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1ST CIRCUIT COURT  
STATE OF HAWAII  
FILED

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N. ANAYA  
CLERK

IN THE CIRCUIT COURT OF THE FIRST CIRCUIT

STATE OF HAWAII

STATE OF HAWAII, by its Office of  
Consumer Protection,

Plaintiff,

vs.

LINCOLN INTERNATIONAL  
UNIVERSITY, INCORPORATED, a  
Hawaii corporation and STANLEY A.  
KLIGMAN,

Defendants.

CIVIL NO. 01-1-2522-08  
(Other Civil Action)

COMPLAINT AND SUMMONS

**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

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	)	
Plaintiff,	)	COMPLAINT AND SUMMONS
	)	
vs.	)	
	)	
	)	
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UNIVERSITY, INCORPORATED, a	)	
Hawaii corporation and STANLEY A.	)	
KLIGMAN,	)	
	)	
Defendants.	)	
_____	)	

**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 Lincoln International University, Incorporated. ("LIU") is a Hawaii corporation.

4. Defendant Stanley A. Kligman is a resident of Pennsylvania.

5. Defendant LIU'S corporate address is 745 Fort Street, Suite 2121 in Honolulu, Hawaii. This is the address of the law offices of Lane Y. Takahashi.

6. According to its filings with the Business Registration Division of the Department of Commerce Affairs of the State of Hawaii, defendant LIU's purpose is to establish and conduct an unaccredited degree granting institution.

7. Defendant LIU's filings with the Business Registration Division of the Department of Commerce Affairs of the State of Hawaii identify defendant Stanley A. Kligman as its president, vice-president, secretary, treasurer and a director. He is the sole officer and one of only two directors of defendant LIU.

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

9. Defendant Stanley A. Kligman is not now and never has been accredited by a recognized accrediting agency or association recognized by the United States Secretary of Education.

10. Defendant LIU is an "unaccredited institution" as that phrase is defined in Hawaii Rev. Stat. § 446E-1.

11. Defendant LIU 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**

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

13. Defendant LIU failed to properly and adequately disclose in all catalogs, promotional materials, 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).

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

15. 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**

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

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

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

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

19. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 18 as though fully set forth herein.

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

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

**COUNT IV**  
**ILLEGAL ACCEPTANCE OF PAYMENTS**

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

23. Defendant LIU 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 August 10, 1999.

24. Defendant LIU 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.

25. 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).

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

**COUNT V**  
**SUGGESTIONS OF STATE LICENSING, APPROVAL OR REGULATION**

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

28. Defendant LIU has, in its catalogs and/or promotional materials indicated or suggested that the State of Hawaii licenses, approves of or regulates its operations in violation of Hawaii Rev. Stat. §446E-5(a).

29. Each and every catalog, promotional material and/or written contract for instruction that contains such a suggestion or indication constitutes a separate and independent violation of Hawaii Rev. Stat. § 446E-5(a).

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

**COUNT VI**  
**SUGGESTIONS OF FUTURE ACCREDITATION**

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

32. Defendant LIU has in its catalogs, promotional materials and/or written contracts for instruction indicated or suggested that it intend to apply for future accreditation.

33. Each and every catalog, promotional material and/or written contract for instruction that contains such a suggestion or indication constitutes a separate and independent violation of Hawaii Rev. Stat. § 446E-5(f).

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

**COUNT VII**  
**DEFENDANT STANLEY A. KLIGMAN'S INDIVIDUAL LIABILITY**

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

36. Defendant Stanley A. Kligman 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 VIII**  
**INJUNCTIVE RELIEF**

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

38. 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 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 trade names, trademarks, corporate registrations (including that for Lincoln International University, Incorporated), certificates of authority held by or for the defendants.

3. 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.

4. 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, August 28, 2001.

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

DATED: Honolulu, Hawaii, August 28, 2001.

  
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