

## SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into among the United States of America, acting through the United States Department of Justice and on behalf of the United States Department of Education (collectively the "United States"); American Commercial Colleges, Inc. ("ACC"); and Shawn Clark and Juan A. Delgado (collectively "Relators") (hereafter collectively referred to as "the Parties"), through their authorized representatives.

### RECITALS

A. ACC is a Texas corporation headquartered in Lubbock, Texas. It is a privately-held, for-profit college that awards career diplomas and industry certifications in various fields. ACC currently operates campuses in Wichita Falls, Texas, Odessa, Texas, and San Angelo, Texas. Until 2012, ACC also operated campuses in Abilene, Texas, Lubbock, Texas, and Shreveport, Louisiana. ACC participates in federal student loan and grant programs under Title IV of the Higher Education Act of 1965, as amended ("Title IV").

B. To maintain eligibility to participate in Title IV programs, for-profit colleges such as ACC are required to certify to the United States Department of Education every year that they receive at least ten percent of their revenue from "sources that are not derived from" Title IV funding. 20 U.S.C. § 1002(b) (2000); 34 C.F.R. § 600.5(a)(8) (2004). This requirement is commonly known as, and is referred to hereafter, as the "90/10 Rule."

C. On July 27, 2010, Relators filed a *qui tam* action in the United States District Court for the Northern District of Texas captioned *United States ex rel. Shawn Clark and Juan A. Delgado v. American Commercial Colleges, Inc.*, 5:10-CV-129-C, pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the "Civil Action"). Relators alleged, among other things, that: (1) ACC submitted to the Department of Education false certifications

of compliance with the 90/10 Rule to maintain its eligibility to participate in Title IV federal student aid programs; and (2) ACC made false representations to the Department of Education and the Texas Workforce Commission about student academic progress, attendance and job placement. The United States partially intervened in the Civil Action on February 2, 2012, and filed the United States' Complaint in Intervention (the "Complaint in Intervention") on March 19, 2012.

D. The United States contends that it has certain civil claims against ACC for engaging in the conduct alleged in the Complaint in Intervention (hereafter referred to as the "Covered Conduct").

E. This Settlement Agreement is neither an admission of liability by ACC, nor a concession by the United States that its claims are not well founded.

F. Relators claim entitlement under 31 U.S.C. § 3730(d) to a share of the proceeds of this Settlement Agreement and to Relators' reasonable expenses, attorneys' fees and costs.

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

#### TERMS AND CONDITIONS

1. ACC shall pay to the United States \$1,000,000, plus interest at the rate of two percent (2%) per annum, over the next five years in accordance with the payment schedule attached hereto as Attachment A. The payments shall be made by electronic funds transfer pursuant to written instructions to be provided by the Office of the United States Attorney for the Northern District of Texas (hereafter, "the USAO").

2. In addition to the payments made pursuant to Paragraph 1 above (hereafter, the “Fixed Payments”), ACC shall pay to the United States contingent payments (hereafter, the “Contingent Payments”) in accordance with the terms set forth below. The sum of the Fixed Payments and the Contingent Payments shall constitute “the Settlement Amount.”

a. The Contingent Payments will be calculated based on ACC’s annual net revenues (as that term is used in ACC’s 2011 audited financial statements) for the years 2014 through 2018. For each of those years, the Contingent Payment shall be the sum of: (1) one percent (1%) of ACC’s annual net revenues between \$7,000,000 and \$9,000,000, plus (2) ten percent (10%) of ACC’s annual net revenues exceeding \$9,000,000. To illustrate, if ACC’s annual net revenues for 2014 are \$10,000,000, the Contingent Payment for the year 2014 would be \$120,000, calculated as follows:  $1\% \times (\$9,000,000 - \$7,000,000) + 10\% \times (\$10,000,000 - \$9,000,000) = \$120,000$ .

b. The Contingent Payments described in Paragraph 2.a above are subject to an aggregate maximum amount of \$1,500,000.

c. ACC will calculate the Contingent Payments annually, and will pay each year’s Contingent Payment (if any amount is due for that year pursuant to Paragraphs 2.a and 2.b) by March 31 of the following year. (To illustrate, ACC will pay the Contingent Payment due for the year 2014 by March 31, 2015.) The Contingent Payments shall be made by electronic funds transfer pursuant to written instructions to be provided by the USAO.

d. No later than March 31 of each year, ACC will provide audited financial statements to the USAO to support the amounts of annual net revenues used to calculate the Contingent Payments. If ACC’s audited financial statements for a given year have

not yet been finalized by March 31 of the following year, then ACC shall provide the USAO unaudited financial statements no later than March 31, and within ten (10) days after ACC's audited financial statements are finalized, ACC shall provide the USAO the audited financial statements, and make any additional Contingent Payment due to the United States based on the amount by which annual net revenues reported in the audited financial statements exceed the unaudited annual net revenues used by ACC to calculate and pay the Contingent Payment on or before March 31.

e. ACC agrees that it will not restructure its operations in a manner that would reduce or eliminate a Contingent Payment that would otherwise be due under this Agreement. For example, ACC will not transfer the operations of its Wichita Falls, Odessa, or San Angelo campuses, or transfer the operations of its Abilene, Lubbock, or Shreveport campuses if re-opened, to a separate legal entity owned or controlled, directly or indirectly, by Doyle Brent Sheets and/or Sheets Family Partners, Ltd. In the event ACC has a legitimate business need to restructure its operations, ACC will provide advance notice to the United States, and ACC and the United States will negotiate in good faith to modify this Agreement to ensure that the Contingent Payments are calculated based on the annual net revenues of all campuses currently or previously operated by ACC.

f. ACC agrees that any false reporting of annual net revenues in connection with the Contingent Payments shall be a material breach of this Agreement.

3. If ACC sells or otherwise transfers all or substantially all of the assets or operations of one or more of its campuses, ACC shall give the United States at least thirty (30) days advanced written notice of the transaction, and the remaining unpaid balance of the

Settlement Amount (including the aggregate maximum Contingent Payments set forth in Paragraph 2.b above) shall become accelerated and immediately due and payable on or before the date of the sale or transfer.

4. ACC and the United States shall, upon execution of this Settlement Agreement, enter into a Consent Judgment in the form attached hereto as Attachment B, but the Consent Judgment shall not be filed with the Court unless and until the United States, at its sole discretion, chooses to do so under the circumstances described in Paragraph 5 (concerning default by ACC) below. In the event the United States chooses to file the Consent Judgment under those circumstances, the amount of the Consent Judgment shall be \$2,500,000, less the amount of payments (excluding interest) made by ACC to the United States, pursuant to Paragraphs 1 and 2 above, through the date the Consent Judgment is filed, plus interest at the rate of twelve percent (12%) per annum from the date of default until the date of payment.

5. If ACC fails to make any of the payments required by Paragraphs 1 and 2 above at the specified time, ACC shall be in default of its payment obligations. If ACC fails to cure any such default within thirty (30) days after the United States provides written notice to ACC of the default, then the remaining unpaid balance of the Settlement Amount (including the aggregate maximum Contingent Payments set forth in Paragraph 2.b above) shall become accelerated and immediately due and payable, with interest at the rate of twelve percent (12%) per annum from the date of default until the date of payment, and the United States, at its sole discretion, may (a) offset the remaining unpaid balance of the Settlement Amount (inclusive of interest) from any amounts due and owing to ACC by any department or agency of the United States at the time of default; or (b) exercise any other rights available in law or in equity, including, without limitation, filing and executing on the Consent Judgment described in

Paragraph 4 above, filing an action for specific performance of this Agreement, and/or referring the matter for private collection. ACC agrees not to contest any collection action undertaken by the United States pursuant to this Paragraph 5, except to the extent ACC believes it was not in default, and ACC agrees to pay the United States all reasonable costs incurred in any such collection action, including attorneys' fees and expenses.

6. Conditioned upon the United States receiving the Settlement Amount payments from ACC, the United States agrees that it shall pay to Relators a total of seventeen percent (17%) of each such payment received under the Settlement Agreement as soon as feasible after receipt of the payment from ACC. Such payments shall represent the total amount due to both Relators, collectively, under this Agreement, and shall be made by electronic funds transfer pursuant to written instructions to be provided by Julie E. Johnson, counsel for Relators. Relators Shawn Clark and Juan A Delgado agree that they are solely responsible for any allocation or division of such payments between them, and that the United States shall not be responsible for any allocation or division of such payments between them.

7. ACC agrees to make payment to Relators for expenses, attorneys' fees, and costs pursuant to, and in accordance with the terms of, a separate agreement between ACC and Relators.

8. Subject to the exceptions in Paragraph 10 (concerning excluded claims) below, and conditioned upon ACC's full payment of the Settlement Amount, and subject to Paragraph 20, below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment made under this Agreement), the United States releases ACC from any civil or administrative monetary claim the United States has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Program Fraud Civil Remedies Act, 31

U.S.C. §§ 3801-3812; or the common law theories of payment by mistake, unjust enrichment, and fraud.

9. Subject to the exceptions in Paragraph 10 below, and conditioned upon ACC's full payment of the Settlement Amount, and subject to Paragraph 20, below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment made under this Agreement), Relators, for themselves and for their heirs, successors, attorneys, agents, and assigns, release ACC from any civil monetary claim the Relators have on behalf of the United States for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733, and from any other civil monetary claims the Relators asserted on behalf of the United States in the Civil Action.

10. Notwithstanding the releases given in Paragraphs 8 and 9 of this Agreement, or any other term of this Agreement, the following claims of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability, including the suspension and debarment rights of any federal agency;
- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- e. Any liability based upon obligations created by this Agreement;
- f. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;

- g. Any liability for failure to deliver goods or services due;
- h. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct; or
- i. Any liability of individuals.

11. Relators and their heirs, successors, attorneys, agents, and assigns shall not object to this Agreement but agree and confirm that this Agreement is fair, adequate, and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B). Relators and their heirs, successors, attorneys, agents, and assigns fully and finally release, waive, and forever discharge the United States, its agencies, officers, agents, employees, and servants, from any claims arising from the filing of the Civil Action or under 31 U.S.C. § 3730, and from any claims to a share of the proceeds of this Agreement and/or the Civil Action (other than claims against the United States for enforcement of the payment obligations in Paragraph 6 above).

12. Relators, for themselves and for their heirs, successors, attorneys, agents, and assigns, release ACC from any liability to Relators arising from the filing of the Civil Action, or under 31 U.S.C. § 3730(d) for expenses or attorneys' fees and costs (other than claims against ACC for enforcement of the payment obligations in Paragraph 7 above and the separate agreement referenced therein).

13. ACC has provided sworn financial disclosure statements (Financial Statements) to the United States and the United States has relied on the accuracy and completeness of those Financial Statements in reaching this Agreement. ACC warrants that the Financial Statements were complete and accurate as of the dates on which ACC provided them to the United States, and that ACC's financial condition and projections have not materially improved since that time. The United States acknowledges that ACC, by letter dated April 23, 2013, has disclosed certain



information to the United States to supplement the Financial Statements previously provided. If the United States learns of asset(s) in which ACC had an interest at the time of this Agreement that were not disclosed in the Financial Statements, or if the United States learns of any misrepresentation by ACC on, or in connection with, the Financial Statements, and if such nondisclosure or misrepresentation changes the estimated net worth set forth in the Financial Statements by \$100,000 or more, the United States may at its option: (a) rescind this Agreement and file suit (or reinstate the Complaint in Intervention) based on the Covered Conduct; or (b) let the Agreement stand and collect the full Settlement Amount plus one hundred percent (100%) of the value of the net worth of ACC previously undisclosed. ACC agrees not to contest any collection action undertaken by the United States pursuant to this provision, and immediately to pay the United States all reasonable costs incurred in such an action, including attorneys' fees and expenses.

14. In the event that the United States, pursuant to Paragraph 13 (concerning disclosure of assets) above, opts to rescind this Agreement, ACC agrees not to plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any civil or administrative claims that (a) are filed by the United States within 120 calendar days of written notification to ACC that this Agreement has been rescinded, and (b) relate to the Covered Conduct, except to the extent these defenses were available on July 27, 2010.

15. ACC waives and shall not assert any defenses ACC may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution,

this Agreement bars a remedy sought in such criminal prosecution or administrative action.

Nothing in this Paragraph or any other provision of this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue laws, Title 26 of the United States Code.

16. ACC fully and finally releases the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that ACC has asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, agents, employees, and servants, related to the Covered Conduct and/or the Civil Action and the United States' investigation and prosecution thereof.

17. ACC fully and finally releases Relators, their heirs, successors, attorneys, agents, and assigns, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that ACC has asserted, could have asserted, or may assert in the future against Relators, their heirs, successors, attorneys, agents, and assigns, related to the Covered Conduct and/or the Civil Action and Relators' investigation and prosecution thereof.

18. a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47) incurred by or on behalf of ACC, and its present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' audit(s) and civil and/or criminal investigation(s) of the matters covered by this Agreement;
- (3) ACC's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil and/or criminal

investigation(s) in connection with the matters covered by this Agreement (including attorneys' fees);

- (4) the negotiation and performance of this Agreement; and
- (5) the payments ACC makes to the United States pursuant to this Agreement and any payments that ACC may make to Relators, including costs and attorneys' fees,

are unallowable costs for government contracting purposes (hereinafter referred to as Unallowable Costs).

b. Future Treatment of Unallowable Costs: Unallowable Costs will be separately determined and accounted for by ACC, and ACC shall not charge such Unallowable Costs directly or indirectly to any contract with the United States.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Within 90 days of the Effective Date of this Agreement, ACC shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by ACC or any of its subsidiaries or affiliates from the United States. ACC agrees that the United States, at a minimum, shall be entitled to recoup from ACC any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted requests for payment. The United States, including the Department of Justice and/or the affected agencies, reserves its rights to audit, examine, or re-examine ACC's books and records and to disagree with any calculations submitted by ACC or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by ACC, or the effect of any such Unallowable Costs on the amount of such payments.

19. The Parties warrant that, in evaluating whether to execute this Agreement, they (a) have intended that the mutual promises, covenants, and obligations set forth constitute a contemporaneous exchange for new value given to ACC, within the meaning of 11 U.S.C. § 547(c)(1); and (b) conclude that these mutual promises, covenants, and obligations do, in fact, constitute such a contemporaneous exchange. Further, the Parties warrant that the mutual promises, covenants, and obligations set forth herein are intended to and do, in fact, represent a reasonably equivalent exchange of value that is not intended to hinder, delay, or defraud any entity to which ACC was or became indebted to on or after the date of this transfer, within the meaning of 11 U.S.C. § 548(a)(1).

20. If within 91 days of the Effective Date of this Agreement or of any payment made under this Agreement, ACC commences, or a third party commences, any case, proceeding, or other action under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors (a) seeking to have any order for relief of ACC's debts, or seeking to adjudicate ACC as bankrupt or insolvent; or (b) seeking appointment of a receiver, trustee, custodian, or other similar official for ACC or for all or any substantial part of ACC's assets, ACC agrees as follows:

a. ACC's obligations under this Agreement may not be avoided pursuant to 11 U.S.C. § 547, and ACC shall not argue or otherwise take the position in any such case, proceeding, or action that: (i) ACC's obligations under this Agreement may be avoided under 11 U.S.C. § 547; (ii) ACC was insolvent at the time this Agreement was entered into, or became insolvent as a result of entering into this Agreement; or (iii) the mutual promises, covenants, and obligations set forth in this Agreement do not constitute a contemporaneous exchange for new value given to ACC.

b. If ACC's obligations under this Agreement are avoided for any reason, including, but not limited to, through the exercise of a trustee's avoidance powers under the Bankruptcy Code, the United States, at its sole option, may rescind the releases in this Agreement and bring any civil and/or administrative claim, action, or proceeding against ACC for the claims that would otherwise be covered by the releases provided in Paragraphs 8 and 9, above. ACC agrees that (i) any such claims, actions, or proceedings brought by the United States are not subject to an "automatic stay" pursuant to 11 U.S.C. § 362(a) as a result of the action, case, or proceedings described in the first clause of this Paragraph, and ACC shall not argue or otherwise contend that the United States' claims, actions, or proceedings are subject to an automatic stay; (ii) ACC shall not plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any such civil or administrative claims, actions, or proceeding that are brought by the United States within ninety (90) calendar days of written notification to ACC that the releases have been rescinded pursuant to this Paragraph, except to the extent such defenses were available on July 27, 2010; and (iii) the United States has a valid claim against ACC for amounts consistent with the remedies available under the False Claims Act, 31 U.S.C. §§ 3729-3733, including treble damages and penalties, for the Covered Conduct, and the United States may pursue its claim in the case, action, or proceeding referenced in the first clause of this Paragraph, as well as in any other case, action, or proceeding.

c. ACC acknowledges that its agreements in this Paragraph are provided in exchange for valuable consideration provided in this Agreement.

21. This Agreement is intended to be for the benefit of the Parties only.

22. Upon execution of this Agreement, the Parties shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal pursuant to Rule 41(a)(1) of the Federal Rules of Civil Procedure. The Joint Stipulation of Dismissal shall provide that all claims asserted in the Civil Action are being dismissed subject to the terms of this Agreement, that claims asserted in the Complaint in Intervention for the Covered Conduct released in this Agreement are being dismissed with prejudice, and that all other claims asserted in the Civil Action are being dismissed without prejudice to the United States.

23. Except as provided for in Paragraph 7 above, each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

24. Each party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

25. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the Northern District of Texas. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

26. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.


27. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

28. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

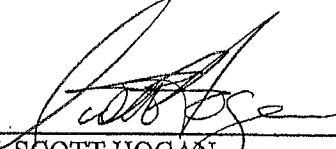
29. This Agreement is binding on ACC's successors, transferees, heirs, and assigns.
30. This Agreement is binding on Relators' successors, transferees, heirs, and assigns.
31. All parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.
32. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

THE UNITED STATES OF AMERICA

DATED: 5/31/13

BY:   
\_\_\_\_\_  
JAY D. MAJORS  
JEFFREY A. TOLL  
Trial Attorneys  
Commercial Litigation Branch  
Civil Division  
United States Department of Justice


DATED: 5/31/13

BY:   
\_\_\_\_\_  
J. SCOTT HOGAN  
Assistant United States Attorney  
Northern District of Texas



AMERICAN COMMERCIAL COLLEGES, INC.

DATED: \_\_\_\_\_

BY:   
DOYLE BRENT SHEETS  
President  
American Commercial Colleges, Inc.

DATED: \_\_\_\_\_

BY: \_\_\_\_\_  
H. GRADY TERRILL  
Craig, Terill, Hale & Grantham, LLP  
Counsel for American Commercial Colleges, Inc.

SHAWN CLARK AND JUAN A. DELGADO - RELATORS

DATED: \_\_\_\_\_

BY: \_\_\_\_\_  
Shawn Clark

DATED: \_\_\_\_\_


BY: \_\_\_\_\_  
Juan A. Delgado

DATED: \_\_\_\_\_

BY: \_\_\_\_\_  
Julie E. Johnson  
Law Office of Julie Johnson, PLLC  
Counsel for Relators Shawn Clark  
and Juan A. Delgado

AMERICAN COMMERCIAL COLLEGES, INC.

DATED: \_\_\_\_\_ BY: \_\_\_\_\_  
DOYLE BRENT SHEETS  
President  
American Commercial Colleges, Inc.

DATED: 5-29-13 BY:   
H. GRADY TERRILL  
Craig, Terill, Hale & Grantham, LLP  
Counsel for American Commercial Colleges, Inc.

SHAWN CLARK AND JUAN A. DELGADO - RELATORS

DATED: \_\_\_\_\_ BY: \_\_\_\_\_  
Shawn Clark

DATED: \_\_\_\_\_ BY: \_\_\_\_\_  
Juan A. Delgado

DATED: \_\_\_\_\_ BY: \_\_\_\_\_  
Julie E. Johnson  
Law Office of Julie Johnson, PLLC  
Counsel for Relators Shawn Clark  
and Juan A. Delgado

AMERICAN COMMERCIAL COLLEGES, INC.

DATED: \_\_\_\_\_ BY:   
DOYLE BRENT SHEETS  
President  
American Commercial Colleges, Inc.

DATED: \_\_\_\_\_ BY: \_\_\_\_\_  
H. GRADY TERRILL  
Craig, Terill, Hale & Grantham, LLP  
Counsel for American Commercial Colleges, Inc.

SHAWN CLARK AND JUAN A. DELGADO - RELATORS


DATED: 5/31/13 BY:   
Shawn Clark

DATED: 5/31/13 BY:   
Juan A. Delgado

DATED: \_\_\_\_\_ BY: \_\_\_\_\_  
Julie E. Johnson  
Law Office of Julie Johnson, PLLC  
Counsel for Relators Shawn Clark  
and Juan A. Delgado

AMERICAN COMMERCIAL COLLEGES, INC.

DATED: \_\_\_\_\_

BY:   
DOYLE BRENT SHEETS  
President  
American Commercial Colleges, Inc.

DATED: \_\_\_\_\_

BY: \_\_\_\_\_  
H. GRADY TERRILL  
Craig, Terill, Hale & Grantham, LLP  
Counsel for American Commercial Colleges, Inc.

SHAWN CLARK AND JUAN A. DELGADO - RELATORS

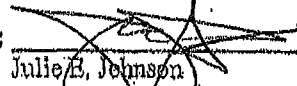
DATED: \_\_\_\_\_

BY: \_\_\_\_\_  
Shawn Clark

DATED: \_\_\_\_\_

BY: \_\_\_\_\_  
Juan A. Delgado

DATED: 5-31-13

BY:   
Julie B. Johnson  
Law Office of Julie Johnson, PLLC  
Counsel for Relators Shawn Clark  
and Juan A. Delgado

**ATTACHMENT A  
SCHEDULE OF PAYMENTS**

Date	Payment	2.00% Interest	Principal	Balance
				1,000,000.00
10/1/2013	30,000.00	5,000.00	25,000.00	975,000.00
1/2/2014	29,875.00	4,875.00	25,000.00	950,000.00
4/1/2014	29,750.00	4,750.00	25,000.00	925,000.00
7/1/2014	29,625.00	4,625.00	25,000.00	900,000.00
10/1/2014	35,750.00	4,500.00	31,250.00	868,750.00
1/2/2015	35,593.75	4,343.75	31,250.00	837,500.00
4/1/2015	35,437.50	4,187.50	31,250.00	806,250.00
7/1/2015	35,281.25	4,031.25	31,250.00	775,000.00
10/1/2015	35,125.00	3,875.00	31,250.00	743,750.00
1/4/2016	34,968.75	3,718.75	31,250.00	712,500.00
4/1/2016	34,812.50	3,562.50	31,250.00	681,250.00
7/1/2016	34,656.25	3,406.25	31,250.00	650,000.00
10/3/2016	34,500.00	3,250.00	31,250.00	618,750.00
1/2/2017	34,343.75	3,093.75	31,250.00	587,500.00
4/3/2017	34,187.50	2,937.50	31,250.00	556,250.00
7/3/2017	34,031.25	2,781.25	31,250.00	525,000.00
10/2/2017	133,875.00	2,625.00	131,250.00	393,750.00
1/2/2018	133,218.75	1,968.75	131,250.00	262,500.00
4/2/2018	132,562.50	1,312.50	131,250.00	131,250.00
7/2/2018	131,906.25	656.25	131,250.00	-
<b>Total</b>	<b>1,069,500.00</b>	<b>69,500.00</b>	<b>1,000,000.00</b>	

**ATTACHMENT B  
FORM OF CONSENT JUDGMENT**

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
LUBBOCK DIVISION

UNITED STATES OF AMERICA  
*ex rel.* SHAWN CLARK AND  
JUAN A. DELGADO,

Plaintiff,  
v.

AMERICAN COMMERCIAL  
COLLEGES, INC.,

Defendant.

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CIVIL ACTION NO. 5:10-CV-129-C

**CONSENT JUDGMENT**

Plaintiff United States of America (the "United States") and Defendant ACC Commercial Colleges, Inc. ("ACC"), by and through the undersigned counsel, consent to the entry of this judgment based upon the following uncontested allegations:

1. This Court has jurisdiction over this case under 31 U.S.C. § 3732(a) and 28 U.S.C. §§ 1331, 1345, 1367(a). ACC consents to the jurisdiction of the United States District Court for the Northern District of Texas for the resolution of this dispute.

2. On May \_\_\_\_, 2013, ACC and the United States entered into a settlement agreement for the purpose of resolving a dispute under the False Claims Act, 31 U.S.C. § 3729 *et seq.* and common law causes of action (the "Settlement Agreement"). A copy of the Settlement Agreement is attached hereto as Exhibit 1 and incorporated by reference herein.

3. Under the terms of the Settlement Agreement, ACC agreed to pay the United States up to \$2,500,000 plus interest (the "Settlement Amount"), including:

(a) Fixed Payments of \$1,000,000 (plus interest), payable in quarterly installments over a five year period; and (b) Contingent Payments of up to \$1,500,000, calculated based on ACC's annual net revenues for the years 2014 through 2018.

4. Also under the terms of the Settlement Agreement, the parties agreed, upon execution of the Settlement Agreement, to voluntarily dismiss this action pursuant to Rule 41(a) of the Federal Rules of Civil Procedure.

5. Also under the terms of the Settlement Agreement, ACC agreed that in the event it failed to make any of the payments due to the United States at the specified time, and failed to cure such default within thirty (30) days after the United States provides written notice to ACC of the default, then the remaining unpaid balance of the Settlement Amount (including the aggregate maximum Contingent Payments under the Settlement Agreement) shall become accelerated and immediately due and payable, with interest at the rate of twelve 12% per annum from the date of default to the date of payment.

6. Also under the terms of the Settlement Agreement, ACC agreed that in the event that it defaults by failing to make a payment when due, and fails to cure such default within thirty (30) days after the United States provides written notice to ACC of such default, the United States may file a Consent Judgment against ACC in the amount of \$2,500,000, less the amount of payments (excluding interest) made by ACC to the United States, pursuant to the Settlement Agreement, through the date the Consent Judgment is filed, plus interest at the rate of twelve percent (12%) per annum from the date of default to the date of payment.



7. ACC has failed to make payments in accordance with the Settlement Agreement, and therefore is in default under the terms of the Settlement Agreement.

8. The United States has given ACC thirty (30) days to cure the default, as provided in the Settlement Agreement, but ACC has failed to cure the default.

9. As of the date of this filing, ACC has paid the United States a total of \$\_\_\_\_\_ (excluding interest) of the Settlement Amount.

Accordingly, this Court enters judgment for the United States against ACC in the amount of \$\_\_\_\_\_, plus interest at the agreed-upon rate of twelve percent (12%) per annum from the date of default until the date this Consent Judgment is satisfied.

SO ORDERED this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
UNITED STATES DISTRICT JUDGE

The parties hereby stipulate and agree to the entry of this Consent Judgment.

**THE UNITED STATES OF AMERICA**

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

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Counsel for the United States of America

**AMERICAN COMMERCIAL COLLEGES, INC.**

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

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