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1ST CIRCUIT COURT  
STATE OF HAWAII  
FILED

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M.N. TANAKA  
CLERK

Attorney for Plaintiff

IN THE CIRCUIT COURT OF THE FIRST CIRCUIT

STATE OF HAWAII

STATE OF HAWAII, by its Office of Consumer Protection,	)	CIVIL NO. <u>04-1-0730-04</u> (RWP)
	)	(Other Civil Action)
	)	
Plaintiff,	)	COMPLAINT AND SUMMONS
	)	
vs.	)	
	)	
	)	
CAMBRIDGE STATE UNIVERSITY, INCORPORATED, a Delaware corporation dba Cambridge State University,	)	
	)	
	)	Trial Date: None
Defendant.	)	SCF Date: None
	)	

COMPLAINT

Plaintiff, for a cause of action against the above-named defendant,  
avers and alleges that:

ALLEGATIONS COMMON TO ALL COUNTS

1. This is an action brought by the Office of Consumer Protection of the  
State of Hawaii pursuant to Hawaii Rev. Stat. Chapters 446E, 480 and 487 seeking

to enjoin the Defendant from engaging in certain acts or practices in violation of Hawaii's consumer protection laws and to obtain other and additional relief.

2. This court has subject matter jurisdiction over this case pursuant to Hawaii Rev. Stat. §§ 480-21 and 603-21.5.

3. Defendant Cambridge State University, Incorporated ("CSU") is a Delaware corporation.

4. CSU is not now and never has been accredited by a recognized accrediting agency or association recognized by the United States Secretary of Education.

5. CSU is an "unaccredited institution" as that phrase is defined in Hawaii Rev. Stat. § 446E-1.

6. CSU has a "presence" in the State of Hawaii as that term is used in Hawaii Rev. Stat. § 446E-1.

**COUNT I**  
**FAILURE TO MAKE STATUTORY DISCLOSURES**

7. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 6 as though fully set forth herein.

8. CSU has failed to properly and adequately disclose in its catalogs, promotional material and/or contracts for instruction the fact that it is not accredited by any nationally recognized accrediting agency or association listed by the United States Secretary of Education in violation of Hawaii Rev. Stat. § 446E-2(a).

9. The publication of each and every catalog and promotional material and the execution of each contract for instruction that failed to properly and

adequately disclose the fact that CSU is and was not fully accredited by any nationally recognized accrediting agency or association listed by the United States Secretary of Education constitutes a separate and independent violation of Hawaii Rev. Stat. § 446E-2(a).

10. Alternatively, the provision to each and student of such a catalog or promotional material or the execution of a contract for instruction that failed to properly and adequately disclose the fact that CSU is and was not fully accredited by any nationally recognized accrediting agency or association listed by the United States Secretary of Education constitutes a separate and independent violation of Hawaii Rev. Stat. § 446E-2(a).

11. Violations of Hawaii Rev. Stat. § 446E-2(a) constitute *per se* violations of Hawaii Rev. Stat. § 480-2(a).

**COUNT II**  
**DECEPTIVE REPRESENTATIONS REGARDING STAFF IDENTITIES**

12. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 11 as though fully set forth herein.

13. In its dealings with prospective students and students, CSU's employees utilize aliases and otherwise falsely represent their various identities.

14. Each such misrepresentation constitutes a separate and independent violation of Hawaii Rev. Stat. § 480-2(a).

**COUNT III**  
**DECEPTIVE REPRESENTATIONS REGARDING WAUC ACCREDITATION**

15. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 14 as though fully set forth herein.

16. In its catalogs and dealings with prospective students and students, CSU touts its membership and/or accreditation by the World Association of Universities and Colleges ("WAUC"). This conduct violates the terms of a previous judgment entered against CSU.

17. WAUC is not an accrediting agency which is recognized by the United States Secretary of Education.

18. WAUC, in turn, through its website, makes a series of false, misleading and deceptive claims, including:

- a. that traditional government agencies and the regional accreditation associations are believed to work together with the purpose of eliminating schools who are financially competitive with residence institutions;
- b. WAUC member schools must meet rigid accreditation requirements;
- c. WAUC member schools are constantly monitored for quality control;
- d. All WAUC schools are approved by states within the U.S.A. or by a government agency (U.S. or overseas);
- e. All WAUC schools are recognized by various governments and agencies around the world; and that
- f. WAUC schools make their finances a matter of public record.

19. Each such misrepresentation constitutes a separate and independent violation of Hawaii Rev. Stat. § 480-2(a).

20. WAUC is an agent for CSU and, therefore, CSU is liable for the acts of WAUC.

**COUNT IV**  
**DECEPTIVE REPRESENTATIONS REGARDING THE LEGALITY OF CSU DEGREES**

21. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 20 as though fully set forth herein.

22. CSU claims that its degrees are "legal."

23. This claim is false, misleading and deceptive since the use of CSU degrees in a number of jurisdictions is illegal and may very well subject the user to being terminated from employment and potentially indicted.

24. Each such misrepresentation constitutes a separate and independent violation of Hawaii Rev. Stat. § 480-2(a).

**COUNT V**  
**DECEPTIVE REPRESENTATIONS REGARDING THE ACCEPTANCE OF CSU DEGREES**

25. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 24 as though fully set forth herein.

26. CSU claims, by implication, that its degrees are as well accepted as degrees from prestigious traditional universities.

27. CSU claims, by implication, that many traditional schools, including most Ivy League universities, would consider accepting CSU degrees for admission to graduate study.

28. These claims are false, misleading and deceptive.

29. Each such misrepresentation constitutes a separate and independent violation of Hawaii Rev. Stat. § 480-2(a).

**COUNT VI**  
**DECEPTIVE REPRESENTATIONS REGARDING THE VALUE OF CSU DEGREES**

30. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 29 as though fully set forth herein.

31. CSU, in its catalogs, refers to the Sosdian and Sharp survey in order to suggest or imply that CSU degrees are essentially the equivalent of a degree from an accredited, traditional university.

32. CSU fails to disclose, however, that the Sosdian and Sharp survey was conducted nearly thirty years ago and that its findings might very well be out-of-date since there has been a proliferation of diploma mills since the survey.

33. CSU fails to disclose, however, that the Sosdian and Sharp survey covered only accredited schools and three schools which were then candidates for accreditation and which became accredited thereafter.

34. CSU fails to disclose, however, that the Sosdian and Sharp survey was limited to associates and bachelors degree programs.

35. The use of the Sosdian and Sharp survey in such a manner is false, misleading and deceptive.

36. Each such misrepresentation constitutes a separate and independent violation of Hawaii Rev. Stat. § 480-2(a).

**COUNT VII**  
**ILLEGAL SUGGESTION OF STATE APPROVAL**

37. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 36 as though fully set forth herein.

38. The use of the name Cambridge State University constitutes a suggestion that the State of Hawaii licenses, approves or regulates CSU's operations.

39. Such conduct violates Hawaii Rev. Stat. § 446E-5(a).

40. Such conduct violates Hawaii Rev. Stat. § 480-2(a).

41. Such conduct violates Hawaii Rev. Stat. § 481A-3.

**COUNT VIII**  
**ILLEGAL ACCEPTANCE OF PAYMENTS**

42. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 41 as though fully set forth herein.

43. CSU has accepted or received tuition payments or other fees on behalf of students despite not being in compliance with all of the requirements of Hawaii Rev. Stat. Chap. 446E.

44. The acceptance of such payment(s) or fee(s) from each student constitutes a separate and independent violation of Hawaii Rev. Stat. §446E-5(e).

45. Violations of Hawaii Rev. Stat. § 446E-5(e) constitute *per se* violations of Hawaii Rev. Stat. § 480-2(a).

**COUNT IX**  
**INJUNCTIVE RELIEF**

46. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 45 as though fully set forth herein.

47. Unless Defendant is restrained and enjoined by this court from continuing to violate Hawaii Rev. Stat. Chap. 446E and § 480-2(a) in the manner described herein, it will continue to do so, irreparably harming and injuring the consuming public of the State of Hawaii.

WHEREFORE, plaintiff prays that this court:

1. Find, order, adjudge and declare that defendant's conduct, as alleged herein, violates the statutory provisions set forth above.

2. Issue a temporary restraining order, preliminary injunction and *permanent injunction enjoining the defendant, its agents, employees, successors and assigns, directly or indirectly, individually or in concert with others, or through any corporate or other device from any of the following:*

- a. Providing any post-secondary instructional programs or courses leading to a degree;
- b. Acting as or holding itself out as a "college, academy, institute, institution, university" or anything similar thereto; and
- c. Owning or operating any business in the State of Hawaii until all restitution, civil penalties and costs entered herein are fully satisfied.

3. Assess appropriate civil penalties against the defendant pursuant to Hawaii Rev. Stat. § 480-3.1 and enter judgment in favor of plaintiff accordingly.




4. Award any consumers injured by the aforementioned violations full restitution, including pre and post judgment interest, against the defendant pursuant to Hawaii Rev. Stat. § 487-14 and the court's inherent authority and enter judgment accordingly.

5. Assess and award judgment in favor of plaintiff and against the defendant, for attorneys' fees, costs, costs of investigation, interest, and other expenses.

6. Award plaintiff such other relief as the court may deem just and equitable under the circumstances.

DATED: Honolulu, Hawaii, APR 21 2004.

  
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JEFFREY E. BRUNTON  
Attorney for Plaintiff