

JEFFREY E. BRUNTON #2833  
Office of Consumer Protection  
235 South Beretania Street, Room 801  
Honolulu, Hawaii 96813-2419  
Telephone: (808) 586-2636

Attorney for Plaintiff

FIRST CIRCUIT COURT  
STATE OF HAWAII  
FILED

2002 JUN 17 PM 2:24

H. CHING  
CLERK

IN THE CIRCUIT COURT OF THE FIRST CIRCUIT

STATE OF HAWAII

STATE OF HAWAII, by its Office of Consumer Protection,	)	CIVIL NO. <u>02-1-1472-06</u>
	)	(Other Civil Action)
	)	
Plaintiff,	)	COMPLAINT AND SUMMONS
	)	
	)	
vs.	)	
	)	
	)	
PACIFIC SOUTHERN UNIVERSITY, INC., a Hawaii corporation and JAVAD JAY KHAZRAI,	)	
	)	
	)	
Defendants.	)	Trial Date: None
	)	SCF Date: None
	)	

**COMPLAINT**

Plaintiff, for a cause of action against the above-named defendants,  
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 Defendants 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 Pacific Southern University, Inc. ("PSU) is a Hawaii corporation.

4. Defendant Javad Jay Khazrai ("Khazrai") is a resident of the State of California.

5. On January 25, 1995 PSU's Articles of Incorporation were filed with the Business Registration Division of the Department of Commerce and Consumer Affairs of the State of Hawaii.

6. From 1995, PSU has continuously operated an unaccredited degree granting institution in or from the State of Hawaii or under the ostensible authority of the laws of the State of Hawaii.

7. PSU's annual corporate exhibit identifies its corporate mailing address as Seven Waterfront Plaza, Suite 400, 500 Ala Moana Boulevard, Honolulu, HA 96813.

8. PSU also maintains an internet website located at <http://www.southernpacificuniversity.com>.

9. PSU's website identifies PSU's address as Seven Waterfront Plaza, Dept. #400, 500 Ala Moana Boulevard, Honolulu, HA 96813, USA.

10. Seven Waterfront Plaza, Suite 400, 500 Ala Moana Boulevard, Honolulu, Hawaii is the street address for a company called Corporate Office Centers. Corporate Office Centers provides mail receipt and forwarding, voice-messaging and other services to individuals or businesses who contract with it.

11. Defendant Khazrai, on behalf of PSU, contracted with Corporate Office Centers for a "business identity plan."

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

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

14. Subsequent to July 1, 1999, the defendants, acting in concert, have engaged in the operation of the unaccredited degree granting institution PSU. To that end, the defendants have offered to sell and sold educational services, including those leading to degrees. In conjunction therewith, the defendants have utilized a variety of marketing materials, including a website, catalogs and other materials.

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

16. PSU has or claims to have a "presence" in the State of Hawaii as that term is used in Haw. Rev. Stat. §446E-1.

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

17. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 16 as though fully set forth herein.

18. PSU failed to properly and adequately disclose in all catalogs, promotional materials, including its website, and/or written contracts for instruction the fact that it is not fully 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).

19. Each and every catalog, promotional material and/or written contract for instruction that failed to properly and adequately disclose the fact that PSU 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).

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

**COUNT II**  
**FAILURE TO HAVE AN OFFICE LOCATED IN HAWAII**

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

22. PSU has failed to have an office located in Hawaii in violation of Hawaii Rev. Stat. §446E-5(d).

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

**COUNT III**  
**FAILURE TO HAVE AN EMPLOYEE LOCATED IN HAWAII**

24. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 23 as though fully set forth herein.

25. PSU has failed to have an employee located in Hawaii in violation of Hawaii Rev. Stat. § 446E-5(d).

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

**COUNT IV**  
**FAILURE TO HAVE TWENTY-FIVE HAWAII STUDENTS ENROLLED**

27. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 26 as though fully set forth herein.

28. PSU has failed to have twenty-five enrolled students in Hawaii in violation of Hawaii Rev. Stat. § 446E-5(d).

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

**COUNT V**  
**ILLEGAL ACCEPTANCE OF PAYMENTS**

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

31. PSU has had a continual "presence" in the State of Hawaii as that phrase is used in Hawaii Rev. Stat. § 446E-1 and § 446E-5 since at least January 24, 2000.

32. PSU 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.

33. 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).

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

**COUNT VI**  
**UNAUTHORIZED DISCLOSURE RE ACCREDITATION**

35. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 34 as though fully set forth herein.

36. PSU, through its website, has disclosed, indicated or suggested that it has applied for future accreditation.

37. Each such representation constitutes a separate and independent violation of Hawaii Rev. Stat. § 446E-5(f).

**COUNT VII**  
**DEFENDANT KHAZRAI'S INDIVIDUAL LIABILITY**

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

39. Defendant Khazrai actively or passively participated in the illegal activity and/or formulated, directed, supervised, participated in, benefited from, facilitated, controlled, knew and approved of, and committed or caused the commission of the various acts and practices described herein.

**COUNT XII**  
**INJUNCTIVE RELIEF**

40. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 39 as though fully set forth herein.

41. Unless Defendants are restrained and enjoined by this court from continuing to violate Hawaii Rev. Stat. Chap. 446E and § 480-2(a) in the manner described herein, they 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 Defendants' conduct, as alleged herein, violates the statutory provisions set forth above.

2. Issue a temporary restraining order, preliminary injunction and permanent injunction enjoining Corporate Office Centers, their agents, employees, successors and assigns, directly or indirectly, individually or in concert with others, or through any corporate or other device from providing voice mail, mail forwarding, or any other service to the Defendants.

3. Issue a temporary restraining order, preliminary injunction and permanent injunction directing the Business Registration Division of the Department of Commerce and Consumer Affairs of the State of Hawaii to dissolve, terminate,

revoke and/or cancel all tradenames, trademarks, corporate registrations (including that for Pacific Southern University, Inc.), certificates of authority held by or for the Defendants.

4. Issue a temporary restraining order, preliminary injunction and permanent injunction enjoining the defendants, their 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 themselves out as a "college, academy, institute, institution, university" or anything similar thereto;
- c. Failing to comply with Hawaii Rev. Stat. Chap. 446E or § 480-2(a) in any particulars; and
- d. Owning or operating any business in the State of Hawaii, claiming to operate under the laws of the State of Hawaii, or having a presence in Hawaii until all restitution, civil penalties and costs entered herein are fully satisfied.

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

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

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

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

DATED: Honolulu, Hawaii, June 17, 2002.

  
\_\_\_\_\_  
JEFFREY E. BRUNTON  
Attorney for Plaintiff