

1 JONATHAN E. NUECHTERLEIN
General Counsel
2 GREGORY A. ASHE
VA Bar No. 39131
3 KATHARINE ROLLER
4 IL Bar No.

5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1 injunctive relief, rescission or reformation of contracts, restitution, the refund of monies paid
2 disgorgement of ill-gotten monies, ~~another~~ equitable relief for Defendants' acts or
3 practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).
4

5 JURISDICTION AND VENUE

6 2. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345
7 and 15 U.S.C. §§ 45(a) and 53(b).

8 3. Venue is proper in this district under 28 U.S.C. § 1391(b)(2), (c)(2), (c)(3) and (d), and 15
9 U.S.C. § 53(b).
10

11 PLAINTIFF

12 4. The FTC is an independent agency of the United States Government created by statute. 15
13 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which
14 prohibits unfair or deceptive acts or practices in or affecting commerce.
15

16 5. The FTC is authorized to initiate federal district court proceedings, by its own attorneys, to
17 enjoin violations of the FTC Act and to secure such equitable relief as may be appropriate in
18 each case, including rescission or reformation of contracts, restitution, the refund of monies
19 paid, and the disgorgement of ill-gotten monies. 15 U.S.C. § 53(b).
20

21 DEFENDANTS

22 6. Defendant Capitol Network Distance Learning Programs, LLC ("Distance Learning")
23 Arizona limited liability company with its principal place of business at 14425 N. Scottsdale
24 Road, Suite 700, Scottsdale, AZ 85254. Distance Learning also has used mailing addresses
25 at 3116 E. Shea Boulevard, Suite 58, Phoenix, AZ 85028; 3217 E. Shea Boulevard, Suite
26 237, Phoenix, AZ 85028; 10115 E Bell Road, Suite #107, Scottsdale, AZ 85260; and
27
28

1 9. Defendant Nicholas A. Pollicino, a/k/a Nick Pollicino (“N. Pollicino”), is the principal and
2 owner of Defendants Distance Learning and Digital Licensing. N. Pollicino is a signatory
3 on the bank accounts of Defendants Distance Learning and Digital Licensing. He is the
4 registrant and technical, administrative, and billing contact for many Defendants’
5 websites. The domain registration and hosting fees for Defendants’ websites are often paid
6 for with Defendant N. Pollicino’s personal credit cards. As all times material to this
7 Complaint, acting alone or in concert with others, he has formulated, directed, controlled,
8 had the authority to control, or participated in the acts and practices set forth in this
9 Complaint. Defendant N. Pollicino, in connection with the matters alleged herein, transacts
10 or has transacted business in this district and throughout the United States.
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1 alleged herein, transacts or has transacted business in this district and throughout the United
2 States.

3
4 12. Defendants Distance Learning, Digital Licensing, and Veritas (collectively, “Corporate
5 Defendants”) have operated as a common enterprise while engaging in the deceptive acts and
6 practices alleged below. Defendants have conducted the business practices described below
7 through an interrelated network of companies that have common ownership, managers,
8 business functions, and that commingle funds. Because these Corporate Defendants have
9 operated as a common enterprise, each of them is jointly and severally liable for the acts and
10 practices alleged below. Defendants N. Pollicino, Clavien, and A. Pollicino have formulated,
11 directed, controlled, had the authority to control, or participated in the acts and practices of
12 the Corporate Defendants that constitute the common enterprise.
13
14

15 COMMERCE

16
17 13. At all times material to this Complaint, Defendants have maintained a substantial course of
18 trade in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15
19 U.S.C. § 44.
20

21 DEFENDANT’S BUSINESS PRACTICES

22 14. Since at least 2004, Defendants have operated several fraudulent online “high schools” that
23 sell fake high school diplomas to consumers nationwide. Defendants’ websites to
24 English and Spanish-speaking consumers, promoting programs bearing names such as
25 “Capitol High School,” “Penn Capitol High School,” “Stafford High School,” “Franklin
26 High School,” “Lincoln High School,” “County High School,” “Metro High School,”
27 “Liberty High School,” and “Heritage High School.” They claim that consumers can “[e]arn
28

1 your High School Diploma Online” by enrolling in Defendants’ programs. Defendants claim
2 that consumers can use their diploma “to advance in life and document proof of your
3 accomplishments” and that their “program has been successfully utilized in a variety of
4 settings and is accepted by a wide range of organizations. Defendants’ websites have also
5 represented that Defendants’ programs are accredited.
6

7 15. In reality, Defendants do not operate accredited online high schools and do not issue valid
8 high school credentials. Consumers are only required to pay a fee and pass a nominal test
9 order to obtain a “diploma.” In fact, Defendants’ programs require no coursework or
10 preparation before taking the test, and the test itself offers hints to help consumers select the
11 correct answers. As a result, Defendants’ diplomas are virtually worthless. In
12 numerous instances, consumers who attempt to enroll in college, apply for jobs, or join the
13 military using Defendants’ diplomas learn that Defendants’ programs are unaccredited and
14 that the diplomas are invalid.
15
16
17

18 16. Defendants have charged between \$45 to \$249 for their purported services, and have taken
19 in millions of dollars from consumers.
20
21
22
23
24
25
26
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

metatags include 'The best GED online alternative: get a real high school diploma in 2 days!'

20. Defendants misrepresent that their so-called diplomas are equivalent to a traditional high school diploma. For example, Defendants state:

- a. Earn your High School Diploma Online at CHS
- b. Get your High School Diploma Online
- c. Our goal is f j-9(o)ais f Diploepre

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

General: Your Graduation Package can be used to advance in life and document proof of your accomplishments.

**

Career: Many employers accept life experience certificates such as ours because they recognize that even though someone may not have achieved valuable skills in a traditional manner the skills they have achieved are valuable nonetheless.

- b. NEED A DIPLOMA FOR COLLEGE? Worried about acceptance into college or your money back!
- c. Graduate with the documents you need the confidence you deserve to succeed in the workplace, continued education, or at home.
- d. Do you need your high school diploma to . . .
 - x Help you get a job?
 - x Help you change careers?
 - x Make you eligible for promotion?
 - x Enter a training program?
 - x Gain a sense of accomplishment?
 - x Recognize what you have learned from life experience?
- e. Our program has been successfully utilized in a variety of settings and is accepted by a wide range of organizations.

22. Defendants' websites also contain numerous purported customer testimonials touting Defendants' online high school diploma program and its supposed uses. The testimonials include the following statements:

- a. Wow! Thanks to CNDLP I am currently working in one of the best hospitals in N.Y. and taking nursing at a local private college. Thank you for making this possible for me.
- b. First I would like to thank
 - b.

1 their told me I was too old to be a junior their, so I haven't been in school since. I
2 thank you again for another chance to improve myself and my life. [sic]

3 e. Dear Sir, Thank you for letting me get my high school education through you. You
4 have made me feel like I am somebody now.

5 f. I would like to ThankYou for the program that you all have. This program has help
6 begin a step into my future career. Thank-You. [sic]

7 g. Dear Administrator, I want thank you for helping me to get my diploma and I really
8 appreciate for everything thanks again you are life saver. [sic]

9 h. Thank you so much CNDLP! I just got my job thanks to having passed your
10 program. I sent my mom and whole family a picture with me holding up my new
11 diploma in front of my new job!

12 23. Defendants offer consumers a "Graduation Package" that includes a diploma, transcripts, and
13 a "verification service". Defendants explain that the transcript will include "all courses
14 required for the degree that you are receiving based on life experience submission" and
15 that it will be "printed on no copy security paper and include [Defendants'] official seal."
16 for their verification service, Defendants explain that "our registrar will . . . verify that
17 graduated from our program to any third party that authorize to receive the information."

18 24. The required fee for Defendants' programs has varied over time and has ranged from \$135 to
19 \$249. Defendants accept payment via credit card and money order.
20

21 25. In fact, Defendants do not operate legitimate online educational programs. Defendants' so-
22 called "schools" provide consumers no instruction, coursework, study materials, or periodic
23 evaluations. To obtain Defendants' diploma, consumers need only pass an assisted online
24 multiple choice test, enter their life experience, and pay required fee.
25

26 26. In addition, contrary to their website claims, Defendants' diplomas are not equivalent to
27 traditional high school diplomas or to a GED® certificate because numerous higher
28

1 education institutions, employers, and the military do not accept Defendants' diplomas as
2 valid high school equivalency credentials. In numerous instances, consumers attempting to
3 enroll in college, apply for jobs, or join the military using Defendants' diplomas have been
4 rejected because the diplomas are not valid high school equivalency credentials.
5

6 27. In numerous instances, consumers who have attempted to contact Defendants after receiving
7 their diplomas report that the number listed on their websites rings busy and does not
8 connect to an actual live person.
9

10 Defendants Misrepresent That They Operate Legitimate, Accredited Secondary Education
11 Programs

12 28. In some instances, Defendants cloak their fraudulent diploma mills in legitimacy by
13 misrepresenting that their online "schools" are accredited.
14

15 29. In some instances, Defendants' websites include the statement "Proud Member of CNDLP"
16 next to the image of an academic seal. The seal is circular with the picture of an open book
17 surrounded by oak laurels with the words "Capitol Network Distance Learning Programs –
18 CNDLP" repeated around the perimeter.
19

20 30. In reality, the Capitol Network for Distance Learning Programs is a fictitious entity created
21 by Defendants, and is not a legitimate, independent accrediting body.
22

23 31. Defendants registered its website, cndlp.org, in February 2004. The cndlp.org website,
24 Defendants explain that the "Capitol Network for Distance Learning Programs" is dedicated
25 to providing an equal opportunity for anyone to continue their education at their own pace
26 online" and that "[b]y upholding only the highest academic and educational standards we ca
27
28

1
2
3
4
5
6
7
8
9
10
11
11

1 independent, third-party accrediting body that objectively evaluates and accredits
2 Defendants' online schools.

3 44. In truth and in fact, the Capitol Network for Distance Learning Programs is not an
4 independent, third-party accrediting body that objectively evaluates and accredits
5 Defendants' online schools. In fact, the Capitol Network for Distance Learning Programs is
6 owned and controlled by Defendants.
7

8 45. Therefore, Defendants' representations as set forth in Paragraphs 3 and 4 of the Complaint are
9 false or misleading and constitute deceptive acts or practices in violation of Section 5(a) of
10 the FTC Act, 15 U.S.C. § 45(a).
11

12 CONSUMER INJURY

13 14 46. Consumers have suffered and will continue to suffer substantial injury as a result of
15 Defendants' violations of the FTC Act. In addition, Defendants have been unjustly enriched
16 as a result of their deceptive acts or practices. Absent injunctive relief by this Court,
17 Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the
18 public interest.
19

20 THIS COURT'S POWER TO GRANT RELIEF

21 22 47. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive
23 and such other relief as the Court may deem appropriate to halt and redress violations of any
24 provision of law enforced by the FTC. The Court, in the exercise of its equitable
25 jurisdiction, may award ancillary relief, including rescission or reformation of contracts,
26 restitution, the refund of monies paid, and the disgorgement of ill-gotten monies, to prevent
27 and remedy any violation of any provision of law enforced by the FTC.
28

PRAYER FOR RELIEF

Wherefore, Plaintiff FTC, pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b) and the Court's own equitable powers, requests that the Court:

A. Award Plaintiff such preliminary injunctive and ancillary relief as may be necessary to avert the likelihood of consumer injury during the pendency of this action and to preserve the possibility of effective final relief, including but not limited to, temporary and preliminary injunctions, and an order freezing assets;

B. Enter a permanent injunction to prevent future violations of the FTC by Defendants;

C. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act, including but not limited to, rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies; and

D. Award Plaintiff the costs of bringing this action, as well as such other and additional relief as the Court may determine to be just and proper.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Dated: February 8, 2016

Respectfully submitted,

JONATHAN E. NUECHTERLEIN
General Counsel

/s/Gregory A. Ashe
GREGORY A. ASHE
VA Bar No. 39131
KATHARINE ROLLER
IL Bar No. 6316909
Federal Trade Commission
600 Pennsylvania Avenue NW
Washington, DC 20850
Telephone: 202-326-3719 (Ashe)
Telephone: 202-326-3582 (Roller)
Facsimile: 202-326-3768
Email: gashe@ftc.gov kroller@ftc.gov

Attorneys for Plaintiff
FEDERAL TRADE COMMISSION