollment some of the Plaintiffs were falsely told by Defendant WNU that Defendant WNU was accredited.

35. Defendant WNU never communicated to prospective students, including the Plaintiffs, the significance of accreditation; the Plaintiffs were assured that accreditation had no bearing on the quality of education and value of the degree provided by Defendant WNU.

36. After passage of the 2006 Amendments to Wyoming's licensing laws, Defendant WNU and Defendant L3 failed to truthfully advise current and prospective students that Defendant WNU would lose its license in Wyoming if it did not become accredited.

37. After passage of the 2006 Amendment to Wyoming's licensing laws, Defendant WNU assured some of the Plaintiffs that Defendant WNU would receive accreditation.

38. Plaintiffs would not have enrolled at Defendant WNU or paid tuition if (a) they would have known that Defendant WNU was not accredited; (b) they would have known that after passage of the 2006 Amendments, Defendant WNU would not be licensed in Wyoming if accreditation was not obtained; or (c) they would have known that without accreditation a degree from Defendant WNU had little or no value.

PREDATORY SOLICITATION

39. In 2004, the United States Committee of Governmental Affairs conducted hearings to explore the problems that unaccredited universities posed to the federal government as well as private sector employers; and unbeknownst to Plaintiffs, Defendant WNU was a focus of these hearings which revealed that Defendant WNU was engaged in predatory solicitation tactics.

40. Defendant WNU solicited most prospective students including Plaintiffs through telemarketing and used various predatory tactics as a way to enroll prospective students.

41. Defendant WNU purchased lists of prospective students from employers.

42. The lists of prospective students purchased by Defendant WNU revealed individuals facing difficult situations such as recent unemployment, divorces, or sickness or death in the family.

43. Defendant WNU, at the direction of Defendants Saltman and Patterson, provided scripts to its numerous "admissions counselors" who were located in California which required each "admission counsel" to cold-call each prospective student up to three times to pressure Plaintiffs to enroll at Defendant WNU.

44. The Defendants except Defendant Travelers gave each "admissions counselor" a quota of students they had to contact and enroll within a stated period of time and then

compensated the "admissions counselor" for each student enrolled and gave bonuses for soliciting and enrolling more students.

45. Those "admissions counselors" were trained to use high pressure tactics and statements to encourage Plaintiffs to enroll at Defendant WNU.

46. Based upon the script, "admission counselors" would tell prospective students that they were not qualified, did not have a strong academic background and did not have a good chance getting into a "prestigious" school like Defendant WNU but that the "admission counselor" would submit the prospective student's name to the admissions board.

47. Defendant WNU had no admissions board; applications for admissions to Defendant WNU were reviewed by one person and if you could write a check for tuition you were enrolled.

48. Defendant WNU falsely stated to the Plaintiffs that:

- a. You'll learn one-on-one from the industry's finest professors and benefit from their commitment to keep you at pace with today's fast-changing technologies.
- b. The student is provided with a learning experience identical to the one he or she would experience at a traditional classroom university.
- c. Courses, exams, textbooks and faculty are the same as in recognized classroom universities.
- d. Defendant WNU's degree meets needs for career and job advancement.
- e. Defendant WNU's degrees are accepted in business and industry.
- f. Defendant WNU's lectures were informative and facilitated learning.
- g. Defendant WNU's instructors would provide one-on-one instruction and assistance.

- h. Students will take the same classes that students take at schools like Harvard or Princeton.
 - i. Defendant WNU's degree is just as good as any university.
 - j. At Defendant WNU you earn a degree from an accredited university.
 - k. Defendant WNU would receive accreditation.
 - l. A student would receive credit for life and work experience which would reduce the number of classes necessary to receive a degree.
49. The Defendants except Defendant Travelers did not inform the students that:
- a. Defendant WNU offered no classroom instruction.
 - b. The learning experience was not identical to one that a student would receive at a traditional accredited school or university with classroom instruction.
 - c. Despite requests from Plaintiffs to communicate with instructors for questions or one-on-one learning, no such instruction was provided.
 - d. All exams were multiple choice and several of the questions had no possible correct answer.
 - e. Students could take the same test a second time, after they learned the correct answers from the first test.
 - f. The exams were shams; there was no exam integrity.
 - g. Defendant WNU's program consisted of reading a book and taking an exam.
 - h. Defendant WNU's program was nothing more than self teaching.
 - i. Defendant WNU was not accredited.

j. Accreditation is important because without it the degree is of little or no value.

k. A WNU degree is not accepted in business and industry.

50. At the time of enrollment Plaintiffs had no opportunity to negotiate the contract of enrollment or allocate risks in that contract.

51. The provisions of the contract of enrollment were drafted by Defendant WNU and favor Defendant WNU over the Plaintiffs; there was a gross inequality in bargaining power.

SELF-PACED LEARNING

52. Defendant WNU's "admission counselors" were instructed by Defendants Saltman, Patterson and Fletcher to inform prospective students including Plaintiffs that programs at Defendant WNU were entirely self-paced which was very appealing to mid-career adults who were solicited by Defendant WNU.

53. Defendant WNU's 2006 Catalog indicated that the student would be allowed to graduate so long as the degree was completed within 5 years.

54. Plaintiffs were told by Defendant WNU that their courses were entirely self-paced.

55. In truth and in fact, Defendant WNU imposed an eighteen month completion requirement for degrees which was not disclosed before enrollment.

56. Some of the Plaintiffs were not able to complete their course within eighteen months.

57. Students who were unable to complete their degrees in eighteen months from enrollment were forced to pay a fee of up to \$250 per month beginning at month nineteen, and continuing thereafter, in order to obtain a degree.

CANCELLATION OF PROGRAMS

58. Plaintiffs enrolled in selected degree programs and courses with Defendant WNU through its "admissions counselors".

59. After Plaintiffs' enrollment, Defendant WNU unexpectedly cancelled certain courses and degree programs and required Plaintiffs to pay additional fees to switch majors or take alternative courses.

60. Defendant WNU's cancellation of courses and programs made it impossible for Plaintiffs to complete their studies and obtain a degree.

NO QUALITY EDUCATION AND DEGREE

61. Defendant WNU led students including the Plaintiffs to believe that Defendant WNU was accredited, accreditation was unimportant, or accreditation would soon be received, and that the student would obtain an education similar to that provided by respected universities and colleges.

62. Plaintiffs were led by Defendants except Defendant Travelers to believe that they would obtain education and a degree commensurate with the tuition they paid.

63. The courses and degrees from Defendant WNU had little or no value to Plaintiffs because:

- a. Defendant WNU was never accredited.
- b. Prospective employers would not accept a degree from Defendant WNU.
- c. There was no instruction from professors or one-on-one training.
- d. The learning offered by Defendant WNU consisted only of telling the Plaintiffs to buy a textbook, encouraging the student to read it, and then offering a multiple choice test on two occasions with only the second grade being recorded.

64. When students complained to Defendant WNU about problems with their degree, the school, their courses, or their instructors, Defendant WNU failed to respond and in some cases "disenrolled" the complaining student but retained tuition and fees.

65. At the time of enrollment, students including some of the Plaintiffs were given credits against their chosen degree for general experience which reduced the number of classes and courses that the student would be obligated to take in order to obtain a degree.

66. To keep the truth from Plaintiffs, Defendants except Defendant Travelers would not respond to inquiries or grievances nor make truthful statements which postponed Plaintiffs learning of many of the allegations in this Complaint until the last 5 months before this Complaint was filed.

67. Plaintiffs did not know or have reason to know the existence of the causes of action in this Complaint until 5 months before this Complaint was filed.

68. By engaging in predatory tactics, lies and omissions, Defendant WNU averaged \$25,000,000 to \$30,000,000 in tuition revenue per year which went to the owners in California and Texas.

PERFORMANCE BOND

69. Pursuant to W.S. 21-2-405, Wyoming's Department of Education required, and Defendant WNU posted performance bonds with Defendant Travelers as surety to assure protection of all students including Plaintiffs who may be aggrieved by Defendant WNU doing business or operating in Wyoming.

70. All conditions precedent to the commencement of this action have been performed or occurred.

FIRST CLAIM FOR RELIEF

(Intentional Misrepresentation/Fraud Against Defendant WNU)

71. Plaintiffs incorporate the allegations contained in paragraphs 1 through 70 herein by this reference.

72. Defendants' statements regarding the quality of Defendant WNU's education, Defendant WNU's accreditation status, the significance of accreditation, and the self-paced nature of Defendant WNU's courses, as specifically plead in paragraphs 31, 32, 33, 34, 35, 36, 37, 46, 48, 52, 54, 61 and 62 of the Complaint, were false.

73. The Defendants made the misrepresentations knowing them to be false.

74. The facts misrepresented were material.

75. Plaintiffs reasonably believed the misrepresentations to be true and justifiably acted in reliance upon them in enrolling at Defendant WNU and continuing enrollment at Defendant WNU.

76. Defendants made the misrepresentations with the intent that the Plaintiffs or a group of persons of which the Plaintiffs were members would rely upon the misrepresentations.

77. Plaintiffs' reliance on Defendants' false representations have damaged each Plaintiff in an amount to be determined at trial but which includes tuition and fees paid to Defendant WNU, interest on loans for tuition, purchase of books for Defendant WNU classes, computer expenses, and inability to utilize a degree from a non-accredited education institution.

SECOND CLAIM FOR RELIEF

(Fraudulent Concealment Against All Defendants Except Travelers)

78. Plaintiffs incorporate the allegations contained in paragraphs 1 through 77 herein by this reference.

79. The Defendants except Defendant Travelers concealed a past or present fact from Plaintiffs as plead in paragraphs 31, 32, 35, 36, 38, 47, 49 and 55, and as to:

- a. Defendant WNU's accreditation status.
- b. The significance of accreditation
- c. The fact that the Plaintiff only had eighteen months to complete the degree.

- d. The lack of quality of the Defendant WNU education.
- e. That Defendant WNU did not offer a degree that had the same value as other universities.
- f. That accreditation was a requirement for Defendant WNU's continued license in Wyoming.
- g. That there would be no online class instruction.
- h. That instructors would not be available to tutor and answer questions.
- i. That Defendant WNU's degree was not accepted by businesses and industries.
- j. That there was no integrity in the exam process, and that the Plaintiffs would have to teach themselves the subjects for which they were paying tuition to Defendant WNU.

80. As an education institution licensed in Wyoming holding itself out as an institution of higher learning to students throughout the U.S. and abroad, Defendant WNU had a duty to disclose truthful facts to the students about the course, program, instruction, and degree for which the Plaintiffs were paying tuition in this business transaction.

81. The Defendants except Defendant Travelers concealed and failed to disclose these facts with the intent of creating a false impression of the actual facts in the minds of the Plaintiffs.

82. The Defendants except Defendant Travelers concealed and failed to disclose these facts with the intent that the Plaintiffs enroll at Defendant WNU and continue their enrollment at Defendant WNU.

83. The undisclosed facts were material and the Plaintiffs would not have enrolled or continued their enrollment at Defendant WNU had they known the truth.

84. As a result of Defendants' fraudulent concealment Plaintiffs have been damaged in an amount to be determined at trial but which includes tuition and fees paid to Defendant WNU, interest on loans for tuition, purchase of books for Defendant WNU classes, computer expenses, and inability to utilize a degree from a non-accredited education institution.

THIRD CLAIM FOR RELIEF

(Negligent Misrepresentation Against All Defendants Except Travelers)

85. Plaintiffs incorporate the allegations contained in paragraphs 1 through 84 herein by this reference.

86. The Defendants except Defendant Travelers gave false information to the Plaintiffs in the course of a business transaction in which the Defendants had a financial interest.

87. The Defendants except Defendant Travelers gave information to the Plaintiffs for guidance of the Plaintiffs in that transaction.

88. As an education institution licensed in Wyoming holding itself out as an institution of higher learning to students throughout the U.S. and abroad, Defendant WNU had a duty to disclose truthful facts to the students about the course, program, instruction, and degree for which the Plaintiffs were paying tuition in this business transaction.

89. Defendants except Defendant Travelers were negligent in obtaining and communicating the information in that the statements pled in paragraph 72 were false and the Plaintiffs were not told the facts pled in paragraph 79.

90. Defendants L3, Saltman, Fletcher and Patterson participated in, condoned and directed the information given to Plaintiffs in the course of this business transaction.

91. The Defendants gave the information with the intent or knowing that the Plaintiffs and other students of which the Plaintiffs were members would act or decide not to act in reliance on the information.

92. Plaintiffs' justifiable reliance on Defendants' negligent misrepresentations have damaged each Plaintiff in an amount to be determined at trial but which includes tuition and fees

paid to Defendant WNU, interest on loans for tuition, purchase of books for Defendant WNU classes, computer expenses, and inability to utilize a degree from a non-accredited education institution.

FOURTH CLAIM FOR RELIEF

(Fraud in the Inducement Against Defendant WNU)

93. Plaintiffs incorporate the allegations contained in paragraphs 1 through 92 herein by this reference.

94. The Defendant's false representations of past or present facts and failure to disclose past or present facts fraudulently led Plaintiffs to enroll at Defendant WNU or continue enrollment at Defendant WNU.

95. Plaintiffs' justifiable reliance on Defendant's false representations and deceit have damaged each Plaintiff in an amount to be determined at trial but which includes tuition and fees paid to Defendant WNU, interest on loans for tuition, purchase of books for Defendant WNU classes, computer expenses, and inability to utilize a degree from a non-accredited education institution.

FIFTH CLAIM FOR RELIEF

(Violation of the Wyoming Consumer Protection Act by Defendants WNU and L3)

96. Plaintiffs incorporate the allegations contained in paragraphs 1 through 95 herein by this reference.

97. Defendants WNU and L3 acts and/or omissions in its solicitation, enrollment and instruction of Plaintiffs violate the Wyoming Consumer Protection Act, W.S. Section 40-12-101 et seq. including:

- a. Represented that courses, classes, instructions, and degrees from Defendant WNU had or would have approvals which they did not have, a violation of 40-12-105(a)(i);
- b. Represented that Defendant WNU had or would have approvals or affiliation that it did not have, a violation of 40-12-105(a)(ii);

- c. Represented that courses, classes, instructions and degrees from Defendant WNU had a particular standard, grade or model which they did not have, a violation of 40-12-105(a)(iii); and
- d. Engaged in unfair deceptive acts or practices, a violation of 40-12-105(xv).

98. The transactions between Plaintiffs and Defendant WNU and Defendant L3 were consumer transactions.

99. The Defendants WNU and L3 knowingly engaged in unfair or deceptive acts or practices and did not cure them after Plaintiffs' notices.

100. Pursuant to W.S. § 40-12-108, as a result of Defendants WNU and L3 unlawful deceptive practice, Plaintiffs seek actual damages in an amount to be proven at trial.

SIXTH CLAIM FOR RELIEF

(Violation of Wyoming Private School Licensing Act by
Defendant WNU and Against Defendant Travelers)

101. Plaintiffs incorporate the allegations contained in paragraphs 1 through 100 herein by this reference.

102. At all times pertinent to the allegations in this Complaint, Defendant WNU was required to be licensed by the Wyoming Department of Education pursuant to Wyoming's Private School Licensing Act, W.S. 21-2-401, et seq. ("Act").

103. Defendant WNU was obligated to comply with the provisions of the Act and the Rules of the Department of Education promulgated thereunder ("Rules").

104. Wyoming's Act was enacted in part to protect persons including Plaintiffs who were enrolled in a course of study and were aggrieved by the acts, omissions, fraud and deceit of Defendant WNU.

105. Defendant WNU violated the provisions of Act and the Rules by the acts and omissions pled in this Complaint causing damage to Plaintiffs.

106. Pursuant to Wyoming's Act, Defendant WNU was required to post payment and performance bonds to protect Plaintiffs who are persons enrolled in a course of study who were aggrieved by Defendant WNU.

107. Defendant Travelers is the surety on the bonds posted by Defendant WNU which provide up to \$10,000 coverage for each student aggrieved by Defendant WNU.

108. Each Plaintiff requests recovery under the performance bonds and damages for violation of the Act as permitted by law.

SEVENTH CLAIM FOR RELIEF

(Civil Conspiracy Against Defendants L3, Saltman, Patterson and Fletcher)

109. Plaintiffs incorporate the allegations contained in paragraphs 1 through 108 herein by this reference.

110. Defendants L3, Inc., Paul Saltman, Robert Patterson and F. Barron Fletcher III conspired against Plaintiffs by agreeing and engaging in concerted action to encourage Plaintiffs to pay tuition and remain enrolled beyond a date when the Plaintiffs could receive a refund of their tuition by:

- a. Falsely informing students including Plaintiffs that Defendant WNU was accredited, accreditation was not important, or accreditation would soon be received;
- b. Concealing from Plaintiffs after July 1, 2006 that Defendant WNU could not remain licensed as an education institution in Wyoming unless it received accreditation from an association of colleges and schools;
- c. Falsely representing to the Plaintiffs, the Higher Learning Commission, and the State of Wyoming that Defendant WNU's operations were based in Wyoming and had been so based for 16 years to make it appear that accreditation would be received.

111. Through this conspiracy, Defendants L3, Inc., Paul Saltman, Robert Patterson and F. Barron Fletcher III caused damage to Plaintiffs in an amount to be determined at trial but which includes tuition and fees paid to Defendant WNU, interest on loans for tuition, purchase of books for Defendant WNU classes, computer expenses, and inability to utilize a degree from a non-accredited education institution.

EIGHTH CLAIM FOR RELIEF

(Breach of Duty of Good Faith and Fair Dealing Against Defendant WNU)

112. Plaintiffs incorporate the allegations contained in paragraphs 1 through 111 herein by this reference.

113. Plaintiffs entered into a contract with Defendant WNU at the time of enrollment.

114. Pursuant to Wyoming law, that contract has an implied duty of good faith and fair dealing.

115. By its acts and omissions, Defendant WNU breached the duty of good faith and fair dealing.

116. As a result of Defendant's breach, Plaintiffs have been damaged in an amount to be determined at trial but which includes tuition and fees paid to Defendant WNU, interest on loans for tuition, purchase of books for Defendant WNU classes, computer expenses, and inability to utilize a degree from a non-accredited education institution.

NINTH CLAIM FOR RELIEF

(In the Alternative, Unjust Enrichment Against All Defendants Except Travelers
If the Court Finds There Was No Written Contract Or Such Contract Was
Invalid, Void, Unenforceable or Unconscionable)

117. Plaintiffs incorporate the allegations contained in paragraphs 1 through 116 herein by this reference.

118. Plaintiffs each paid tuition to Defendant WNU with reasonable expectations that each would receive an education and degree which would have value in business and industry.

119. Defendants L3, Saltman, Patterson and Fletcher received money from the Plaintiffs tuition.

120. Plaintiffs did not receive the education and valuable degree that Defendants led Plaintiffs to believe they would receive.

121. Defendant WNU and Defendant L3 were the dominant members in the relationship between school and student.

122. Defendants WNU, L3, Saltman, Patterson and Fletcher have refused or failed to return the tuition and fees paid by Plaintiffs.

123. It would be unfair, unjust and unreasonable for the Defendants to retain any portion of the tuition and fees paid by Plaintiffs.

TENTH CLAIM FOR RELIEF

(Punitive Damages Against All Defendants Except Travelers)

124. Plaintiffs incorporate the allegations contained in paragraphs 1 through 123 herein by this reference.

125. The Defendants except Defendant Travelers engaged in outrageous conduct, malice, willful or wanton misconduct towards the Plaintiffs in that they:

- a. Engaged in fraud and intentional misrepresentation toward the Plaintiffs;
- b. Concealed past or present facts from Plaintiffs; and
- c. Fraudulently represented past or present facts and failed to disclose past or present facts to Plaintiffs.

126. Defendants except Defendant Travelers should pay punitive damages for these egregious acts and omissions.

WHEREFORE, as set forth above, Plaintiffs respectfully request the Court to enter judgment in their favor and award them.

A. Actual damages in an amount to be proven at trial but which includes tuition and fees paid to Defendant WNU, interest on loans for tuition paid to Defendant WNU, purchase of books, computer expenses, and inability to utilize a degree from a non-accredited education institution.

B. Recovery under the performance bonds posted by Defendant WNU;

C. Punitive damages as provided by law;

D. Attorneys fees as provided by law;

E. Costs of this action including expert witness expenses and fees as provided by law;

F. Prejudgment and post judgment interest on any award of damages to the extent permitted by law; and

G. Such other and further relief as this Court deems just and appropriate.

Respectfully submitted this 3rd day of June, 2009.

Frederick N. Bristow, et al., Plaintiffs

By _____
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