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ORIGINAL FILED

JUN 26 1991

COUNTY CLERK

JUN 23 1991

JAMES H. DEMPSEY, CLERK

By M. CERVANTES, DEPUTY

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 of the State of California  
 2 HERSCHEL T. ELKINS  
 Senior Assistant Attorney General  
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 Deputy Attorney General  
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6 Attorneys for Plaintiff  
 The People of the State of California

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
 9 FOR THE COUNTY OF LOS ANGELES

11	THE PEOPLE OF THE STATE OF CALIFORNIA,	)	CASE NO. BC 018 391
12	Plaintiff,	)	PRELIMINARY INJUNCTION
13	v.	)	PURSUANT TO STIPULATION
14	WILSHIRE COMPUTER COLLEGE; PETER M.	)	BETWEEN PLAINTIFF AND
15	CHUNG; PETER CHUNG UNIVERSITY, INC.;	)	DEFENDANTS WILSHIRE
16	P S EMPLOYMENT AGENCY; ROBERTA BRATU;	)	COMPUTER COLLEGE; PETER
17	BANKAMERICA CORPORATION; and DOES 1	)	M. CHUNG; PETER CHUNG
18	through 50, inclusive,	)	UNIVERSITY, INC.; AND
19	Defendants.	)	P S EMPLOYMENT AGENCY

20 Plaintiff, appearing through its attorneys, Daniel E.  
 21 Lungren, Attorney General of the State of California, Herschel T.  
 22 Elkins, Senior Assistant Attorney General and Deputy Attorney  
 23 General, Margaret Reiter (hereafter, the Office of the Attorney  
 24 General of California may be referred to as "AG."), and  
 25 defendants, Wilshire Computer College; Peter M. Chung; Peter  
 26 Chung University, Inc.; and P S Employment Agency (hereafter  
 27 Wilshire Computer College; Peter M. Chung; Peter Chung

1 University, Inc.; and P S Employment Agency may be referred to  
2 collectively as "WCC"), appearing through their attorneys,  
3 Richards, Watson & Gershon, by Fred A. Fenster, having stipulated  
4 to entry of this Preliminary Injunction and it appearing to the  
5 Court that the above named parties have stipulated and consented  
6 to the entry of this Preliminary Injunction without the taking of  
7 proof and without this order constituting evidence or an  
8 admission of any party regarding any issue of law or fact,  
9 without this order being admissible as evidence that the named  
10 defendants or any other person enjoined by this order committed  
11 any of the acts prohibited by this order, and without the named  
12 defendants or any other person enjoined by this order admitting  
13 any liability, the court having considered the matter and the  
14 pleadings, and good cause appearing, therefore:

15 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that:

16 1. This Court has jurisdiction of the subject matter hereof  
17 and the parties hereto.

18 2. All notices or documents to be served on the AG shall be  
19 sent to the attention of Deputy Attorney General Margaret Reiter  
20 or other person subsequently designated by plaintiff at the most  
21 recent address designated in the pleadings in this case or later  
22 served by plaintiff on counsel for WCC.

23 IT IS HEREBY ORDERED:

24 Pursuant to Business and Professions Code sections 17203 and  
25 17535, defendants Wilshire Computer College; Peter Chung  
26 University, Inc.; and P S Employment Agency and their respective  
27 directors, officers, managers, agents, employees, consultants,

1 representatives, successors and assigns; and defendant Peter M.  
2 Chung and his agents, employees, representatives and assigns,  
3 each and all of whom shall hereinafter be referred to as "named  
4 defendants," and all other persons, corporations or entities  
5 acting in concert or in participation with any of the named  
6 defendants (hereafter, collectively, "defendants") shall be and  
7 are hereby enjoined and restrained during the pendency of this  
8 action from directly or indirectly doing any of the following  
9 acts stated in paragraphs 3 through 28, incident to the sale of  
10 or in connection with courses of postsecondary instruction  
11 offered in California:

12         3. Soliciting any person for enrollment in any course of  
13 instruction by permitting or causing any advertisement to be  
14 published under any job-related heading such as "help wanted,"  
15 "job training," "employment agencies," "employment referral  
16 services," or "business preparation," of the classified  
17 advertisements in any magazine, newspaper or other publication or  
18 enrolling any person solicited by such an advertisement, except  
19 that if the publication does not have an appropriate classified  
20 heading, such as "schools" or "educational," or if the  
21 publication places "display" advertisements without regard to the  
22 appropriate classified heading, named defendants may place  
23 advertisements in the classified sections of such publications if  
24 any advertisement placed has a heading at the top of the  
25 advertisement in type at least as large and as legible as the  
26 largest other type used in the advertisement, that identifies the  
27 advertisement with the word, "School," "Classes," "Education," or

1 "Career Education".

2 4. Representing that any entity that enrolls any person in a  
3 course of instruction offered by named defendants or solicits any  
4 person for such enrollment will place students or graduates in  
5 jobs, or enrolling any person solicited by such a representation.

6 5. Soliciting any person for enrollment in a course of  
7 instruction by a "blind" advertisement (i.e., an advertisement  
8 that does not identify the school) or enrolling any person  
9 solicited by such an advertisement.

10 6. Enrolling any student solicited other than on the school  
11 premises, by any representative of the school, as defined by  
12 Education Code section 94316.2 in effect on January 1, 1991, who  
13 is required to have a permit or authorization pursuant to  
14 Education Code section 94333 or 94334, unless:

15 (a) Such person has the permit and surety bond as  
16 required by California Education Code section 94333 or is  
17 employed by an agency that has the authorization and surety  
18 bond as required by California Education Code section 94334;  
19 and

20 (b) Defendants serve on the AG, within 20 days of the  
21 entry of this order and within 20 days of when any such  
22 person begins to represent any entity with which any named  
23 defendant is associated, copies of such permit or  
24 authorization and the name, address and telephone number of  
25 the bonding company for each such agent or agency.

26 7. Failing to provide the disclosures required by Education  
27 Code section 94316.4.

1           8. Soliciting any person for enrollment in a course of  
2 instruction by representing that a job is being or will be  
3 offered, including such representations as, "clerical trainee--  
4 \$6.00/hr.," "F/T, P/T \$5.00-\$25.00," "Earn while you learn," "Our  
5 graduates get jobs," "Earn up to \$15 per hour," or "job placement  
6 available;" or enrolling any person solicited by such a  
7 representation, except that defendants may use the phrase "earn  
8 while you learn" or similar statements, such as, "earn money  
9 while you learn," if defendants also disclose in immediate  
10 proximity to the phrase and in the same size type, either of the  
11 following phrases, "in the work study-program dependant on  
12 qualifications and job availability" or "in the work-study  
13 program if you qualify and if there are jobs available".

14           9. Enrolling in a course of instruction any person  
15 solicited by any entity that holds itself out to the public as an  
16 employment agency or a business that offers employment or refers  
17 applicants for employment, if the entity receives compensation  
18 from the named defendants.

19           10. Enrolling any person in a course of instruction without  
20 first doing the following:

21                   (a) Disclosing orally and in writing to the prospective  
22 student (1) (A), (B) and (C); or (2); whichever is  
23 applicable:

- 24                           (1)       (A) The completion rate;  
25                                       (B) The job placement rate; and  
26                                       (C) The salaries earned,

27                           all in accordance with the methods for computing and

1 disclosing such information described in Education Code  
2 section 94316.10(a)(2)(A), (B) and (D)(i) and (ii); or

3 (2) If the course has been offered for less  
4 than one year, the following statement: "This course  
5 is new. We are not able to tell you how many students  
6 graduate, how many students find jobs, or how much  
7 money you can earn after finishing this course."

8 (b) Serving on the AG within 20 days following entry of  
9 this order, a copy of the completion rates, job placement  
10 rates, and information on salaries earned required by  
11 paragraph 10(a)(1)(A), (B), and (C); and thereafter beginning  
12 in 1992, by January 20 each year; and

13 (c) For each course offered, maintaining supporting  
14 data for a minimum of five years from each student's start  
15 date, which includes at a minimum,

16 (1) the number of students who enrolled in  
17 each course;

18 (2) for each such student claimed to have  
19 graduated and obtained such employment:

20 (A) the student's name, date of  
21 graduation, last known home and work telephone  
22 numbers and addresses;

23 (B) the name, address and telephone  
24 number of the employer with which the student  
25 has obtained such employment; and

26 (C) the starting salary the student is  
27 claimed to have earned;

1           11. Enrolling any student without first explaining orally  
2 and in writing the student's cancellation and refund rights and  
3 how the refund will be determined, including hypothetical  
4 examples based on the student's withdrawal after completing 10  
5 percent, 25 percent, 50 percent, and 75 percent of the course.

6           12. As to Wilshire Computer College, with respect to  
7 refunds it owes, and Peter Chung University, Inc., with respect  
8 to refunds it owes, failing to pay refunds to or on behalf of any  
9 student in the amounts and within the time prescribed by  
10 California Education Code sections 94317, 94318, and 94318.5 in  
11 effect when the student enrolled.

12           13. Enrolling any person in a course unless:

13                   (a) That person has passed a test as required by  
14 Education Code section 94319.2 that establishes the  
15 student's ability to be successfully trained to perform the  
16 tasks associated with the occupations or job titles to which  
17 the course is represented to lead;

18                   (b) Defendants provide the AG, within 20 days of the  
19 entry of this order and within 20 days of using any  
20 different test, the name, address and telephone number of  
21 the organization that publishes or develops the test, any  
22 information on development of the test and testing  
23 procedures available from the developer or publisher, and  
24 the criteria used to determine the minimum passing scores  
25 for enrollment into each course for which the test is used;

26                   (c) Students take the test within any time limits  
27 established by the test publisher or developer and described

1 by the test instructions, without assistance from any person  
2 or material other than as prescribed by the test publisher  
3 or developer;

4 (d) Test results are not altered by the defendants;

5 (e) Students who fail the test are not permitted to  
6 retake the test except according to the instructions of the  
7 developer or publisher, but in no event within the time  
8 prohibited by California Education Code section 94319.2(e)  
9 or within 7 days, whichever is longer;

10 (f) Defendants maintain for a period of not less than  
11 five years, copies of all test answer sheets for any person  
12 who took such a test.

13 14. Misrepresenting the ratio of students to equipment  
14 available in any course, such as by stating verbally or visually  
15 that any school operated by named defendants offers a one-to-one  
16 ratio of student to equipment.

17 15. Failing to disclose orally and in writing before a  
18 student enrolls that the student will have to share the use of  
19 equipment, unless students are provided with properly operating  
20 equipment throughout the course sufficient to provide a one-to-  
21 one ratio of student to equipment.

22 16. Representing that any course or portion of a course is  
23 free or available at no cost, (a) if any person who enrolls in  
24 that course pays for all or part of the course with a loan or (b)  
25 if such representation is otherwise untrue or misleading.

26 17. Representing that financial aid is available unless  
27 such representation also discloses that financial aid is limited



1 to those who qualify.

2 18. Representing that a student is likely to earn  
3 sufficient income after graduation to repay that student's  
4 student loans unless seventy percent of the students who have  
5 attended each Wilshire Computer College ("WCC") school from 1987  
6 to the present, whose student loan payments have become due for  
7 their course of study, are not in default on their loan payments.

8 19. Representing that any student will be provided (a) a  
9 stipend, (b) an allowance or (c) any periodic payment that need  
10 not be repaid, unless the student's loan obligation for education  
11 and related expenses will not be increased as a result.

12 20. Representing that any student may receive money for  
13 expenses other than school tuition, fees, supplies and required  
14 equipment, unless before the student applies for any student  
15 financial aid, defendants disclose orally and in writing the  
16 student's right to receive funds in excess of amounts owed the  
17 school;

18 21. Enrolling any person in any course that allows periodic  
19 enrollment of newer students into existing courses without first  
20 disclosing orally the following:

21 (a) That new students may start in the course after  
22 the course has started; and

23 (b) At what times during the course enrollment is  
24 allowed.

25 22. Assisting, encouraging or instructing any person to  
26 submit a false social security card, immigration card or other  
27 documentation in applying for any federal student financial aid;

1           23. Filling out, encouraging a student to fill out or  
2 offering to a student for signature any document related to  
3 government funded or insured grant or loan programs that contains  
4 false, fictitious or fraudulent statements.

5           24. Preparing, submitting to any government agency, or  
6 signing any document related to government funded or insured  
7 grant or loan programs that contains false, fictitious or  
8 fraudulent statements.

9           25. Allowing any person associated with named defendants,  
10 other than the teacher who created the records, the education  
11 coordinator and school director for the particular school  
12 location, or, if the school location closes, the corporate  
13 administrator designated in writing by the owner ("collectively,  
14 authorized person"), to have access to the teacher's original  
15 attendance and grade record book, except that the financial aid  
16 director, the student services coordinator or the job placement  
17 coordinator of the particular school or the corporate financial  
18 aid administrator may view the original attendance and grade  
19 record books if needed in the completion of their job duties, if  
20 viewed in the presence and under the observation of one of the  
21 authorized persons. All others who need information contained in  
22 the attendance and grade record books shall have access only to  
23 secondary sources such as photocopies or absence and grade  
24 reports. If not in the physical presence of one of the  
25 authorized persons, the original attendance and grade record  
26 books shall be locked and only the authorized persons shall have  
27 access to the locked records.



1 gesture by Wilshire Computer College, Peter Chung University,  
2 Inc., P S Employment Agency and Peter M. Chung.

3 As part of the terms agreed to, all employees and other  
4 representatives of the foregoing entities must sign this Notice  
5 indicating that they have received a copy and acknowledging that  
6 they are prohibited from doing any of the following:

7

8 [To be inserted here in the notice are paragraphs 3 through 26 of  
9 this order.]

10 ++++++

11 and

12 (b) Provide to the AG within 20 days of the date of  
13 this order and within 20 days of each new employee's or  
14 representative's start date the following statement signed  
15 by each employee:

16 -----

17 RECEIPT OF NOTICE OF COURT ORDER

18 [Note--All information except signature must be typed or legibly  
19 printed]

20 On (date) I received a copy of the  
21 attached notice required by court order in the Los Angeles  
22 Superior Court case number BC 018 391

23 Name: \_\_\_\_\_

24 Position: \_\_\_\_\_

25

26

27 Signature: \_\_\_\_\_

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(c) Provide to the AG on 10 days written notice from a representative of the AG the name, home address and home telephone number of former employees or other former representatives for the time period indicated in the request.

28. Failing to maintain books and records for not less than five calendar years as required by Education Code section 94319.5 and failing to maintain books and records as necessary to demonstrate compliance with this order and to make them immediately available to a representative of the AG for review for the purpose of determining compliance with the provisions of this order. Books and records necessary to demonstrate compliance with this order, which may or may not also be required to be maintained by Education Code section 94319.5 include the following documents which shall be maintained throughout the effective period of this order or for five years, whichever is shorter:

(a) a copy of each advertisement, flyer, brochure or other written representation used to solicit any person for enrollment with supporting documentation showing the publication in which placed, the date(s) of publication and who placed the advertising;

(b) a copy of the agent's permit and bond for each agent of named defendants and the name, address and telephone number of the bonding company;

(c) a copy of the agency's authorization and bond for

1 each agency representing named defendants and the name,  
2 address and telephone number of the bonding company;

3 (d) a copy of all documents used to provide the  
4 disclosures required by Education Code section 94316.4;

5 (e) payment records for payments to any representative  
6 of named defendants;

7 (f) instructions, guidelines, procedures or training  
8 materials named defendants provide to employees or other  
9 representatives;

10 (g) a copy of each disclosure form used to comply with  
11 Education Code section 94316.10;

12 (h) a copy of the refund disclosures used by named  
13 defendants;

14 (i) accounting records and cancelled checks sufficient  
15 to show compliance with refund obligations;

16 (j) the documents related to entrance tests required  
17 by paragraph 13 (b) and (f) of this order;

18 (k) a copy of any video tape presentation about the  
19 school, courses, financial aid, enrollment obligations or  
20 other video tape used to solicit students or tell students  
21 their rights or obligations;

22 (l) all documents maintained in connection with any  
23 financial aid offered;

24 (m) all identification, social security or immigration  
25 documents of which named defendant obtained copies;

26 (n) all institutional applications for eligibility for  
27 participation in financial aid programs, program agreements

1 and origination agreements;

2 (o) all teacher's attendance and grade record books;

3 (p) all documents obtained from representatives of  
4 named defendants pursuant to paragraph 27 of this order;

5 (q) resumes, Certificates of Authorization, and  
6 certified copies of academic degrees and/or certified copies  
7 of teaching credentials of all teachers and administrators;

8 (r) all documents demonstrating any authorization by  
9 the corporation to pay the attorneys' fees of Peter M. Chung  
10 or other agent of the corporate defendants;

11 IT IS FURTHER ORDERED, pursuant to Business and  
12 Professions Code sections 17203 and 17535 and pursuant to  
13 Government Code section 12527, that named defendants are hereby  
14 enjoined and restrained during the pendency of this action from  
15 doing any of the following acts unless permitted by the Court on  
16 a noticed motion served on the AG or by stipulation with the AG:

17 29. (a) Selling, encumbering, transferring or otherwise  
18 disposing of any real or personal property in which  
19 named defendants have any interest; or

20 (b) Withdrawing, encumbering, transferring, or  
21 otherwise disposing of any money now held or hereafter  
22 obtained, including any money in which defendants have an  
23 interest deposited with any bank, savings and loan  
24 association, credit union or thrift and loan company, or  
25 other financial institution including but not limited to  
26 First Business Bank, 601 W. 5th Street, Los Angeles, CA  
27 90071 and Mid City Bank, 2142 W. Olympic Blvd., Los Angeles,

1 CA, except that

2 (1) the named defendants may pay the following  
3 expenses of Wilshire Computer College without being  
4 subject to the restrictions set forth above in  
5 paragraph 29(b), as long as Wilshire Computer College  
6 is approved by the State of California and accredited  
7 by a nationally recognized accrediting association to  
8 offer the postsecondary instruction for which the  
9 expenses are incurred:

10 (A) necessary and reasonable expenses  
11 actually incurred in the regular course of  
12 business, actually paid to a person who is not  
13 an owner, director, officer, or employee of  
14 defendants, which do not exceed by more than  
15 10% the average monthly amounts spent for such  
16 expenses during the months of January through  
17 November 1990;

18 (B) monthly salary to defendant Peter  
19 M. Chung in an amount no greater than his  
20 average monthly salary in 1990, but not to  
21 exceed \$10,000 per month, if he is employed  
22 full time by Wilshire Computer College;

23 (C) salaries of other employees if

24 1) the monthly salary is not more  
25 than the most recent monthly salary  
26 paid for each such position;

27 2) teachers to be paid have on file



1 with the school a resume listing the  
2 name, address and telephone number of  
3 each employer necessary to qualify the  
4 teacher for a valid Certificate of  
5 Authorization for Service issued by the  
6 California Department of Education or  
7 its successor based on experience in  
8 the field in which that person teaches;

9 3) teachers and administrators to  
10 be paid have on file with the school  
11 certified copies of their academic  
12 degrees and/or certified copies of  
13 their teaching credentials; and

14 (D) reasonable attorneys' fees if  
15 necessary to defend against this action,  
16 provided that funds or any other assets of  
17 Wilshire Computer College and Peter Chung  
18 University, Inc. may not be used to pay  
19 attorneys' fees or other legal expenses of  
20 defendant Peter M. Chung or any other agent of  
21 either corporate defendant unless authorized  
22 in accordance with Corporations Code section  
23 317, and documentation of the authorization is  
24 served on the AG within 15 days after payment  
25 is authorized; and

26 (2) Peter M. Chung may withdraw funds from any  
27 source of up to \$10,000 monthly in lieu of the monthly

1 salary provided for in paragraph 29(b)(1)(B).

2 30. Failing to provide monthly to the AG documentation of  
3 all expenditures by the named defendants (except for expenditures  
4 by Peter Chung from salary as authorized above), after the date  
5 this preliminary injunction is entered, including the amount  
6 spent, the purpose of the expenditure and the person or entity to  
7 whom paid.

8 IT IS FURTHER ORDERED:

9 31. No bond is required of plaintiff.

10 32. The Court reserves jurisdiction to modify this order as  
11 the ends of justice may require, AND TO REVISE THE PROVISION ON

12 P. 17 LINE IS AT A HEARING ON 7/22/91 AT 8:30 AM IN CMT. 25.  
DATED:

13 PLAINTIFF TO GIVE NOTICE BY MAIL TODAY.

14 JUNE 26, 1991

RONALD M. SOHIGIAN

15 RONALD M. SOHIGIAN  
16 JUDGE OF THE SUPERIOR COURT

17 Approved as to form and substance.

18 RICHARDS, WATSON & GERSHON

19 June 25, 1991

20 Date

Fred A Fenster  
By Fred A. Fenster,  
Attorney for defendants,  
Wilshire Computer College;  
Peter M. Chung; Peter Chung  
University, Inc.; and  
P S Employment Agency

23 ATTORNEY GENERAL OF THE STATE OF  
24 CALIFORNIA

25 June 24, 1991

26 Date

Margaret Reiter  
By Margaret Reiter,  
Attorney for plaintiff

DECLARATION OF SERVICE BY MAIL

Re: *People v. Wilshire Computer College, et al.*  
No.: BC 018391

I, MARCELA L. HEARN, declare:

I am over the age of 18 years and not a party to the within action. My business address is 300 South Spring Street, Los Angeles, California 90013, in the County of Los Angeles.

I am familiar with the business practice at the Office of the Attorney General for collection and processing of correspondence for mailing with the United States Postal Service. In accordance with that practice, correspondence placed in the internal mail collection system at the Office of the Attorney General is deposited with the United States Postal service that same day in the ordinary course of business.

On July 3, 1991, at my place of business, at Los Angeles, California, the attached

PRELIMINARY INJUNCTION PURSUANT TO STIPULATION BETWEEN PLAINTIFF AND DEFENDANTS WCC; PETER CHUNG; PETER CHUNG UNIVERSITY; AND PS EMPLOYMENT AGENCY

was placed for collection and deposit in the United States Postal Service at the Office of the Attorney General, 300 South Spring Street, Los Angeles, California 90013, in a sealed envelope, postage fully prepaid, addressed to:

Fred A. Fenster, Esq.  
RICHARD, WETSON & GERSHON  
333 South Hope Street, 38th Floor  
Los Angeles, CA. 90071-1469

John C. Fauvre  
Office of General Counsel  
Bank of America  
555 South Flower Street, Suite 800  
Los Angeles, California 90071

Peter Chung  
Wilshire Computer College  
3000 Wilshire Boulevard  
Los Angeles, CA 90010

Roberta Bratu  
Wilshire Computer College -  
3000 Wilshire Boulevard  
Los Angeles, CA 90010

Additionally, on July 3, 1991, I mailed by certified mail, return receipt requested a copy of the above mentioned document to the following address:

Peter Chung  
Wilshire Computer College  
3000 Wilshire Boulevard  
Los Angeles, CA 90010

Roberta Bratu  
Wilshire Computer College  
3000 Wilshire Boulevard  
Los Angeles, CA 90010

I declare under penalty of perjury the foregoing is true and correct, and that this declaration was executed at Los Angeles, California, on July 3, 1991.

Marcela L. Hearn

(Typed Name)

\_\_\_\_\_  
(Signature)