

**BEFORE THE AMERICAN ARBITRATION ASSOCIATION
SAN JOSE, CA**

LINH NGUYEN,

Claimant,

v.

LAMBDA, INC. D/B/A LAMBDA
SCHOOL; JOHN DOES 1-9,

Respondents.

AAA Case No. _____

DEMAND FOR ARBITRATION

1. Pursuant to the American Arbitration Association's Consumer Rules, Claimant Linh Nguyen submits this Demand for Arbitration against Lambda, Inc. d/b/a Lambda School ("Lambda") and John Does 1-9 for violations of the California Consumer Legal Remedies Act ("CLRA"), California Civil Code § 1750, *et seq.*, Unfair Competition Law ("UCL"), California Business and Professional Code § 17200, *et seq.*, False Advertising Law ("FAL"), California Business and Professional Code § 17500, *et seq.*, as well as for intentional and negligent misrepresentation.

2. Ms. Nguyen brings this action to hold Lambda accountable for: (i) falsifying and misrepresenting its job placement rates; (ii) misrepresenting and concealing the true nature of its financial interest in students' success, including by falsely representing that Lambda only got paid after students found employment and got paid; (iii) misrepresenting and concealing from students that the state of California ordered Lambda to cease operations, stop enrolling students, cease all

instructional services, and submit a closure plan, and (iv) enrolling and providing educational services to students, including Ms. Nguyen, in violation of that order.

3. Lambda is a private, for-profit online coding school founded in 2017 by its current chief executive officer, Austen Allred. Headquartered in San Francisco, Lambda provides online six and twelve-month computer science courses.

4. Lambda charges \$30,000 for its program, more than double the reported average price of online coding bootcamps.¹

5. As Mr. Allred has explained, most students come to Lambda with “no network” and are “from either inner cities or rural areas.”²

6. Lambda’s business model is predicated on convincing prospective students to pay this large amount by promising them that they will not owe any tuition unless and until they find a job that pays \$50,000 or more per year.

7. Through this financial arrangement, known as an Income Share Agreement (“ISA”), Lambda students agree to pay 17% of their post-Lambda salary for twenty-four months, but only once they are making more than \$50,000 per year in a qualifying job.

8. Job placement is the most critical component of Lambda’s operations; to a prospective student, no information is more important than the school’s record of successfully placing students in computer technology careers.

¹ See Cecilia Clark, *How Much is Coding Boot Camp?* Nerdwallet (Jan. 8, 2021), available at: <https://www.nerdwallet.com/article/loans/student-loans/how-much-is-coding-bootcamp>.

² See Y Combinator, *A CS Education That’s Free Until You Get a Job - Austen Allred of Lambda School*, YouTube (Apr. 3, 2019) at 9:10 (hereinafter “Y Combinator Interview”), available at: <https://www.youtube.com/watch?v=vIAYZtdrfl&t=551s>.

9. Lambda prominently displays its purported record of job placement on its website as well as in marketing materials and on social media, including through Mr. Allred's personal Twitter account. Until at least December 2019, Lambda advertised that its job placement rate was over 80%.

10. Lambda's senior management, including Mr. Allred, knew that these widely disseminated job placement representations were false and misleading.

11. For example, on August 2, 2018, Mr. Allred posted to Lambda's website that "every single Lambda School graduate who has been on the job market for six months is either employed in a full-time role as a software engineer or has joined an early startup working for equity."³ This was a lie, as confirmed the very next day in internal communications from Lambda's senior leadership to its Director of Career Readiness stating that the school's "[o]verall placement numbers are low and the time to placement is much higher than desired."

12. And, at the same time it was publicly touting an 85.9% job placement rate, Lambda warned one of its investors in a private memo: "We're at roughly 50% placement for cohorts that are 6 months graduated" and "[p]lacement to date has been manual and one-off, which isn't possible at scale." See Lambda Memorandum to Investors, *Human Capital: The Last Unoptimized Asset Class* at 10 (May 2019), attached hereto as Exhibit A.

³ Austen Allred, *Introducing Lambda Next — Our Revolutionary New Job Search and Placement Program*, Medium: Lambda School Blog (Aug. 2, 2018), available at: <https://medium.com/lambda-school-blog/introducing-lambda-next-our-revolutionary-new-job-search-and-placement-program-603ef12f7d37>.

13. In addition, Lambda has long advertised that “[w]e don’t get paid until you do, so we’re in this together, from your first day of classes to your first day on the job.”⁴ Together with its purportedly high job placement rate, this statement led Ms. Nguyen to trust Lambda. But this statement was also false, as Lambda packaged and sold ISAs to investors long before students found employment.

14. Ms. Nguyen relied on Lambda’s advertised job placement rate of over 80% and its promise that Lambda would not get paid until she did when she decided to enroll at Lambda in July of 2019, financed by an ISA. Only after enrolling at Lambda and becoming aware of news stories about Lambda’s misconduct did she discover that the representations that induced her to enroll at Lambda were false and misleading.

15. In addition to these material misrepresentations, Lambda, from its inception until at least August 20, 2020, operated without approval by the state of California, in violation of California law and an order by the state requiring it to cease operations.

16. Specifically, Lambda is regulated by the California Bureau for Postsecondary Education (“BPPE”) as a post-secondary educational institution. On March 20, 2019, the BPPE found that Lambda was operating without its approval and ordered the school to cease all operations and submit a school closure plan.

⁴ See, e.g., Lambda School Website, Apply Now Pages, available at: <https://lambdaschool.com/learn-more-social> (last visited Apr. 28, 2021) and <https://lambdaschool.com/go/higher-ed> (last visited Apr. 28, 2021).

Lambda appealed the decision and, on July 24, 2019, BPPE affirmed its March 20, 2019 order.

17. Despite the clear requirement to cease all operations, Lambda continued to operate, advertise its educational services to the public, and enroll students. Lambda enrolled Ms. Nguyen on July 16, 2019, after it was ordered to stop enrolling students. Ms. Nguyen was not informed prior to enrolling that the BPPE had ordered Lambda to cease operations.

18. California law bars educational institutions such as Lambda from doing business without obtaining state approval, *see* Cal. Educ. Code § 94886, makes it a crime to “[k]nowingly operat[e] a private postsecondary institution without an approval to operate,” *see* Cal. Educ. Code § 94943, and holds that enrollment agreements are unlawful and unenforceable if, at the time of execution, the institution did not hold a valid approval to operate, *see* Cal. Educ. Code § 94902(b)(2).

19. Had Lambda truthfully represented its job placement rates or disclosed that the BPPE ordered it to cease operations, Ms. Nguyen would have investigated options for pursuing a web development education at another school, rather than signing an ISA that indebted her to \$30,000 of tuition at Lambda.

20. Ms. Nguyen brings this arbitration to cancel her ISA, for refunds of all payments she has made to date, and for actual and punitive damages.

THE PARTIES

21. Claimant Linh Nguyen is a natural person who resides, and at all relevant times has resided, in Sunnyvale, California. Ms. Nguyen was enrolled as a student at Lambda from July 2019 until November 2020, when she withdrew.

22. Respondent Lambda is a corporation organized and existing under the laws of the State of Delaware, having its principal place of business at 250 Montgomery Street, Floor 16, San Francisco, California 94104.

23. John Does 1-9 are individuals or corporations who may own all or a portion of Ms. Nguyen's ISA.

JURISDICTION AND VENUE

24. The American Arbitration Association ("AAA") has jurisdiction over this action pursuant to Claimant's ISA, which specifies that "any Claim against [Lambda] shall be submitted to and resolved by binding arbitration under the Federal Arbitration Act ("FAA"), 9 U.S.C. §§1 et seq., before the American Arbitration Association ("AAA") under its Consumer Arbitration Rules then in effect." Claimant's ISA further specifies that any arbitration hearing "shall be held in the same city as the U.S. District Court closest to [claimant's] address."

FACTUAL ALLEGATIONS

Lambda Background

25. Lambda is a private, for-profit online coding school founded in 2017 by its current CEO, Austen Allred. Lambda is not a degree-granting institution and is not accredited, meaning students cannot take out federal student loans to attend.

26. Since 2017, Lambda has offered various computer science programs including UX design, data science, and full stack web development. Lambda

programs previously lasted between nine and eighteen months and currently last between six months and a year.

27. While students can elect to pay for Lambda upfront, most students choose to finance their Lambda program through an ISA. As Lambda describes it: “A Lambda School ISA is a contract under which you agree to pay 17% of your post-Lambda School salary for 24 months, but only once you're making more than \$50,000 per year (or the equivalent of \$4,166.66 per month). The ISA is capped at a maximum repayment of \$30,000, so you won't pay more than \$30,000 under any circumstances.”⁵

28. Lambda ISAs are managed by third-party servicers who handle ISA origination and payment processing.⁶ Ms. Nguyen's ISA is serviced by Leif Technologies, Inc. (“Leif”).

29. Ms. Nguyen entered into an ISA with Lambda on July 16, 2019. Lambda has not disclosed whether or not it has sold her ISA.

30. Lambda has long touted “experienced industry expert” instructors and a top-of-the-line curriculum that is “designed to get you hired.” On April 3, 2019, Mr. Allred stated that Lambda's “educational experience is, I think, among the best in the world.”⁷

⁵ Lambda School Website, *Frequently Asked Questions*, available at: <https://lambdaschool.com/faq> (last visited May 12, 2021).

⁶ Lambda School Website, *The Lambda School Income Share Agreement*, available at: <https://lambdaschool.com/tuition/isa> (scroll to FAQs) (last visited May 12, 2021).

⁷ Y Combinator Interview at 15:05.

31. By April 2019, Lambda was growing at “an insane pace.” As Mr.

Allred explained:

We agreed as a team to no longer share the number of students that we have enrolled, but it is not a small number and it is growing at an insane pace. We'll soon be measuring Lambda School scale by percentage of the overall number of students learning to program every year, to give you some context. And being able to support that kind of scale effectively is what keeps me up at night. Mostly specifically hiring, mostly hiring executives right now who can build out 100, 150 person teams beneath them . . . and we need like 5 of them yesterday.⁸

32. Although Lambda may not have wanted to share information about its students publicly, in a May 2019 memorandum to its investor Y Combinator,

Lambda executives stated:

When a Lambda School student is hired for \$75k/yr, they pay us back approximately \$25k. At 4,000 placed software engineers/year we'll hit a \$100mm/yr run rate. In 2019 we'll enroll over 3,000 students. In May 2019 we'll enroll over 500. We plan on enrolling more than 10,000 students in 2020.

33. Mr. Allred has attributed Lambda's growth in part to his active personal Twitter account, stating in January 2020 that his frequent tweets have “certainly helped Lambda school grow.”⁹

34. Mr. Allred has further stated: “If there's one thing I'm good at in life, it's growing something quickly, building hype for something quickly. That's kind of my superpower.”¹⁰

⁸ *Id.* at 47:50.

⁹ Vincent Woo, *Interview with Austen Allred*, Soundcloud (Jan. 22, 2020) at 42:10 (hereinafter “Woo Interview”), available at: <https://soundcloud.com/vwoo/interview-with-austen-allred>.

¹⁰ *Id.* at 22:25.

35. While the hype may have helped Lambda to raise over a hundred million dollars in venture capital,¹¹ it has not translated into success for Lambda or its students.

36. In September 2020, Lambda held a “Student Assembly” where it announced a major restructuring of educational services. Whereas previously, Lambda paid Team Leads (“TLs”) to guide students through the course work, Lambda announced that all TLs would be eliminated.¹² In addition, Lambda reduced the length of its programs, stopped taking attendance, and required students to grade their own work.¹³

37. In place of paid TLs, Lambda required students to mentor each other. To sell this lower-cost model, Lambda told students that “We’re building peer mentoring into the program to double down on social learning, and give every student the benefit of learning by teaching the power you get from . . . mentoring other people—it’s a superpower, and we want to help unlock that for every student at Lambda School.”¹⁴

38. This announcement increased the volume and pitch of student complaints. A small selection of examples include:

¹¹ Ingrid Lunden, *Lambda School raises \$74M for its virtual coding school where you pay tuition only after you get a job*, TechCrunch (Aug. 21, 2020, 8:32 AM), available at: <https://techcrunch.com/2020/08/21/lambda-school-raises-74m-for-its-virtual-coding-school-where-you-pay-tuition-only-after-you-get-a-job/>.

¹² According to the May 2019 memorandum to investor Y Combinator, the TL cost per student, \$3,197, was by far Lambda’s greatest expense. Instructors, second on the list, were \$1,882 per student. Ex. A at 3.

¹³ Lambda School Student Assembly, Audio and Slide Deck Presentation to Students (Sept. 4, 2020) at 38:50 (hereinafter “Student Assembly Presentation”) (on file with Student Defense).

¹⁴ *Id.* at 34:22 – 35:10.

- a) “BUYER BEWARE! Lambda was sliced and diced a month ago, almost all content was cut, almost all teachers and TLs were laid off, and all students are now directed towards websites like CodeSignal to take automated tests and google when you run into a problem. DO NOT JOIN LAMBDA SCHOOL! You WILL have to teach yourself everything! The company has screwed over ALL of its current students and staff and both are leaving in droves. Almost every staff member I have met has quit over the changes and a large number of students have as well. Many people are even discussing legal action regarding their ISA agreements. DONT PAY \$30,000 JUST TO END UP TEACHING YOURSELF EVERYTHING!”¹⁵
- b) “Imagine paying 30k for a code Bootcamp and once you are locked in they force you to be a mentor, remove your team leads and standups with fellow classmates, you grade yourself, and no more attendance. Welcome to @LambdaSchool. This is @Austen’s solution to student debt?”¹⁶
- c) “After attending 3 classes I was done. Teacher very unorganized and not knowledgeable. Given a mentor that never contacted me. Curriculum is not good. I seen all I needed in a week and a half..... Got out while the gettin was good. My advice to others thinking about it??? Just don’t!”¹⁷
- d) “It wasn’t good when I went starting in early 2020, and it only got worse over time. I would never recommend this place to anyone - I came here to modernize my skills, and thank god I knew how to code already or I would have been lost without a rudder with the complete lack of anything this place had. I thought I was taking crazy pills with the stark difference between the school and the reviews online.”¹⁸

39. When students graduate or withdraw from Lambda, they must provide their ISA servicer with frequent information and updates. According to Lambda,

¹⁵ @First Last, Comment to Y Combinator Interview.

¹⁶ u/Laja_dev, *Lambda School is the biggest mistake I made this year*, Reddit (Dec. 11, 2020, 1:24 PM) (hereinafter “Lambda School Reddit Thread”, available at: https://www.reddit.com/r/LambdaSchool/comments/kb87od/lambda_school_is_the_biggest_mistake_i_made_this/ (last visited May 12, 201).

¹⁷ u/jeanniecodes, Comment to Lambda School Reddit Thread (Dec. 11, 2020, 3:23 PM).

¹⁸ u/technicaldebtgames, Comment to Lambda School Reddit Thread (Dec. 12, 2020, 8:45 AM).

“[u]pon withdrawal from Lambda School, being withdrawn, or starting a new job (qualified or not) you will be required to send our ISA servicer . . . a pay stub, a letter from your employer, or a contractor agreement stating your income. You must do this on a regular basis, including: No later than five days after starting your new job; Every time your income increases or decreases; Every 30 days, even if your job is outside of the tech industry.”¹⁹

Lambda’s False and Misleading Job Placement Rates

40. Mr. Allred describes Lambda as “entirely vocational, we’re a trade school basically, and we want to help you make as much money as you can.”²⁰ Job placement is therefore the most critical component of Lambda’s operations.

41. Lambda communicates its record of job placement success to prospective students through disclosure of job placement rates prominently displayed on its website as well as in marketing materials and on social media.

42. Throughout at least 2018 and 2019, Lambda’s website advertised job placement rates of over 80%. At all times relevant to this demand, Lambda’s executive leadership, including Mr. Allred, knew that these widely disseminated job placement rates were false.

43. On August 2, 2018, Mr. Allred, Ben Nelson (co-founder and CTO), and Ryan Holdaway (VP of Outcomes), stated the following in a post on the Lambda School Blog: “[E]very single Lambda School graduate who has been on the job

¹⁹ Lambda School Website, *The Lambda School Income Share Agreement*, available at: <https://lambdaschool.com/tuition/isa> (last visited May 12, 2021).

²⁰ Y Combinator Interview at 13:00.

market for six months is either employed in a full-time role as a software engineer or has joined an early startup working for equity.”²¹

44. On August 3, 2018—the very next day—Lambda’s Director of Career Readiness received an “Employee Corrective Action Form” from Lambda’s executive leadership, reprimanding her for poor job placement performance. The form stated that the employee’s “performance in recent months has not met the expectations for the Career Coach/Director of Career Readiness role at Lambda School. Overall placement numbers are low and the time to placement is much higher than desired.”

45. The Corrective Action Form continued:

Placements are the most critical component of Lambda’s operations, not only in the School’s obligation to its students, but to the prosperity of the company as a whole. A common discussion point in regards to Outcomes is that current placement rates are too low and time to placement is too high. Creative tactics and adjustments to current careers processes as well as follow through are needed to improve both of these measurements. . . .

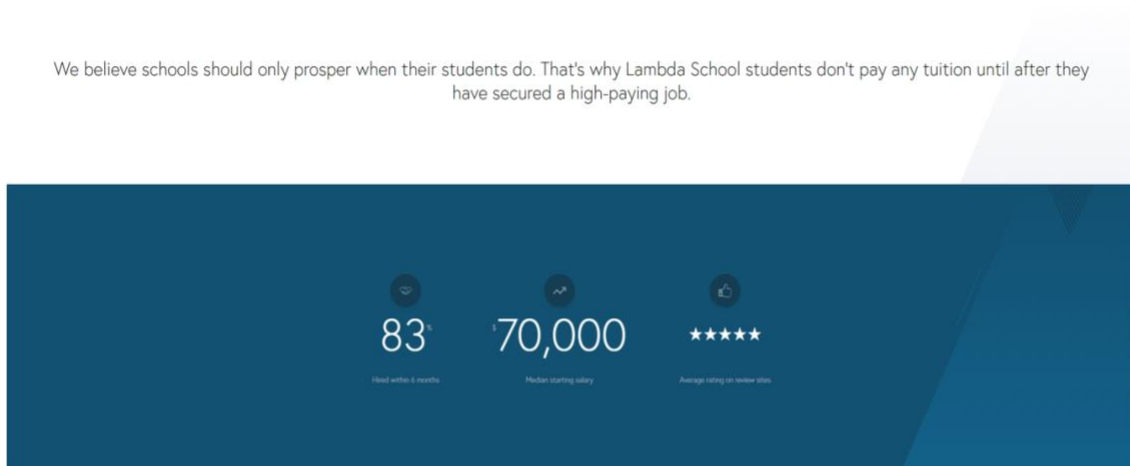
CS1 students graduated on 1/19/18. Since then we’ve had a new class graduate approximately every five weeks. As of 8/1/18, only 16 students of the 48 graduated students assigned to [the employee] have been placed.

46. A little more than two months later, on October 8, 2018, Lambda made the following announcement on its website: “Since Lambda School’s inception in

²¹ Austen Allred, *Introducing Lambda Next — Our Revolutionary New Job Search and Placement Program*, Medium: Lambda School Blog (Aug. 2, 2018), available at: <https://medium.com/lambda-school-blog/introducing-lambda-next-our-revolutionary-new-job-search-and-placement-program-603ef12f7d37>.

April 2017, over 75 Lambda School graduates have been hired, including 83% of early cohorts, with an average salary increase of over \$47,000 per hired graduate.”

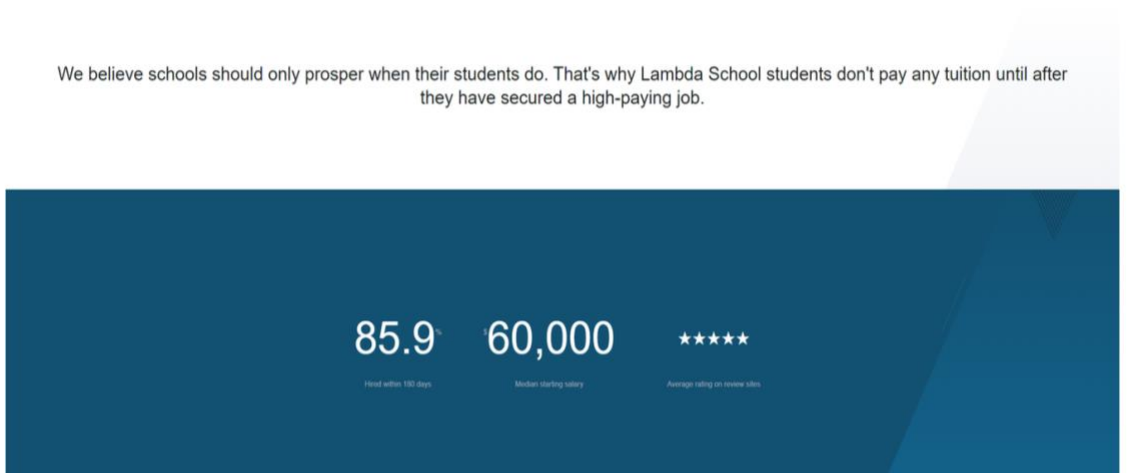
47. Lambda’s homepage contained the following statement across the top of the page:



Screenshot from Lambda’s website on December 13, 2018.

48. The representation of an 83% job placement rate remained on the Lambda website until on or about February 2019.

49. From on or about April 2019 until at least December 2019, Lambda’s website advertised a job placement rate of over 85%. For example, on April 18, 2019, Lambda’s homepage contained the following statement across the top of the page:



Screenshot from Lambda’s website on April 18, 2019.

50. On March 5, 2019, Lambda’s official twitter account provided a link to a report touting the 85.9% job placement rate and stated: “Lambda only succeeds when our students succeed, and we’re committed to a transparent, no-surprises approach to education.”²²

51. In May of 2019—at the same time Lambda was advertising an 85.9% job placement rate and touting its transparency—Lambda executives sent a private memorandum to investor Y Combinator. The May 2019 memo stated:

We’re unable to place students at scale
- We’re at roughly 50% placement for cohorts that are 6 months graduated
- Placement to date has been manual and one-off, which isn’t possible at scale

See Ex. A at 10.

52. Nevertheless, Lambda’s website continued to represent over an 85% placement rate. On December 14, 2019, Lambda’s homepage stated:



Screenshot from Lambda’s website on December 14, 2019.

²² Lambda School (@LambdaSchool), Twitter (Mar. 5, 2019, 7:02 PM), available at: <https://twitter.com/LambdaSchool/status/1103083315945328640>.

53. When asked in an interview to explain the discrepancy between the representations on Lambda’s website and representations to its investors, Mr. Allred explained: “I mean you’re literally looking at what are the risks, right? Like, we’re going to pick our lowest number for that – there are cohorts that have been at 50% placed within 6 months, yes.”²³

54. When asked whether the advertised 85% job placement rate was accurate, he stated: “the way that that number was measured was an average across cohorts at a specific time. I don’t know what it is right now, but that’s directionally correct.”²⁴

55. On February 19, 2020, New York Magazine published an article titled “Lambda School’s Misleading Promises,” in which the writer concluded that Lambda was “selling unprepared students an incomplete education, fueled by overpromising marketing and misleading, if not downright fraudulent, figures.”²⁵ The story described Lambda’s job placement rate misrepresentations and also recounted an interview with a former employee who “confirmed . . . that the company’s own internal numbers, which the interviewee was provided as part of their interview process, seem to indicate a roughly 50 percent or lower placement rate.”²⁶

²³ Woo Interview at 13:00–14:30.

²⁴ *Id.* at 11:13-11:26.

²⁵ Vincent Woo, *Lambda School’s Misleading Promises*, New York Magazine (Feb. 19, 2020), available at: <https://nymag.com/intelligencer/2020/02/lambda-schools-job-placement-rate-is-lower-than-claimed.html>.

²⁶ *Id.*

56. On February 24, 2020, Mr. Allred posted “A Note About Outcomes Data At Lambda School” on the Lambda website, in which he stated that the 50% number was “technically accurate.” Allred stated:

Recently an online article referenced a 50% hiring rate. There are a couple of reasons why this number is technically accurate, but it’s a different measure than outcomes. This number came from the “Risks” section of an investor memo written as a mock exercise for the Y Combinator Growth group and was based on the total percent of *enrolled* students that were hired, rather than the total percent of *graduates* hired.

57. In a separate slide deck reportedly prepared for investors in Lambda’s ISAs, *see infra*, Lambda stated that its graduation rate was 77% and that its “180 Day Placement Rate” was 54%.²⁷

58. Mr. Allred has long painted a misleading picture of Lambda’s success on Twitter. For example, on November 16, 2019, he tweeted: “First track just graduated. Hit 100% hired but was VERY small sample size.” Subsequent reporting revealed that this small sample size consisted of a single student.²⁸

59. Mr. Allred’s misleading tweets continue to this day. In just the last few months, he has tweeted:

- a) January 24, 2021: “I think we’re like 2-3 solvable problems being solved away from 100% of Lambda School grads being hired. Still a lot of unknowns, but I think it will be possible.” When a commentor asked what the problems were, Mr. Allred responded: “Boring stuff.”²⁹

²⁷ Joe Weisenthal (@TheStalwart), Twitter (Feb. 25, 2020, 7:50 AM) (linking to presentation), available at: <https://twitter.com/TheStalwart/status/1232286649079468032/photo/1>.

²⁸ See Zoe Schiffer and Megan Farokhmanesh, *The High Cost of a Free Coding Bootcamp*, The Verge (Feb. 11, 2020, 11:15 EST), available at: <https://www.theverge.com/2020/2/11/21131848/lambda-school-coding-bootcamp-isa-tuition-cost-free>; Ryan Mac (@RMac18), Twitter (Feb. 11, 2020, 1:59 PM), available at: <https://twitter.com/RMac18/status/1227306243733295108>.

²⁹ Austen Allred (@Austen), Twitter (Jan. 24, 2021, 1:55 AM), available at: <https://twitter.com/austen/status/1353234915643568128>.

- b) April 22, 2021: “When I started Lambda School early detractors gave me hell because I said that Lambda School would cause thousands of people to become millionaires who wouldn’t have otherwise been. It’s now pretty clear that was very conservative.”³⁰
- c) May 4, 2021: “I get to watch a bunch of people double their income (or more) every single day. Even the worst days are punctuated by a bunch of people changing their lives and the lives of their families forever.”³¹
- d) May 4, 2021: “You can go from near poverty to huge future wealth in just a few months.”³²

60. Mr. Allred and members of his executive leadership team acted willfully and knowingly to disseminate Lambda’s job placement representations to the public—including applicants to their school—with knowledge that they were false and misleading.

Lambda Misrepresents That It Only Gets Paid Once Students Get Paid

61. Until at least April 28, 2021, Lambda’s website has declared that: “We don’t get paid until you do, so we’re in this together, from your first day of classes to your first day on the job.”³³ On June 27, 2019, Lambda’s homepage stated:

³⁰ Austen Allred (@Austen), Twitter (Apr. 22, 2021, 10:24 AM), *available at*: <https://twitter.com/Austen/status/1385238109185396740>.

³¹ Austen Allred (@Austen), Twitter (May 4, 2021, 11:50 PM), *available at*: <https://twitter.com/Austen/status/1389789532761956352>.

³² Austen Allred (@Austen), Twitter (May 4, 2021, 11:53 PM), *available at*: <https://twitter.com/Austen/status/1389790386659364868>.

³³ *See, e.g.*, Lambda School Website, Apply Now Pages, *available at*: <https://lambdaschool.com/learn-more-social> (last visited Apr. 28, 2021) and <https://lambdaschool.com/go/higher-ed> (last visited Apr. 28, 2021).

Higher learning. Higher earning.

Lambda is designed for student success. We don't get paid until you do, so we're in this together, from your first day of classes to your first day on the job — and beyond.

Screenshot from Lambda's homepage on June 27, 2019.

62. Ms. Nguyen read this statement on Lambda's website prior to enrolling. Knowing that Lambda only got paid if she obtained employment was important to her decision to attend the school.

63. But in reality, Lambda packaged and sold its ISAs to investors long before students obtained employment. Lambda did not disclose this fact to students until public reporting exposed it.

64. In May 2019, Lambda privately told investor Y Combinator: "Currently we sell some income share agreements to hedge funds." Ex. A at 2.

65. In 2019, Lambda partnered with Edly, a digital marketplace that helps schools sell ISAs to accredited investors.

66. According to an August 26, 2019 report in *Wired*, "For about half of the ISAs, the company sells the rights to a portion of its returns to investors; in return, it gets cash up front."³⁴

³⁴ Gregory Barber, *Lambda School's For-Profit Plan to Solve Student Debt*, *Wired* (Aug. 26, 2019, 7:00 AM), available at: <https://www.wired.com/story/how-we-learn-lambda-income-sharing-agreements/>.

67. Mr. Allred told Wired that this arrangement “lets the business operate without going bankrupt.”³⁵

68. In October 2019, Mr. Allred denied that Lambda got paid for ISAs prior to students getting employed, reportedly stating on Twitter that “We never, ever get paid up front for ISAs.” Mr. Allred confirmed to Mr. Woo on January 22, 2020 that this Tweet was “totally correct.”³⁶

69. On December 11, 2019, Edly tweeted: “Pleased to announce our latest offering [-] a Lambda School ISA Pool. We @edlyISA are excited to work with the amazing team @LambdaSchool[], one of the most impactful ISA programs in the country.”³⁷ To learn how to participate, Edly invited interested investors to join a webinar that night with Mr. Allred.³⁸

70. On January 22, 2020, Mr. Woo asked Mr. Allred if Lambda sold ISAs to investors. Mr. Allred stated: “that was true in the early days of Lambda School, but it’s not true today.”³⁹

71. On February 12, 2020, The Verge published an article titled “As Lambda students speak out, the school’s debt-swapping partnership disappears from the internet.”⁴⁰ The article reported the relationship with Edly and stated that

³⁵ *Id.*

³⁶ Woo Interview at 6:30.

³⁷ @edlyISA, Twitter (Dec. 11, 2019, 3:01 PM), *available at*: <https://twitter.com/edlyISA/status/1204853625459216385>.

³⁸ @edlyISA, Twitter (Dec. 11, 2019, 3:02 PM), *available at*: <https://twitter.com/edlyISA/status/1204853900177743872>.

³⁹ Woo Interview at 6:20.

⁴⁰ Zoe Schiffer and Megan Farokhmanesh, *As Lambda students speak out, the school’s debt-swapping partnership disappears from the internet*, The Verge (Feb. 12, 2020, 4:41 PM), *available at*: <https://www.theverge.com/2020/2/12/21135134/lambda-school-students-edly-isa-debt-swapping-partnership-shares-investors>.

the arrangement “allows Lambda to receive money from the ISAs upfront, rather than waiting for students to find jobs.”

72. A few days later, the February 19, 2020 New York Magazine article remarked that Lambda’s “secret financing arrangements are a violation of Lambda’s central promise to its students — that Lambda only makes money when the students make money.”

73. The same day, Lambda admitted in an FAQ posted to its website that it had been selling ISAs before students graduate. The FAQ, which is no longer displayed on Lambda’s website, stated, in relevant part:

Is my ISA being “sold”? Do third-parties “own” my ISAs?

Edly is an ISA marketplace that enables investors to invest in the future cash flows of ISAs as a group. The ISAs are held in trusts that distribute cash flows to the school and investors according to a contract between school and investors. . . .

Does this mean Lambda School gets paid before I get a job?

Lambda School’s business model inherently requires financing because our costs to train students precede our revenues on ISAs. That is by design. There are many different forms of financing we can use, but this is the closest thing available to aligning our incentives and your incentives. As part of the partnership, while Lambda is accessing capital sooner, we maintain an interest in your post-graduation success, and our incentives are aligned. We are as committed as ever to your success.

This funding mechanism means Lambda School can effectively use the expected future value of the ISA to help offset the cost of teaching and placing the student. So instead of bearing 100% of that cost upfront, we now only bear a portion upfront, and we pay investors back as students make payments. This allows us to provide value to students, grow sustainably, and keep incentives aligned.

Is Lambda School selling ISAs at full cost?

The terms of the deal are not public, but this is a great deal for Lambda School because it allows access to capital sooner than post-graduation. We can tell you that two parts of the deal preserve the alignment of incentives commitment that underlies our entire approach at Lambda School. First, we share in upfront investment with investors, and second, in the form of the performance adjustment, we share upside when you succeed. We're committed as ever to your learning and success.

Is it still true that students must be successful in order for Lambda School to be successful?

Yes. We believe in keeping the promise we made to students when they signed up for Lambda School. That promise is to teach them a valuable skill and help place them in a job using that skill. It seems only fair that if we didn't do our job well, it should count against us.⁴¹

74. To the contrary, the “promise [Lambda] made to students when they signed up” was that “We don't get paid until you do, so we're in this together.” That promise—which remained prominently displayed on Lambda's website until at least April 28, 2021—is false and misleading.

Ms. Nguyen Attends Lambda

75. Ms. Nguyen could not afford college and was looking for a way to improve her life when, in July 2019, she discovered Mr. Allred's Twitter account and Lambda's website. Lambda's high job placement rate, statement that it would only get paid if and when she did, zero-dollar upfront cost, and promise of world-class curriculum and industry expert instructors convinced her to enroll in Lambda's full-stack web development program.

⁴¹ Lambda School Student Guide, *Student FAQs for announcement on 2/19/20*, available at: <https://www.notion.so/Student-FAQs-for-announcement-on-2-19-20-9b2f166f2b234e40ac924a27ecc5ff06> (last visited May 7, 2021).

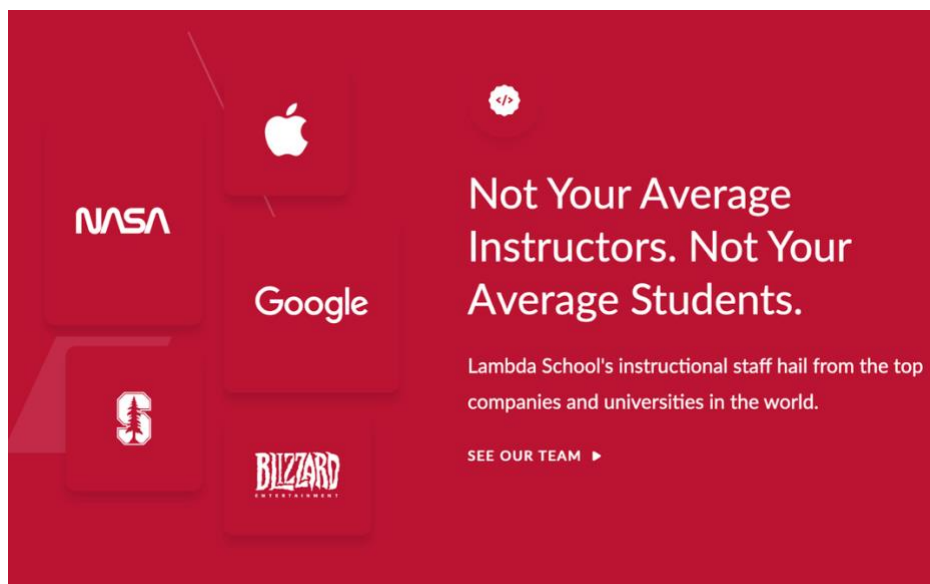
76. Ms. Nguyen signed an ISA with Lambda on July 16, 2019. Mr. Allred also signed Ms. Nguyen's ISA on July 16, 2019. A copy of Ms. Nguyen's ISA is attached hereto as Exhibit B.

77. Ms. Nguyen does not recall signing an enrollment agreement with Lambda, and upon information and belief did not sign one—another violation of California law. *See* Cal. Educ. Code § 94902(a).

78. Prior to signing the ISA, Ms. Nguyen read and relied on Lambda's representations that its job placement rate was over 80%. Lambda's record of successfully placing students was critical to her decision to enroll.

79. Had Lambda truthfully represented its job placement rates, Ms. Nguyen would have investigated the web development education at other schools, rather than signing an ISA that indebted her to up to \$30,000 of tuition at Lambda.

80. Ms. Nguyen quickly realized that the quality of instruction was far below what was advertised. Lambda's website advertised a top-of-the-line curriculum that is "designed to get you hired" and touted "experienced industry expert" instructors. One statement on its website provided that "Lambda's instructional staff hail from the top companies and universities in the world," and listed Apple, Google, Stanford, and NASA as examples:



Screenshot from Lambda's website on June 15, 2019.

81. In fact, the curriculum—which was constantly in flux—was largely comprised of publicly available online materials. The instructors had limited knowledge of the curriculum and struggled to keep up with the frequent changes. The instructors also did not hail from the advertised top companies and universities.

82. Rather than give up, Ms. Nguyen attempted to teach herself the material. Recognizing that she could not rely on Lambda, with the little money she had at the time she purchased courses from different websites to help teach herself the materials that she could not self-teach through publicly available information. She spent approximately \$220 on supplementary materials such as courses and books from Udemy, WesBos, and LearnInPublic.

83. She remained hopeful that things would improve and that, at the end of her experience, the partnerships with the “some of the best technology companies in the world” would be there for her. But these promises, too, were illusory.

84. Throughout her time at Lambda, students frequently complained among themselves and to Lambda leadership about the poor quality of Lambda's education, but nothing ever changed.

85. After the student uproar following Lambda's September 2020 announcement that it was shortening its curriculum, firing TLs, and requiring students to mentor each other, other students withdrew. She had also become aware of students who had been searching for months for a job but were not getting placed. She had seen enough. Ms. Nguyen withdrew from Lambda in November 2020.

86. Just prior to her withdrawal, Ms. Nguyen applied to a free program called Outreachy, designed to help people from underrepresented backgrounds break into the tech industry. Ms. Nguyen discovered Outreachy on her own, spent months competing against people from around the world, and ultimately won an internship with a tech company which ran from December 2, 2020, to March 1, 2021.

87. After withdrawing from Lambda, Ms. Nguyen participated in her internship and began to look for full-time work. She contacted Lambda to ask if she could receive any career services support, but Lambda informed her that, even though she was still obligated under her ISA, she would need to file an appeal for re-admission to the program to access any resources. Ms. Nguyen did not file an appeal.

88. Ms. Nguyen was initially unable to find work in the tech field, but ultimately received a job offer to work as a data engineer with the company that she interned with. This offer was a direct result of the internship that she won through Outreachy. Ms. Nguyen's first day of work was on April 19, 2021.

89. Lambda played no role in Ms. Nguyen's employment offer, and in fact refused to offer her career services assistance. Since she withdrew, Lambda has not provided her any job placement assistance.

90. Leif has informed Ms. Nguyen that her first monthly ISA payment is due on June 1, 2021.

Lambda Operates Without State Approval, in Violation of California Law

91. California Education Code § 94886 provides that "a person shall not open, conduct, or do business as a private postsecondary educational institution in this state without obtaining an approval to operate under this chapter."

92. To ensure compliance, a private postsecondary institution must register with and seek approval to operate from the BPPE.

93. On March 20, 2019, BPPE issued a "Citation: Assessment of Fine and Order of Abatement" ("Citation") to Lambda. The Citation found that Lambda was "operating without Bureau approval," in violation of California Education Code § 94858. A copy of the Citation is attached hereto as Exhibit C.

94. In the Citation, the BPPE ordered that Lambda "cease to operate as a private postsecondary educational institution" and "submit a school closure plan." The Citation further required that Lambda "discontinue recruiting or enrolling

students and cease all instructional services and advertising in any form or type of media, including the <https://lambdaschool.com> and any other websites not identified here that are associated with the Institution, until such time as an approval to operate is obtained from the Bureau.”

95. Lambda appealed the Citation and, on July 24, 2019, BPPE issued an “Appeal of Citation Informal Conference Decision: Citation Affirmed” (the “Citation Affirmance”). The BPPE affirmed the Citation because “[n]o new substantive facts were presented,” and thus, BPPE ordered Lambda to “comply with the orders described in the ‘Violation Code Sections’ of this document and submit evidence of compliance within 30 days from the date of this decision.” Citation Affirmance at 1-3. A copy of the Citation Affirmance is attached hereto as Exhibit D.

96. On information and belief, Lambda did not request a hearing or file an appeal of the Citation Affirmance.

97. In direct violation of the Citation and Citation Affirmance, Lambda continued to operate, advertise its educational services to the public, and enroll students. On July 16, 2019—after Lambda was required to “discontinue recruiting or enrolling students and cease all instructional services”—Lambda enrolled Ms. Nguyen in its Full Stack Web Development program.

98. On information and belief Lambda did not apply for BPPE approval until on or around December of 2019.

99. Over the next year, Mr. Allred engaged in a public misinformation campaign about the BPPE’s order. On June 24, 2020, Mr. Allred posted an

announcement on Lambda’s website titled “An Update on Lambda School and ISAs in California.” In the announcement, Mr. Allred wrote:

Earlier this week, we learned our latest submission to the BPPE was not accepted. This is the latest step in a long process, and so while it’s not the decision we hoped for or expected, this process is far from over. There will be no interruption to operations or support for students in California and school will continue as normal. We’re committed to working directly with BPPE to solve the issues they raised.⁴²

100. Mr. Allred also told Business Insider that Lambda was working with BPPE to obtain approval and that the order had been stayed while the application was pending. Mr. Allred stated that “[b]ecause we’re talking with BPPE, it doesn’t affect students at all.”⁴³ This was false.

101. In truth, the Citation and Citation Affirmance were not stayed and Lambda’s future was uncertain. In August 2020, a public information officer with California’s Department of Consumer Affairs reportedly “told Business Insider that there is no stay on the order, and that if Lambda School is still operating while its registration is pending, it would be in violation of state law.”⁴⁴ The same officer stated that Lambda had not filed an appeal of the Citation Affirmance.

⁴² Austen Allred, *An Update on Lambda School and ISAs in California [Updated]*, Lambda School Website (June 24, 2020), available at: <https://lambdaschool.com/the-commons/an-update-on-lambda-school-and-isas-in-california>.

⁴³ Rosalie Chan, *The hot Silicon Valley coding bootcamp Lambda School is paying a \$75,000 fine for not registering properly with the state of California*, Business Insider (Aug. 29, 2019, 6:32 PM), available at: <https://www.businessinsider.com/lambda-school-coding-bootcamp-california-bppe-2019-8>.

⁴⁴ Rosalie Chan, *A California official says red-hot coding bootcamp Lambda School is violating state law if it operates without the right registration — but the company insists classes can go on*, Business Insider (Aug. 30, 2019, 8:54 PM), available at: <https://www.businessinsider.com/lambda-school-california-state-law-coding-bootcamp-y-combinator-2019-8>.

102. Had Ms. Nguyen been aware in July 2019 that Lambda was operating illegally, and that its future legal status was uncertain, she would have investigated options for pursuing a web development education at another school, rather than signing an ISA that indebted her for up to \$30,000 of tuition at Lambda.

103. Lambda ultimately received approval from BPPE to operate in August 2020, after agreeing to no longer issue ISAs to California residents and paying a fine.

CAUSES OF ACTION

FIRST CAUSE OF ACTION Violations of California’s Consumer Legal Remedies Act Cal. Civ. Code § 1750, *et seq.*

104. Ms. Nguyen hereby reincorporates the allegations in the foregoing paragraphs as though fully set forth herein.

105. The CLRA makes unlawful “unfair methods of competition and unfair or deceptive acts or practices undertaken by any person in a transaction intended to result or that results in the sale or lease of goods or services to any consumer.” Cal. Civ. Code § 1770(a).

106. The CLRA covers transactions involving the sale of services—such as education—to consumers.

107. Ms. Nguyen is a “consumer” within the meaning of Section 1761(d) of the CLRA, and she engaged in “transactions” within the meaning of sections 1761(e) and 1770 of the CLRA.

108. The CLRA enumerates numerous unlawful acts or practices, including:

- a) “Misrepresenting the source, sponsorship, approval, or certification of goods or services.” Cal. Civ. Code § 1770(a)(2).
- b) “Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that the person does not have.” *Id.* § 1770(a)(5).
- c) “Representing that goods or services are of a particular standard, quality, or grade” when they are not. *Id.* § 1770(a)(7).
- d) “Advertising goods or services with intent not to sell them as advertised.” *Id.* § 1770(a)(9).

109. In violation of these provisions, Lambda misrepresented to the public, prospective students, and current students, including Ms. Nguyen at least the following: (i) its job placement rates; (ii) that it only got paid after students found employment; and (iii) that it was allowed to operate and enroll students.

110. Ms. Nguyen brings her claim under the CLRA for injunctive relief, namely to cancel her ISA and for restitution of payments made.

SECOND CAUSE OF ACTION
Violations of California’s Unfair Competition Law
Cal. Bus. & Prof. Code §§ 17200, *et seq.*

111. Ms. Nguyen hereby reincorporates the allegations in the foregoing paragraphs as though fully set forth herein.

112. Lambda has engaged in business acts or practices that constitute unfair competition as defined in the UCL, in that such business acts and practices are unlawful, unfair, and fraudulent within the meaning of that statute.

113. The business acts and practices include:

- a) publishing and/or providing the public, prospective students, and current students, including Ms. Nguyen, with false, misleading, unreliable, and/or inaccurate job placement rate information;
- b) omitting material facts from statements to the public, prospective students, and current students, including Ms. Nguyen, related to job placement rates;
- c) misrepresenting and concealing to the public, prospective students, and current students, including Ms. Nguyen, the true nature of Lambda's financial interest in students' success, including by continuing to represent that Lambda only got paid after students did;
- d) conducting business without BPPE approval and in violation of multiple BPPE orders requiring it to cease operations;
- e) knowingly operating a private postsecondary institution without approval to do so;
- f) failing to execute an enrollment agreement with Ms. Nguyen or, if they did, executing it in violation California law;
- g) concealing from the public, prospective students, and current students, including Ms. Nguyen, that in March and July of 2019, the BPPE ordered Lambda to cease operations, stop enrolling students, cease all instructional services, and submit a closure plan, and misrepresenting, concealing, and omitting material facts related to those BPPE orders, including representing that they were stayed when they were not.

Unlawful Prong

114. The UCL bars business practices that are forbidden by law. If a business practice violates any law, it is *per se* a UCL violation.

115. The business acts and practices described above are unlawful because they violate numerous state and federal laws, including but not limited to:

- a) The Federal Trade Commission Act (“FTC Act”), which prohibits “unfair or deceptive acts or practices.”⁴⁵
- b) Cal Educ. Code § 94897, which provides that institutions shall not “(b) [p]romise or guarantee employment, or otherwise overstate the availability of jobs upon graduation.”
- c) The CLRA, *see supra* ¶¶ 104–110;
- d) The FAL, *see infra* ¶¶ 120–122;
- e) Cal. Educ. Code § 94886, which provides in relevant part that “a person shall not open, conduct, or do business as a private postsecondary educational institution in this state without obtaining an approval to operate under this chapter.” Lambda violated this provision, and therefore the UCL’s unlawful prong, when it enrolled Ms. Nguyen without obtaining approval to operate.
- f) Cal. Educ. Code § 94943, which provides that it is a crime to “[k]nowingly operat[e] a private postsecondary institution without an approval to operate.” Lambda violated this provision, and therefore the

⁴⁵ See FTC Act § 5(a)(I), 15 U.S.C. § 45(a)(I); FTC Act § 12(a), 15 U.S.C. § 52(a).

UCL's unlawful prong, when it knowingly enrolled Ms. Nguyen without approval by the BPPE to operate.

- g) Cal. Educ. Code § 94902(a), which provides that “[a] student shall enroll solely by means of executing an enrollment agreement. The enrollment agreement shall be signed by the student and by an authorized employee of the institution.” Ms. Nguyen does not recall signing an enrollment agreement with Lambda, and upon information and belief did not sign one. Ms. Nguyen was therefore never lawfully enrolled with Lambda.
- h) Even if Ms. Nguyen did sign an enrollment agreement with Lambda, it is unlawful and unenforceable pursuant to Cal. Educ. Code § 94902(b), which provides:

An enrollment agreement is not enforceable unless all of the following requirements are met:

- (1) The student has received the institution's catalog and School Performance Fact Sheet prior to signing the enrollment agreement.
- (2) At the time of the execution of the enrollment agreement, the institution held a valid approval to operate.
- (3) Prior to the execution of the enrollment agreement, the student and the institution have signed and dated the information required to be disclosed in the Student Performance Fact Sheet pursuant to subdivisions (a) to (d), inclusive, of Section 94910. Each of these items in the Student Performance Fact Sheet shall include a line for the student to initial and shall be initialed and dated by the student.

- i. In violation of Cal. Educ. Code § 94902(b)(1), Ms. Nguyen was not provided with Lambda’s School Performance Sheet.
 - ii. In violation of Cal. Educ. Code § 94902(b)(2), Lambda did not have “valid approval to operate” at the time Ms. Nguyen enrolled.
 - iii. In violation of Cal. Educ. Code § 94902(b)(3), Ms. Nguyen did not sign the information required to be disclosed in the Student Performance Fact Sheet.
- i) Cal. Educ. Code § 94902(c), which provides that “[a] student shall receive a copy of the signed enrollment agreement, in writing or electronically, regardless of whether total charges are paid by the student.” Ms. Nguyen does not have a copy of her signed enrollment agreement and upon information and belief never received one.

116. By violating these and other state and federal laws, Lambda violated the unlawful prong of the UCL.

Fraud Prong

117. To show that a business practice is fraudulent, it is necessary only to show that members of the public are likely to be deceived.

118. Lambda’s business acts and practices—including its false job placement rate representations and representation that it does not get paid until students do—are fraudulent in that they are likely to deceive the public.

119. Each of these false and misleading representations, all of which were material, were substantial factors influencing Ms. Nguyen to attend Lambda and take out an ISA that indebted her to up to \$30,000 of tuition at Lambda. Her first monthly payment is due on June 1, 2021.

THIRD CAUSE OF ACTION
Violations of California's False Advertising Law
Cal. Bus. & Prof. Code §§ 17500, *et seq.*

120. Ms. Nguyen hereby reincorporates the allegations in the foregoing paragraphs as though fully set forth herein.

121. Lambda has also engaged in acts or practices that constitute violations of the FAL, Business and Professions Code section 17500, *et seq.*, by making or causing to be made untrue or misleading statements with the intent to induce members of the public to purchase Lambda's services. Lambda's untrue or misleading representations include, but are not limited to, the following:

- a) Lambda's statements regarding job placement rates, including but not limited to their published job placement rates in 2018 and 2019 that were prominently displayed on its website;
- b) The following statement, prominently displayed on Lambda's website:
"We don't get paid until you do, so we're in this together, from your first [sic] of classes to your first day on the job."
- c) Failing to inform the public, prospective students, and current students, including Ms. Nguyen, that it lacked approval from BPPE to operate, that its operations were therefore unlawful, that BPPE

ordered Lambda to cease advertising and instructional activities, and that it could not lawfully enroll students. Instead, Lambda's advertisements implicitly and explicitly misrepresented the lawfulness of its operations by encouraging the public and prospective students to apply for enrollment.

122. At the time these representations were made, Lambda knew or by the exercise of reasonable care should have known that the representations were untrue or misleading.

FOURTH CAUSE OF ACTION Intentional Misrepresentation

123. Ms. Nguyen hereby reincorporates the allegations in the foregoing paragraphs as though fully set forth herein.

124. Lambda made statements to Ms. Nguyen: (a) that were false representations of material fact; (b) that Lambda knew were false or were made recklessly and without regard for their truth; (c) that Lambda intended Ms. Nguyen to rely upon; (d) that Ms. Nguyen reasonably relied upon; (e) that Ms. Nguyen's reliance upon was a substantial factor in causing damage to her; and (f) that caused damages to Ms. Nguyen.

125. The intentional misrepresentations and omissions by Lambda consist of at least the following:

- a) Lambda's statements, prominently displayed on its website, that its job placement rate was over 80%. Lambda knew these statements were

false; according to multiple internal documents, Lambda believed the true job placement rate to be around 50%.

- b) Lambda's statement, prominently displayed on its website, that: "We don't get paid until you do, so we're in this together, from your first [sic] of classes to your first day on the job." Lambda knew this statement was false because it sold ISAs to investors long before students were placed in jobs.
- c) Lambda's representations, both implied and explicit, that it was approved to operate, advertise, enroll, and teach students prior to August 2020. Lambda knew these representations were false because the BPPE had ordered Lambda to cease all operations (including all advertising and instructional activities) and submit a school closure plan. Lambda also knew that it was concealing from students that it was barred from advertising and from enrolling and teaching students.

126. Lambda intended that Ms. Nguyen rely on these misrepresentations and omissions, as evidenced by Lambda prominently featuring them on its website and on other widely disseminated platforms, as well as by its efforts to avoid disclosing the truth.

127. Ms. Nguyen reasonably relied on these widely disseminated representations. Had she known the truth, she would not have enrolled at Lambda.

128. Mr. Allred and members of his executive leadership team acted willfully and knowingly to disseminate these representations to the public with knowledge that they were false and misleading.

129. Ms. Nguyen has been substantially harmed by Lambda's misconduct, which caused her to attend Lambda and take out an ISA that indebted her for up to \$30,000 in tuition. Her first monthly payment is due on June 1, 2021.

FIFTH CAUSE OF ACTION
Negligent Misrepresentation

130. Ms. Nguyen hereby reincorporates the allegations in the foregoing paragraphs as though fully set forth herein.

131. Lambda has also engaged in acts or practices that constitute negligent misrepresentation. *See supra* ¶ 125.

132. Lambda prominently displayed these representations on its website, and in advertisements that implicitly and explicitly encouraged members of the public to apply for enrollment.

133. Lambda had no reasonable grounds to believe that these representations were true. *See supra* ¶ 125.

134. Lambda intended to induce Ms. Nguyen to rely on these misrepresentations and omissions, as evidenced by Lambda prominently featuring them on its website and on other widely disseminated platforms, as well as by its efforts to avoid disclosing the truth.

135. Ms. Nguyen was justified in relying upon these widely disseminated representations. Had she known the truth, she would not have enrolled at Lambda.

136. Ms. Nguyen has been substantially harmed by Lambda's misconduct, which caused her to attend Lambda and take out an ISA that indebted her for up to \$30,000 in tuition. Her first monthly payment is due on June 1, 2021.

PRAYER FOR RELIEF

WHEREFORE, Ms. Nguyen requests that this Arbitrator:

1. Declare that her ISA is unlawful and unenforceable pursuant to Cal. Educ. Code §§ 94902(b), 94886, and 94943.
2. Declare that Lambda conducted business as a private postsecondary educational institution in California without obtaining approval to operate, in violation of Cal. Educ. Code § 94886 and the UCL.
3. Declare that Lambda knowingly operated a private postsecondary institution without approval to operate, in violation of Cal. Educ. Code § 94943 and the UCL.
4. Declare that Ms. Nguyen never lawfully enrolled with Lambda because Lambda did not comply with Cal. Educ. Code § 94902(a).
5. Declare that Lambda's job placement rate representations at the time Ms. Nguyen enrolled were fraudulent and misleading, in violation of the UCL, FAL, and CLRA.
6. Declare that Lambda's representation that it only gets paid after students get paid was and continues to be fraudulent and misleading, in violation of the UCL, FAL, and CLRA.

7. Order Lambda to cancel Ms. Nguyen's ISA and refund her for all payments she has made, or, if Lambda is not the current owner of Ms. Nguyen's ISA, order the current owner to cancel her ISA and refund her for all payments she has made.

8. Enjoin Lambda from ever collecting on Ms. Nguyen's ISA or, if Lambda is not the current owner of Ms. Nguyen's ISA, enjoin the current owner from ever collecting on Ms. Nguyen's ISA.

9. Order Lambda to pay reasonable attorneys' fees and costs pursuant to Cal. Civ. Code § 1780(e).

10. Award damages to Ms. Nguyen in an amount to be determined, including punitive damages pursuant to Cal. Civ. Code § 3294(a).

11. For all such further relief as the Arbitrator deems just and proper.

Dated: May 13, 2021

Respectfully Submitted,

/s/ Alexander S. Elson

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Human Capital: The Last Unoptimized Asset Class

Lambda School is a full-stack solution that helps people get better jobs and earn more money.

Today, if a person is working in the wrong job or making less than they otherwise could, the only solution we have is encouraging them to go into student debt, spend several years in a university, and hope they figure it out on the other side. It's expensive, time consuming, and risky.

Lambda School, instead, identifies people who could be making more money, trains them for higher paying jobs at no upfront cost, helps them get those jobs, and takes a cut only when we're successful in doing so. It takes less time, is less expensive, and, most importantly, carries no financial risk for the customer.

We do so by means of a financial instrument called an "Income Share Agreement," which is a legally binding equity stake in a person's future earnings that only applies within certain thresholds. For example, today students only pay us back if they're making more than \$50k/year. If they reach that rate they pay us 17% of salary for two years, capped at a maximum of \$30k total.

Here's just a few categories of people who make more money via Lambda School

- 1. College Graduates with Low-Paying Degrees.** Smart people who earned, say, an Arts History degree and now struggle to make decent money. These people also often have student loan balances which makes Lambda a great fit, since they don't take on additional financial risk.
- 2. People Who Didn't Finish College.** The same as above except they didn't actually finish and therefore have no degree. They're often in worse jobs with even fewer options, and usually have student loans too.
- 3. Mid Lifers.** People who've been working in the same field for 20+ years and know they need to change. This often comes from the self awareness that their current industry is dying, which can make them a smart choice for Lambda to bet on.
- 4. Never Went to College.** Only 25% of American graduate from college, so this is a huge bucket. There are lots of smart, hard working people here who simply didn't have the opportunity to go to school.
- 5. High School Graduates.** Recent grads who want a high-paying job without having to go through 4 years of irrelevant curriculum and take on 6 figures of student loans.

And there's enormous demand from employers. There were 3.7 million technology job postings in 2017 alone[1].

Full Stack

In order to make Lambda School work, we need to solve multiple problems at once:

1. **Underwriting.** Since we aren't paid upfront, we need to reliably identify people our programs can be successful for and match them to the correct programs.

We created a test that all students must pass to be admitted to Lambda. And

2. **Successful, free upfront, online courses.** Most schools will tell you fully online courses aren't successful. Most schools will tell you courses being entirely free upfront won't be successful. We do both at the same time.

85% of students that start Lambda, finish Lambda. That's 9 months of full time, remote instruction. We do it by building in social accountability. The school isn't just a bunch of videos that you watch on your own time. It's live, and every day students are interacting with their classmates, instructors, and other Lambda employees.

3. **Placement that scales.** Our students are in all 50 states and will be all over the world. We have to be able to reliably get them hired at scale wherever they are.

Employers are constantly pinging us to talk to our students. We just started an SDR program but otherwise all employer interest is inbound. While all the blue chips (Google, Amazon, Apple, Netflix, etc.) have hired our students, our bread and butter is all the non-sexy tech jobs in places and cities you've never heard of. Today "every company is a tech company" and they all need engineers.

We're already seeing employers hire 1 Lambda student, then come back and hire 20 more.

And the students we've placed at those employers help advocate for and bring on even more students. Our alumni network will be a powerful moat.

4. **Finance.** Since students pay monthly after they're hired, we have to fund them to get there. Currently we sell some income share agreements to hedge funds. Over time we'll raise our own capital and hold everything on our books.

Not surprisingly, it's difficult to get all of the pieces working in sync. It's taken us two years of experimentation and iteration, but we now have the model working and ready to optimize.

Flywheel

Once the process is working, each piece can be optimized in order to provide a durable sustainable advantage.

We started by eliminating the upfront cost and putting the program entirely online, opening up access to Lambda School to many students who wouldn't be able to afford the upfront cost or risk of moving to and/or attending universities or code schools.

We then had to figure out how to make a free upfront, fully online course work. Making it work gives us good data, which lowers our cost of capital, and as we scale our cost per student goes down and our hiring network grows.

One competitive advantage of being online is we have zero physical classrooms. This helps in multiple ways:

- Allows us to spin up “virtual classrooms” fast, grow more quickly, and adapt to where the actual student demand is (vs. being stuck with a building & location any time a new lease is signed)
- Allows us to meet employer demand everywhere we have students
- Eliminates leasing costs
- Our costs per student are amortized across many more students

Unit economics for our full-time 9 month course, per *placed student*

Instructor Cost	\$1,882
TA Cost	\$3,197
Career Coach Cost	\$790
Student Success Cost	\$168
Total Cost Per Placed Grad	\$6,037

As the cost of capital goes down, we can either take on more risk (by offering living stipends) or decrease the price.

As we do so it becomes increasingly difficult for other schools to compete. It's a completely different model.

Product Overview

The core value Lambda offers is to **get a job in a new field in the fastest time at the lowest risk.**

This is possible because of the following:

- Live, online, remote instruction that lets anyone with an internet connection participate
- Our pedagogy and Flex instruction model, which enables students to repeat curriculum until they understand it
- Our ISA, which aligns the incentives of the institution with those of the student
- Student-facing proprietary infrastructure that enables a modern, world class educational experience
- Our placement partners, who actively come to Lambda to recruit new hires
- An organic community where alumni and students help each other

Lambda School offers multiple courses:

- Full Stack Web Development
- iOS Development
- Android Development
- Data Science Development
- UX Design

Each course can be taken full time over 9 months or part time (nights and weekends) over 18 months.

Our training is live and online, meaning we can reach students everywhere and aren't required to build out physical infrastructure. Students learn live from world class instructors and break out teams of 8.

The main building piece of our curriculum is the 5-week block. All courses are built of 5-week blocks, and every block at Lambda starts on the same date.

By running the entire school in sync, we get synergies around admissions, instruction, and placement. For example, students can work on group projects with students in other courses because their project time always falls on the same week in the 5-week block. This allows things like Full Stack Web Development students working with Data Science and UX students on different parts of the same project, which more closely resembles real world working conditions.

Each course includes an integrated jobs curriculum which is taught alongside the technical curriculum. The core value we deliver is a risk-free technical education combined with an integrated job placement program.

Competition

	4-Year University	Trade Schools	Non-Accredited Tech Bootcamps
Companies	Harvard, UCLA, Notre Dame	Lake Area Technical Institute, Johnson College	Flatiron School, App Academy
Description	Traditional degree funded by student loans	Job training funded by loans	Very short technical training funded by upfront tuition or loans
Multiple Tracks	Yes	Yes	No
Risk Free ISA	No	No	No
Integrated Job Search	No	Sometimes	No
< 1 year	No	No	Yes
Modern Alumni Network	No	No	No
Mentor Program	No	No	No
Flex Learning	No	No	No
Remote	No	No	No

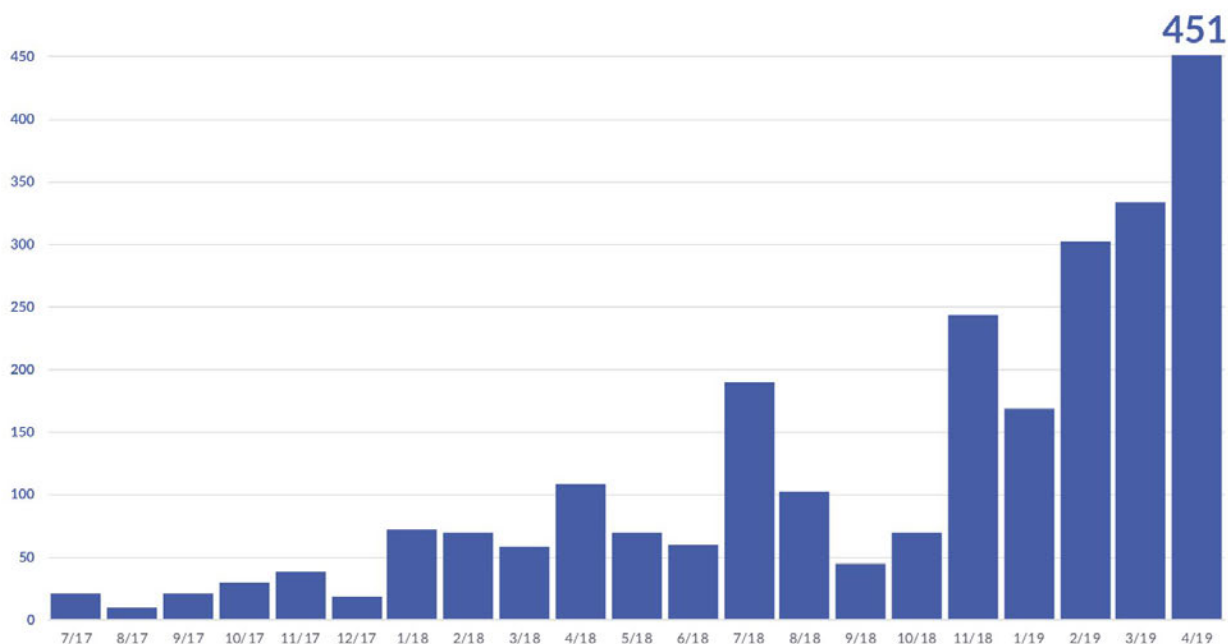
Relative to **4-year universities**, Lambda offers students a faster, risk-free way of getting training and ultimately getting a job. 4 years is a *long time* that potential students are now beginning to recognize comes with significant opportunity costs. And the entire country is obsessing over the downsides of non-dischargeable student loans. We have a school wide NPS of 68, higher than many of the most famous consumer brands in the world (Netflix, Amazon). People trust their universities, but they don't love them. Our students love Lambda, and have even gotten tattoos of our logo.

Relative to **trade schools**, Lambda is faster and carries less risk. You're required to pay for the trade school regardless of whether you get a job. And it can take significant time (> 2 years) to get through a trade school. At Lambda our full-time class is 9 months, which means in less than a year a student can start, graduate, and get a job. 9 months is short enough to allow students from all backgrounds to join, but long enough to give students enough time to learn detailed, difficult curriculum.

Relative to **non-accredited tech bootcamps** our school is long enough so that you can actually learn the material. Most tech bootcamps are 3 months because their costs don't allow them to teach any longer. And their market is fundamentally limited to people who can afford upfront tuition of \$20,000. And because all our training is remote, we can reach anybody. These are small, niche players who don't have significant impact beyond their local geography in big cities.

Performance

New Students Enrolled



	April 2018	April 2019	% Change
Applications	1,985	5,936	199%
New Students	109	451	76%
Graduates	12 (Mar'18)	45 (Mar'18)	275%
Sections Graduated > 180 days w/ > 50% Placement	NA	100%	NA
Concurrent Students	302	1,602	640%

Management Outlook

When a Lambda School student is hired for \$75k/yr, they pay us back approximately \$25k.

At 4,000 placed software engineers/year we'll hit a \$100mm/yr run rate.

In 2019 we'll enroll over 3,000 students. In May 2019 well enroll over 500. We plan on enrolling more than 10,000 students in 2020.

International

In January of 2019 we launched in the European Union, we'll launch in Canada in Q2 of 2019, and we have pilots running in Africa and India. Once the entire engine is working it will scale internationally.

Other Fields

We recently launched programs for UX Design and Data Science, but this scales far beyond software.

Once the engine is working, it also scales to other verticals. Cyber security, product management, marketing to begin with, but after that job fields as disparate as Customer Service or Nursing are on our radar.

	2020	2021	2022	2023
US Developer Grads	8,000	15,000	27,000	49,000
EU Developer Grads	1,000	3,000	6,000	11,000
India Developer Grads	1,000	2,000	10,000	30,000
Total Developer Grads	10,000	20,000	43,000	90,000
US Non-Developer Grads	1,000	7,000	30,000	80,000
EU Non-Developer Grads	500	3,000	8,000	30,000
India Non-Developer Grads	500	2,000	5,000	20,000
Total Non-Developer Grads	2,000	12,000	43,000	130,000
Revenue US Dev Grads	\$60,000,000	\$172,500,000	\$315,000,000	\$570,000,000
Revenue EU Dev Grads	\$6,000,000	\$24,000,000	\$54,000,000	\$102,000,000
Revenue India Dev Grads	\$4,000,000	\$12,000,000	\$48,000,000	\$160,000,000
Total Revenue Dev Grads	\$70,000,000	\$208,500,000	\$417,000,000	\$832,000,000
Revenue US Non-Developer Grads	\$3,500,000	\$28,000,000	\$129,500,000	\$385,000,000

Revenue EU Non-Developer Grads	\$1,500,000	\$10,500,000	\$33,000,000	\$114,000,000
Revenue India Non-Developer Grads	\$1,250,000	\$6,250,000	\$17,500,000	\$62,500,000
Total Revenue Non-Dev Grads	\$6,250,000	\$44,750,000	\$180,000,000	\$561,500,000
Total Revenue	\$76,250,000	\$253,250,000	\$597,000,000	\$1,393,500,000

Strenghts

Alumni Community Creates a Powerful Moat

- Some partners have over 20 Lambda grads, triggered by their hiring of a single Lambda student
- Lambda graduates advocate for each other based on the school community alone.
- We're already seeing Lambda students promoted to positions of authority. With more time, we'll continue to see grads rise up the ranks and exert more influence on how their companies hire.

Higher NPS as Class Sizes Increase

- Our NPS score is higher by 20+% in our larger classes
 - Speaks to the power of the Lambda community, which is an important differentiator

Organic growth taking share from bootcamp competitors

- 314% increase in student starts from April'19 to April'18
- Competitors continue to market against Lambda (but not other schools) because students are moving away from the upfront tuition model

Retention

- 85% of students that start Lambda, finish Lambda. That's 9 months of full time, remote instruction. We do it by building in social accountability. The school isn't just a bunch of videos that you watch on your own time. It's live, and every day students are interacting with their classmates, instructors, and other Lambda employees.

Placement that Scales

- Inbound bluechip interest (Uber, Google, Amazon, etc.)
- "Every company is a tech company". Students getting hired in large batches in places like Minnesota.

- “Land and expand” strategy already working organically w/o additional effort from Lambda
- Can work with employers anywhere because we’re online

Market Leader in ISAs

- Largest originator of ISAs in the US
- “Lambda” name synonymous with ISAs

Unbundling Universities

- Colleges offer tons of services in 1 package: schooling, cultural learning, job placement help, sports, socializing, becoming an adult, etc.
- Lambda unbundles the university and offers what people are actually looking for: a high-paying job

Risks & Mitigants

We admit the wrong people (e.g. people who don’t want jobs, people who won’t succeed, etc.)

- Some students are “life long learners” and are genuinely interested in learning but don’t want a job
- Some students are unable to succeed in a technical career

Mitigants:

- Improving jobs curriculum so that students cannot proceed in their technical education if they’re not completing their jobs training and benchmarks
- Offering non-technical training + jobs (e.g. nursing) so that students can come to us, we offer them a test, and then recommend what we think they’d be best at

ISAs are made illegal or significantly limited

- Some political circles dislike ISAs and/or think they work against a “4 year free degree for everyone”
- Bad taste in their mouth from for-profit schools like Devry and University of Phoenix

Mitigants:

- Proactively lobbying in DC for ISA legislation that will create a framework that is reasonable
- Joined an ISA steering committee initiative to work with other companies in the ISA space to form ISA legislation

Collections could be too low

- Still unknown at scale what % of students will pay their ISAs

Mitigants:

- Working on legislation that allows for employers to make payments
- Legislation that allows credit reporting for ISA non-payment
- Legislation that creates better reporting mechanisms on student income

We're unable to place students at scale

- We're at roughly 50% placement for cohorts that are 6 months graduated
- Placement to date has been manual and one-off, which isn't possible at scale

Mitigants:

- Growing the alumni network.
- Building tools to help connect Lambda grads with current Lambda students
- Creating internal tools to make the job search as easy as possible for students
- Working with employment partners to get hiring and interview guarantees

Moving into new industries and geographies uses too few synergies from our US tech organization

- New geographies/industries require entirely new employer partnerships
- Management's network and expertise is in tech, how much will translate to industries like nursing?

Mitigants:

- Using our strong brand to hire world class general managers to run these new businesses
- Starting slow, growing purposefully when and where it makes sense

[1]: <https://www.cyberstates.org>

INCOME SHARE AGREEMENT

This Income Share Agreement ("ISA" or "Agreement") is made and entered into by and between Linh Nguyen ("Student", "Trainee", "you", or "your") and Lambda, Inc., including any successors or assigns of Lambda, Inc. (collectively, "Company"), effective as of the date approved by Company (the "Effective Date").

THIS IS A LEGAL CONTRACT. READ IT CAREFULLY BEFORE SIGNING. BY ENTERING INTO THIS AGREEMENT, YOU AGREE THAT IN RETURN FOR RECEIVING THE LAMBDA SCHOOL WEB PROGRAM HIGHER EDUCATION OR TRAINING PROVIDED BY LAMBDA, INC., YOU WILL PAY A PORTION OF YOUR EARNED INCOME TO COMPANY IN ACCORDANCE WITH THE TERMS AND CONDITION OF THIS AGREEMENT. THIS AGREEMENT DOES NOT CONSTITUTE A LOAN. THE AMOUNT YOU MUST PAY UNDER THIS AGREEMENT IS NOT A FIXED AMOUNT. YOUR PAYMENT OBLIGATION IS CONTINGENT ON, AND SHALL VARY BASED ON, YOUR EARNED INCOME EACH YEAR, AS DESCRIBED IN THIS AGREEMENT.

In consideration of the higher education or training provided to you, and subject to all of the terms, covenants, promises, and conditions contained in this Agreement, you and Company agree as follows:

1. DEFINITIONS.

For purposes of this Agreement:

"Approved Bank Account" means a bank account established by you with a financial institution designated or approved by Company's processing agent.

"Derived Monthly Income" equals your Earned Income for an entire calendar year divided by 12.

"Disability" means a determination by the Social Security Administration or other federal or state agency that you are disabled.

"Earned Income" means your total wages, compensation and gross income from self-employment reported or required to be reported on an income tax return. On an annual basis, for U.S. taxpayers, this includes: (a) the sum of Line 7 (Wages, salaries, tips, etc.), Line 12 (Business income or loss), and Line 21 (Other income) of IRS Form 1040; or (b) Line 1 (Wages, salaries, tips) of IRS Form 1040EZ, as reported or required to be reported on U.S. federal income tax returns. Earned Income also includes any non-cash consideration received or deemed earned by you, directly or indirectly, including, but not limited to, contributions to qualified and non-qualified deferred compensation and retirement benefit plans, fringe benefits not reported as wages for compensation, income and distributions from your active participation in any entity, and equity rights or deferred compensation generated or attributable to the current period of your employment. In addition, Earned Income includes any amounts earned by or payable to you, directly or indirectly, as a result of your provision of services to a related party. If you file tax returns jointly with your spouse, your Earned Income shall not include any income earned solely by your spouse, as demonstrated by you to Company's satisfaction. At its discretion, Company may estimate your Earned Income using documentation other than your U.S. federal income tax return, provided that the documentation is another verifiable source acceptable to Company.

"Employer" means any Person for which you provide services, either as an employee or as an independent contractor, and includes any Person required by IRS regulation to provide you with a Form W-2 or a 1099-MISC.

"Higher Education or Training" means: (a) a program of study at a school or educational institution that is eligible under Title IV of the Higher Education Act, as amended from time to time; (b) a proprietary or vocational school; or (c) a placement program that provides you the opportunity to earn Qualified Monthly Income. For the purposes of this Agreement, Higher Education or Training refers to Lambda School WEB Program.

"Income-Earning Month" means a month in which your Earned Income in aggregate for that month exceeds the Minimum Monthly Amount.

"Income Share" refers to a fixed percentage of your Qualified Monthly Earned Income. Your Income Share under this Agreement is 17.00%, subject to adjustment for underreporting or overreporting of Earned Income, as described herein.

"Industry Specific Earned Income," if applicable under this ISA, means all Earned Income you receive for any work that you perform in Software, Data Science, Cyber Security, Information Technology or using, in whole or in part, the skills acquired by you as a result of the Higher Education or Training provided by Company. Any dispute as to whether you used such skills shall be determined by Company's processing agent, in its sole discretion.

"Leif" refers to Leif Technologies, Inc. Leif will serve in connection with other third parties as Company's processing agent under this Agreement.

"Leif Platform" means the proprietary cloud-based computing platform used by Leif for the processing and payment functions contemplated by this Agreement, including, among other things, monitoring the Earned Income in your Approved Bank Account and, if applicable, withdrawing Monthly Payments from your Approved Bank Account.

"Minimum Monthly Amount" equals \$4,166.67, which is equivalent to \$50,000.00 annually.

"Monthly Earned Income" means the amount of Industry Specific Earned Income you receive in each month during the Payment Term. Monthly Earned Income will be based solely on Earned Income you receive from work performed in Software, Data Science, Cyber Security, Information Technology.

"Monthly Payment" means the amount of your Qualified Monthly Earned Income times your Income Share.

"Payment Cap" equals \$30,000.00.

"Payment Term" refers the period during which you have a contingent obligation to make Monthly Payments, as provided under this Agreement.

"Person" means any individual, partnership, corporation, limited liability company, trust or unincorporated association, joint venture or other entity or governmental body.

"Prepayment Amount" means payment or payments made by you to Company that will extinguish your obligations under this Agreement prior to the end of the Payment Term. Prepayment Amount equals the Payment Cap less any Monthly Payments already made under this Agreement, plus any outstanding fees or other amounts that you may owe Company under this Agreement.

"Qualified Income-Earning Month" means a month in which your Monthly Earned Income exceeds the Minimum Monthly Amount.

"Qualified Monthly Earned Income" means your Monthly Earned Income in any Qualified Income-Earning Month.

2. RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT.

Company agrees to provide you with the Higher Education or Training, subject to the terms and conditions of this Agreement. In return, you agree to pay Company: (a) a total of 24.0 Monthly Payments on your Qualified Monthly Earned Income, subject to reconciliation and your obligation to make additional payment(s) for any underreported Earned Income, as described herein; or (b) until your total Monthly Payments reach the Payment Cap, whichever occurs first ("Payment Satisfaction").

3. LEIF AS PROCESSING AGENT

You hereby consent to Leif acting as the agent of Company and managing and processing all aspects of this Agreement, including but not limited to monitoring your Earned Income in your Approved Bank Account, processing payments, and performing reconciliations. You further agree to cooperate with all requests made by Leif in connection with your compliance with terms and conditions of this Agreement, including by providing information, documents, and authorizations, as requested from time to time.

4. MAKING PAYMENTS FROM EARNED INCOME.

a. Payment Term. Your Payment Term will start immediately upon completion of or withdrawal from your Higher Education or Training, whichever occurs first. However, your obligation to make Monthly Payments will occur only if you are earning the Qualified Monthly Earned Income or as otherwise provided herein. Your Payment Term will end upon Payment Satisfaction.

b. Reporting of all Earned Income. Upon completion of your Higher Education or Training and throughout the Payment Term, you agree to use the Leif Platform to communicate: (i) all employment positions you accept including, if requested, a description of the business and products or services provided by each Employer and the nature of your position with each Employer; (ii) your base salary for each employment position; and (iii) your projected annual gross Earned Income. You further agree during the Payment Term to update through the Leif Platform any changes in your projected annual gross Earned Income within thirty (30) days of any event giving rise to such change.

c. Monthly Payment Based on Projected Earned Income. Based on the projected Earned Income you report to Leif, subject to reconciliation as provided below, you shall pay Company a Monthly Payment for each month in which you have Qualified Monthly Earned Income.

d. Methods of Payment. Prior to or upon commencement of the Payment Term, you agree to elect one of following options for recurring Monthly Payments and any other payment(s) owing under this Agreement:

- i. electronic funds transfers from your Approved Bank Account; or
- ii. payments by credit card.

You agree to execute authorizations and any other documentation necessary for Leif to implement your election.

e. Withdrawal of Authorization for Preauthorized Electronic Funds Transfers. You have the right at any time to revoke your prior authorization for electronic funds transfers, subject to providing Leif at least three (3) days' notice prior to a scheduled payment. Should you elect to do so, revocation will not relieve you of your obligation to make Monthly Payments or any other payment(s) hereunder, and you agree to pay by credit card. If at any time during the Payment Term your circumstances will not permit payment of the Monthly Payment through electronic funds transfers from your Approved Bank Account or by credit card, you may contact Leif to request a reasonable alternative method of payment of your Monthly Payment, which Leif may or may not accept in its sole discretion.

f. Approved Bank Account.

i. Set Up and Maintenance of Approved Bank Account. You agree that, prior to receiving any Earned Income, you will establish a bank account with a financial institution designated or approved by Leif in writing ("Approved Bank Account") and also will permit integration of the Approved Bank Account with Leif's Platform as necessary to permit Leif to track your Earned Income, monitor account activity and balances, perform reconciliations and, if elected by you, process and withdraw your Monthly Payments from your Approved Bank Account. You further agree to provide details of the Approved Bank Account as Leif may reasonably request from time to time. If for any reason (e.g., a change in your employment or address), you would like to change your Approved Bank Account to another bank, you agree to give Leif prior notice of the requested change and such details for the proposed replacement account as Leif may reasonably request. The proposed replacement account shall be subject to Leif's prior approval. If at any time during the Payment Term you change the password to your Approved Bank Account or otherwise take any action that alters the ability of Leif to access your Approved Bank Account, you agree to give Leif prompt notice of the change and to comply with all requests of Leif to integrate the new Approved Bank Account with the Leif

Platform.

ii. Right to Require Change of Approved Bank Account. Notwithstanding the foregoing provision, and even if you already have an Approved Bank Account, you acknowledge that Leif may require you during the Payment Term to open and maintain a new account with a financial institution designated by Leif, and you agree that, upon notice from Leif, that you will promptly open a new account with the designated financial institution and that such account shall then become your Approved Bank Account. You further agree to execute all documents required to open the new Approved Bank Account including, if applicable, authorization for automatic payments from the new Approved Bank Account. You also agree to authorize integration of the Approved Bank Account with the Leif Platform to permit Leif to monitor your EarnedIncome, among other things.

g. Deposit of all Earned Income into Approved Bank Account. You agree that during the entire Payment Term you shall deposit all Earned Income received by you from any and all sources directly into your Approved Bank Account. If you are employed, you agree to cause your Employer to arrange for the direct deposit of all of your Earned Income to your Approved Bank Account. Your refusal or failure to establish the Approved Bank Account or to permit integration with the Leif Platform for the purpose of making Monthly Payments or other payments hereunder shall not relieve you of any of your obligations under this Agreement.

h. Payment Deferrals and Extensions of Payment Term. Leif shall place your ISA in deferment status and not accept payments for any month that your Monthly Earned Income does not exceed the Minimum Monthly Amount (a "Deferred Month"), until such time as your Monthly Earned Income exceeds, or is deemed to exceed the Minimum Monthly Amount (as determined by reconciliation, as described herein), at which time your obligation to make Monthly Payments shall be reinstated. If you reach the maximum number of 60 Deferred Months permitted under this ISA, your payment obligations under this ISA will be terminated.

i. Survival of Obligations. Expiration of the Payment Term only terminates your obligation to make Monthly Payments from Qualified Monthly Earned Income. However, it does not terminate this ISA or any continuing obligations you may have to Company or Leif pursuant to this ISA, including but not limited to the obligation to make additional payments if Leif determines that you underreported your Earned Income.

5. RECONCILIATION. From time to time during the Payment Term, and for a period of one (1) year following the end of the calendar year in which the Payment Term expires, Company shall have the right to examine and audit your records pertaining to your employment and to verify your Earned Income at any point or points during the Payment Term to ensure that you have properly reported or projected your Earned Income and to verify that Leif has properly calculated and deducted Monthly Payments and other payment owing hereunder ("Reconciliation"). You agree to cooperate with the Company and Leif in the Reconciliation process.

a. Confirmation of Earned Income and Employment. To permit Leif to perform Reconciliation, you agree that you shall, within thirty (30) days of request:

i. verify your Earned Income as reported to the IRS by completing and delivering to Leif a IRS Form 4506-T or Form 4506T-EZ (or any successor form) or, at Leif's option, provide Leif with a true and accurate copy of your federal tax return as submitted to the IRS for any calendar year of the Payment Term;

ii. provide Leif with the name, address and phone number of any Employers from which you have received Earned Income and authorize each of your Employers to disclose to us all forms of cash and non-cash compensation paid or provided to or earned by you; and

iii. provide such other documentation (including a summary of any non-written or oral non-cash consideration, equity or deferred compensation arrangements) as may be reasonably requested by Leif for the purpose of performing the Reconciliation.

b. Underreported Earned Income.

i. If at any time during the Payment Term, whether intentionally or unintentionally, you underreport your Earned Income, resulting in one or more deferred Monthly Payments, or one or more lower Monthly Payments than Company is entitled to receive under this Agreement, Company will have the right to correct the issue, in its discretion, by: (A) increasing your Income Share for Monthly Payments payable to us for each subsequent Qualified Income Earning Month, to a maximum of 150% of Income Share; or (B) adding a fixed monthly underpayment fee which shall not exceed \$1,000.00 per month (“Underpayment Fee”), until such time as the discrepancy has been corrected.

ii. Alternatively, if a Reconciliation shows that you underreported your Earned Income at any time during the Payment Term, so that you made one or more lower Monthly Payments than Company is entitled to receive under this Agreement, Leif shall give you notice within ten (10) days of completion of the Reconciliation of the amount of the underpayment and reasonable documentation of the underpayment calculation. You agree to pay us the aggregate amount of the underpayment within sixty (60) days of receiving such notice. If you do not pay on time, you authorize Leif to deduct the amount of your underpayment from your Approved Bank Account. If the Approved Bank Account is no longer active or there are insufficient funds to pay the underpayment, Company may exercise its legal rights to collect such underpayment. In that case, you agree to pay Company’s reasonable costs of collection, including attorney fees.

iii. If a Reconciliation shows or you claim that your Derived Monthly Income for any month in which you made a Monthly Payment was less than the amount of Qualified Monthly Earned Income on which such Monthly Payment was calculated, such Monthly Payment will not be reduced or otherwise refunded unless you can demonstrate with documentation reasonably satisfactory to Leif that such payment was the result of a manifest error.

iv. If a Reconciliation shows that your Derived Monthly Income for any month was more than the amount of Monthly Earned Income you reported for such month, your Monthly Earned Income for that month shall be deemed to equal the Derived Monthly Income, and any additional amounts payable to us will be subject to recapture pursuant to clauses (i) or (ii) above, as the case may be.

c. Overreported Earned Income.

i. If at any time during the Payment Term, for any reason, you overreport your Earned Income, resulting in larger Monthly Payments than Company is entitled to receive under this Agreement, you will have the right to notify Leif of this and provide any documentation that Leif may reasonably request to verify your claim of overpayment. If, after Reconciliation, Leif agrees that you overreported your Earned Income, Company will correct the error, in its discretion, by: (A) refunding the amount of the overpayment to your Approved Bank Account in a single payment or by equal payments over a period not to exceed 6 months; or (B) decreasing your Income Share by not less than 10% for each Monthly Payment, until such time as the overage in payments to Company has been corrected.

ii. If the Payment Term ends prior to correction of any overage in payments, as determined by Reconciliation, Company shall pay you the balance of any remaining overpayment within thirty (30) days of the end of the Payment Term.

d. Extension of Time for Reconciliation. If you should file for an extension of the time to file your federal income tax returns or if you fail to provide us with the requested tax, Employer or Earned Income information or you do not otherwise reasonably cooperate with us for purposes of Reconciliation, then the one (1) year period following the end of the calendar year in which the Payment Term expires shall be extended for a period of time equal to the period of time that you failed to provide the requested information or you obtained by filing the extension. It is the intent of this provision that the running of the one (1) year period following the end of the calendar year in which the Payment Term expires shall be extended so that the Company has a full and reasonable opportunity to perform Reconciliation and so that you may not benefit from your failure to comply with your obligations or obtaining an extension.

6. CAP ON PAYMENTS; PREPAYMENT AMOUNT.

a. Payment Cap. The total Monthly Payments you owe under this Agreement will not exceed the Payment Cap.

b. Prepayment Amount. You may at any time pay in full your obligation to the Company by paying an amount equal to the PrePayment Amount.

7. ADDITIONAL PROVISIONS AFFECTING PAYMENTS.

a. Limit on Other Income Share Agreements. You agree that you have not and will not enter into additional income share agreements or similar arrangements with Company or any other Person that, in the aggregate, obligate you to pay a total Income Share exceeding 30.0% of your Earned Income.

b. International Work. If you move out of the United States during your Payment Term, you agree to continue to report Earned Income and to continue paying your Income Share of Qualified Monthly Earned Income. You shall not be in breach of this Agreement so long as you continue to make the required Monthly Payments.

c. Waiver of ISA Due to Death or Total and Permanent Disability. We will waive what you owe under this Agreement, including any past due amounts and fees, if you die or become disabled. If you would like to assert a waiver based on disability, you will need to provide documentation showing that you have been found to be permanently disabled by the Social Security Administration or other federal or state agency due to a condition that began or deteriorated after the Effective Date.

d. Obligation in Event of Withdrawal. If, for any reason, you withdraw from the Higher Education or Training provided pursuant to this Agreement, you may be entitled to a pro rata reduction in your Income Share or the length of the Payment Term, at the sole discretion of Company. You agree to give Company and Leif prompt notice of your withdrawal from the Higher Education or Training and the effective date of your withdrawal.

8. REVIEW OF YOUR TAX RETURNS. For the tax year in which your Payment Term begins through the tax year in which your Payment Term ends, you agree to file your U.S. federal income tax returns no later than April 15 of the following year, and to timely file any state or local tax returns by the due date. You agree to notify Leif of any extension you seek for filing federal income tax returns. Moreover, upon request, you agree to sign and file IRS Form 4506-T or Form 4506T-EZ (or any successor form) within thirty (30) days of request, designating Company and Leif as the recipients of the transcripts of your tax returns covering any and all years of your Payment Term. You agree to perform any similar requirements or procedures for any other country's taxing authority, as applicable.

9. TAX REPORTING. Company intends to report the tax consequence of the ISA on its tax returns as a financial contract that is eligible for open transaction treatment. Company believes that this tax treatment is more likely than not the proper characterization for federal income tax purposes. Company urges you to consult with your own tax advisors, to ascertain the appropriate manner in which to report your taxes. Company believes that there is a potential benefit if all parties to a transaction report in a consistent fashion. Company encourages you to report in a manner that is consistent for all parties to the transaction. Company recognizes that there may be specific situations where Company or you may find it appropriate to report in a way that is inconsistent with the other party. Company urges to consult with your tax advisors about the potential consequences of such reporting.

10. COVENANTS AND REPRESENTATIONS OF STUDENT. By entering into this Agreement, you represent, warrant and promise to the Company as follows:

a. that you are entering into this Agreement in good faith and with the intention to pay us by making Monthly Payments when due;

b. that all the information you have provided to Company in connection with entering into this Agreement is true and accurate and that you have not provided any false, misleading or deceptive statements or omissions of fact;

c. that you are not contemplating bankruptcy, and you have not consulted with an attorney regarding bankruptcy in the past six months;

- d. that you are a U.S. citizen or permanent resident or have a social security number and the legal right to work in the United States;
- e. that you will make reasonable and good faith efforts to seek employment immediately following completion of the Higher Education or Training and during all times during the Payment Term that you are not employed or that you have Earned Income less than the Minimum Monthly Amount;
- f. during the Payment Term, you will timely report to Leif any changes in your Employment status;
- g. during the Payment Term, you will not conceal, divert, defer or transfer any of your Earned Income (including but not limited to any non-cash consideration, equity or deferred compensation rights granted to you) for the purpose of avoiding or reducing your Monthly Payment obligation or otherwise;
- h. that you will timely and fully provide all information and documentation required under the terms and conditions of this Agreement or as reasonably requested by Company (including any assignee of Company) and/or Leif, and that such information or documentation shall be true, complete, and accurate;
- i. that during the Payment Term you will file all federal, state or local tax returns and reports as required by law, which shall be true and correct in all material respects, that you will report all of your Earned Income on such returns, and that you shall pay all federal, state or local taxes and other assessments when due;
- j. that you shall keep accurate records relating to your Earned Income for each year of your Payment Term, including all W-2s, pay stubs, and any invoices or payments relating to self-employment services you provide; and
- k. that you will retain all such records for a period of at least one (1) year following the date you fulfill all your payment obligations under this Agreement.

11. COVENANTS AND REPRESENTATIONS OF COMPANY. Company represents, warrants and promises as follows:

- a. Confidentiality. Company agrees that all employment or financial information of Student and any non-public records or information provided to Leif pursuant to this Agreement is personal and confidential information. Company agrees not to, directly or indirectly, disclose, publish, cause to be disclosed or published, or use personal or financial information concerning you or your Employer for any purposes other than (i) as expressly authorized herein, (ii) as incidental to performance of this Agreement, or (iii) to enforce its rights under this Agreement.
- b. Security. Company and Leif shall use and maintain commercially reasonable security controls so as to prevent any unauthorized access to or use any personal and confidential information of Student.

12. BREACH AND REMEDIES.

- a. Breach. Without prejudice to Company's other rights and remedies hereunder, and subject to applicable law, Company may deem you to be in breach under this Agreement upon any of: (i) your failure to make any Monthly Payment within ninety (90) days of the due date; (ii) your failure to provide documentation of your Earned Income within ninety (90) days of the due date; (iii) your failure to provide Leif with a completed and executed IRS Form 4506-T, your social security number, or the name of your Employer(s) within ninety (90) days of Leif's request; (iv) your failure to provide details of and confirm ownership of your Approved Bank Account within ninety (90) days of receiving written notice from us or Leif of such failure; or (v) your violation of any other provision of this Agreement that impairs Company's rights, including but not limited to, the receipt of information that Leif deems, in its sole discretion, to be materially false, misleading, or deceptive.
- b. Remedies upon Breach. Subject to applicable law (including any notice or cure rights provided under applicable law), upon breach, Company shall be entitled to: (i) collect the Prepayment Amount; (ii) enforce all legal rights and remedies in the collection of such amount and related fees (including any rights available to Company to garnish wages or set off any federal or state tax refund); or (iii) utilize any

combination of these remedies. You agree to pay Company's costs of collection to the extent permitted by applicable law, including reasonable attorney fees, collection fees charged by a taxing authority for tax refund set-off, and any other fees or costs (including Company's fees and costs due to your bankruptcy or insolvency, if applicable).

c. Equitable Remedies. If Company concludes that money damages are not a sufficient remedy for any particular breach of this Agreement, then Company shall be entitled to seek an accounting, as well as injunctive or other equitable relief to the fullest extent permitted by applicable law. Such remedy shall be in addition to all other legal or equitable remedies available to Company.

13. RETAINED RIGHTS. No breach or the termination of this Agreement will affect the validity of any of your accrued obligations owing to Company under this Agreement. Notwithstanding termination of the Payment Term, Company shall retain all rights to enforce your obligations under this Agreement, including the right to receive the full amount of your Income Share owing hereunder based on your Earned Income during the Payment Term.

14. ELECTRONIC DELIVERY. Leif may decide to deliver any documents or notices related to this Agreement by electronic means. You agree to receive such documents or notices by electronic delivery to the email address provided Company and Leif, and to participate through an on-line or electronic system established and maintained by Company or Leif.

15. PERMITTED COMMUNICATIONS. Company or Leif may use an automatic dialer to place calls or send text messages, or use electronic mail, to communicate with you about payment due dates, missed payments, and other important information, and may use an artificial or prerecorded voice in connection with such communications. You hereby consent to such communications at any telephone number or email address that you provide Company or Leif, now or in the future. You agree that Company and Leif will not be liable to you for any such communications, even if information is communicated to an unintended recipient. You understand that, when you receive such communications, you may incur a charge from your wireless or internet service providers. You agree that Company and Leif shall have no liability for such charges. You also agree that Company and our agents, including but not limited to Leif, may record any telephone conversations with you.

You may withdraw your consent to receive emails or telephone calls or text messages using an automatic dialer or an artificial or prerecorded voice by sending notice by email to team@leif.org (or such other email address as the Company or Leif may provide to you from time to time). The notice must include (i) your name and address, (ii) your cellular telephone number(s), and (iii) your account number, if applicable; and shall expressly state that you are revoking your consent under this Agreement for Company or Leif to email or place calls and send text messages to you using an automatic dialer or artificial or prerecorded voice.

16. CONSENT TO CREDIT AND INCOME VERIFICATION; CREDIT REPORTING; STUDENT INFORMATION.

a. In connection with the provision of the Higher Education or Training and by entering into this Agreement, you authorize Company or Leif to obtain your credit report, verify the information that you provide to the Company, and gather such additional information that Company or Leif reasonably determines to help assess and understand your ability to perform your obligations under this Agreement. You understand that Company or Leif may verify your information and obtain additional information using a number of sources, including but not limited to, consumer reporting agencies, third party databases, past and present employers, other school registrars, public sources, and personal references provided by you. Upon your request, you will be notified whether or not Company or Leif obtained your credit report and, if so, the name and address of the consumer reporting agency that furnished the report. You further authorize Company or Leif to share your credit report and information therein with its assigns or affiliates (including but not limited to its parents, investors, and lenders), which Company or Leif will do using reasonable data security procedures.

b. You authorize the Company and its agents (including, but not limited to, Leif) to report information about this Agreement to credit bureaus. Although this Agreement is not "credit," we may inform credit bureaus about your positive payment behavior when you make payments as agreed. However, this also means that late payments, missed payments, or other breaches of this Agreement may be reflected in your credit report.

c. You authorize the Company to use any and all information provided by you, and any data derived from such information, for any purpose, including, without limitation, creation of any additional products or services derived therefrom. You disclaim any proprietary or monetary interest in any such additional products or services.

17. CUSTOMER IDENTIFICATION POLICY. To help the government fight the funding of terrorism and money laundering activities, Leif will obtain, verify, and record information identifying you. When you enter into this Agreement, Leif reserve the right to ask for your name, address, date of birth, social security number, and other information that will allow Company to identify you. Leif may also ask to see your driver's license or other identifying documents.

18. DATA. You hereby consent to Leif's use of information or data (collectively, "Data") provided by or concerning you: (a) to collect and analyze the Data and any other data relating to the provision, use, and performance of this Agreement, the Leif Platform and related systems and technologies; (b) to use the Data to improve and enhance the Leif Platform or for other development, diagnostic, and corrective purposes in connection with this Agreement or any other business of Leif; and (c) to disclose such information and data solely in aggregate or other de-identified form in connection with Leif's businesses. Leif shall own any data derived from or based upon the Data in conjunction with the foregoing rights.

19. NOTICE AND CURE. Prior to initiating any legal action or other proceeding regarding any past, present or future claim, dispute, or controversy, Company or Student may have against the other, regardless of the legal theory on which it is based, arising out of, relating to or occurring in connection with this Agreement (a "Claim"), the party asserting the Claim shall give the other party written notice of the Claim and a reasonable opportunity, not less than thirty (30) days, to resolve the Claim. The notice must explain the nature of the Claim and the relief demanded by the party asserting it. If Company is asserting the Claim, Company will send such notice to you at your address appearing in our records or, if you are known to be represented by an attorney, to your attorney at his or her office address. The party asserting the Claim must reasonably cooperate in providing any information about the Claim that the other party reasonably requests. The provisions of this section shall survive termination of this Agreement.

20. ARBITRATION OF CLAIMS AGAINST COMPANY. Except as expressly provided below, Student agrees that any Claim against the Company shall be submitted to and resolved by binding arbitration under the Federal Arbitration Act ("FAA"), 9 U.S.C. §§1 et seq., before the American Arbitration Association ("AAA") under its Consumer Arbitration Rules then in effect (the "AAA Rules", available online at www.adr.org). If the AAA is unable to serve as administrator and Company and Student cannot agree on a replacement, a court with jurisdiction will select the administrator or arbitrator. This means that any Claim you have shall be resolved by a neutral third-party arbitrator, and not by a judge or a jury, and you hereby knowingly and voluntarily waive the right to trial on such Claim by any court of law or equity. For purposes of this Arbitration Agreement: (a) the term "Claim" has the broadest possible meaning, and includes initial claims, counterclaims, cross-claims and third-party claims. It includes disputes based upon contract, tort, consumer rights, fraud and other intentional torts, constitution, statute, regulation, ordinance, common law and equity (including any claim for injunctive or declaratory relief). For purposes of this Arbitration Agreement; (b) the term "Company" includes: (i) the Company; (ii) any assignee of this Agreement; (iii) any assignee, agent, designee or servicer of the Company (including, but not limited to, Leif); (iv) the officers, directors, employees, affiliates, subsidiaries, and parents of all of the foregoing; and (v) any Person named as a co-defendant with Company in a Claim asserted by Student, such as servicers and debt collectors. Notwithstanding the foregoing, if a Claim that Student wishes to assert against Company is cognizable in a small claims court (or your state's equivalent court) with jurisdiction over the Claim and the parties, Student or Company may pursue such Claim in such court; provided, however, that if the Claim is transferred, removed, or appealed to a different court, it shall then be resolved by arbitration, as provided herein. Moreover, any dispute concerning the validity or enforceability of this Arbitration Agreement must be decided by a court; any dispute concerning the validity or enforceability of this Agreement is for the arbitrator.

Any arbitration hearing that you attend will take place before a single arbitrator and shall be held in the same city as the U.S. District Court closest to your address. If you cannot obtain a waiver of the AAA's or arbitrator's filing, administrative, hearing and/or other fees, Company will consider in good faith any request by you for Company to bear such fees. Each party will bear the expense of its own attorneys, experts and witnesses, regardless of which party prevails, unless applicable law or this Agreement provides a right to recover any of those fees from

the other party.

The arbitrator shall follow applicable substantive law to the extent consistent with the FAA, applicable statutes of limitation and privilege rules that would apply in a court proceeding, but subject to any limitations as may be set forth in this Agreement.

This Arbitration Agreement shall survive the termination of this Agreement, your fulfillment of your obligations under this Agreement, and bankruptcy or insolvency by either party (to the extent permitted by applicable law). In the event of any conflict or inconsistency between this Arbitration Agreement and the administrator's rules or other provisions of this Agreement, this Arbitration Agreement will govern.

CLASS ACTION WAIVER: IF A CLAIM IS ARBITRATED, STUDENT WILL NOT HAVE THE RIGHT TO PARTICIPATE IN A CLASS ACTION, A PRIVATE ATTORNEY GENERAL ACTION, OR OTHER REPRESENTATIVE ACTION IN COURT OR IN ARBITRATION, EITHER AS A CLASS REPRESENTATIVE OR CLASS MEMBER. Further, unless both Student and Company agree otherwise in writing, the arbitrator may not join or consolidate Claims with claims of any other Persons. The arbitrator shall have no authority to conduct any class, private attorney general, or other representative proceeding, and shall award declaratory or injunctive relief only to the extent necessary to provide relief warranted by the Claim. If a determination is made in a proceeding involving Company and Student that the class action waiver is invalid or unenforceable, only this sentence of this Arbitration Agreement will remain in force and the remainder of this Arbitration Agreement shall be null and void, provided, that the determination concerning the class action waiver shall be subject to appeal.

RIGHT TO REJECT: You may reject this Arbitration Agreement by emailing a rejection notice to Company at team@leif.org (or such other email address as Company or Leif may provide to you from time to time) within thirty (30) days after the Effective Date. Any rejection notice must include: (i) your name and address; (ii) your cellular telephone number(s); (iii) your account number, if applicable; and shall state that you are rejecting the Arbitration Agreement in this Agreement. Any rejection of this Arbitration Agreement, will not affect any other provisions of, or your obligations under, this Agreement.

21. LIMITATION OF LIABILITY. EXCEPT TO THE EXTENT CAUSED BY THE WILLFUL MISCONDUCT OF COMPANY OR LEIF, NEITHER COMPANY NOR LEIF SHALL BE LIABLE TO STUDENT FOR LOSS OF EMPLOYMENT, LOST INCOME OR PROFITS, CONSEQUENTIAL, EXEMPLARY, INCIDENTAL, INDIRECT, OR SPECIAL DAMAGES, EVEN IF ADVISED BY STUDENT OF THE POSSIBILITY OF SUCH DAMAGES. THE PROVISIONS OF THIS SECTION 21 SHALL SURVIVE TERMINATION OF THIS AGREEMENT.

22. SURVIVAL OF CERTAIN PROVISIONS. Notwithstanding anything to the contrary in this Agreement, the provisions of Sections 3 (Payment Management by Leif), 5 (Reconciliation), 9 (Tax Reporting), 10 (Covenants and Representations of Student), 12 (Breach and Remedies), 13 (Retained Rights), 14 (Electronic Delivery), 15 (Permitted Communications), 19 (Notice and Cure), 20 (Arbitration of Claims Against Company), 22 (Limitation of Liability), and 23 (General Provisions) shall survive termination of this Agreement, your fulfillment of your obligations under this Agreement, and bankruptcy or insolvency of either party (to the extent permitted by applicable law).

23. GENERAL PROVISIONS.

a. Entire Agreement. This Agreement sets forth the entire agreement and understanding of the Parties relating to the subject matter herein and supersedes all prior or contemporaneous discussions, understandings and agreements, whether oral or written, between you and us relating to the subject matter hereof.

b. Amendments. This Agreement cannot be modified or amended except with the written consent of both Parties.

c. No Waivers. No delay or failure on the part of either Party to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance.

d. Successors and Assigns. Company (and any Person that acquires a majority interest of the equity of Company or substantially all of its assets), may sell or assign this Agreement or any of our rights, economic benefits, or obligations under this Agreement, to any Person without your permission or consent. However, you may not assign this Agreement, whether voluntarily or by operation of law, or any of your rights, economic benefits (including but not limited to the Higher Education or Training), or obligations under this Agreement, except with Company's prior written consent. Except as otherwise provided in this Agreement, this Agreement, and the rights and obligations of the parties hereunder, will be binding upon and inure to the benefit of their respective successors, assigns, heirs, executors, administrators and legal representatives.

e. Severability. Except as set forth in the in Section 20 (Arbitration of Claims Against Company), if one or more provisions of this Agreement are held to be unenforceable under applicable law or the application thereof to any Person or circumstance shall be invalid or unenforceable to any extent, then (i) such provision shall be excluded from this Agreement to the minimum extent necessary so that this Agreement will otherwise remain in full force and effect and enforceable, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the remainder of this Agreement shall be enforceable in accordance with its terms.

f. Governing Law. The validity, interpretation, construction and performance of this Agreement, all acts and transactions pursuant to this Agreement, and the rights and obligations of the Parties under this Agreement shall be governed by, construed, and interpreted in accordance with the laws of the State of New York, without giving effect to principles of conflicts of law.

g. Notices. Any notice, consent, demand or request required or permitted to be given under this Agreement shall be in writing and, except as otherwise provided, shall be deemed sufficient: (i) when sent by email from you to Leif, as the Company's processing agent, at team@leif.org or to such other email address as Company or Leif may provide to you from time to time, and (ii) when sent by Company or Leif to you via email at the email address you last provided to Company or Leif.

h. Execution; Electronic Transactions. This Agreement may be executed electronically or manually. Execution may be completed in counterparts (including both counterparts that are executed on paper and counterparts that are electronic records and executed electronically), which together shall constitute a single agreement. Any copy of this Agreement (including a copy printed from an image of this Agreement that has been stored electronically) shall have the same legal effect as an original.

VERIFICATION OF REVIEW AND INDEPENDENT DECISION TO ENTER INTO ISA

By signing below, Student acknowledges and agrees that this Agreement is entered into voluntarily and as an arms-length transaction. Student further acknowledges and agrees with each of the following: (i) that I am of legal age to execute this Agreement; (ii) that I have had the opportunity to read this Agreement and to review its terms and conditions with my legal and financial advisors of my choosing; (iii) that Company is not an agent or fiduciary or advisor acting for my benefit or in my favor in connection with the execution of this Agreement; (iv) that Company has not provided me with any legal, accounting, investment, regulatory or tax advice with respect to this Agreement; and (v) that Company has not made any promises or assurances to me that are not expressly set forth in writing in this Agreement. I understand that, by entering into this this Agreement, I am irrevocably agreeing to share a fixed portion of my future Earned Income in consideration of receiving the Higher Education or Training, in accordance with the terms and conditions of this Agreement.

IN WITNESS WHEREOF, the parties have entered into this Income Share Agreement as of the Effective Date.

Student: Linh Nguyen

Signed:

Address:

██████████
██████████

Email [REDACTED]

Date: July 16, 2019

APPROVED:

Company: Lambda, Inc.

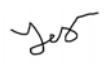
Signed:

By: Auste

Its: CEO 

Date: July 16, 2019

ELECTRONICALLY SIGNED



[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]



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CITATION: ASSESSMENT OF FINE AND ORDER OF ABATEMENT

To: Lambda Inc., dba Lambda School, Owner
 Lambda Inc.
 5820 Stoneridge Mall Rd., Ste. 212
 Pleasanton, CA 94588

INSTITUTION CODE: Unapproved
CITATION NUMBER: 1819150
CITATION ISSUANCE/SERVICE DATE: March 20, 2019
DUE DATE: April 19, 2019
FINE AMOUNT: \$ 75,000.00
ORDER OF ABATEMENT INCLUDED: Yes

Christina Villanueva issues this Citation: Assessment of Fine and Order of Abatement (Citation) in her official capacity as Discipline Manager for the Bureau for Private Postsecondary Education (Bureau) of the California Department of Consumer Affairs.

CITATION

A Citation is hereby issued to Lambda Inc., dba Lambda School, Owner of Lambda School (Institution) located at 5820 Stoneridge Mall Rd., Ste. 212, Pleasanton, CA 94588 pursuant to Business and Professions Code section 125.9 and 149; California Education Code (CEC) section 94944; and Title 5 of the California Code of Regulations (5, CCR) section 75020 for the violation(s) described below.

BACKGROUND

On July 13, 2018, the Bureau received a complaint alleging, the Institution was operating without Bureau approval. Through the course of the investigation and evidence obtained, it was determined the Institution is operating without Bureau approval.

VIOLATION(S)

#	Below you will find the California Education Code (CEC) and/or Title 5 of the California Code of Regulations (5, CCR code) section(s) of law you are charged with violating.
1.	<p>Violation: CEC Section 94886. Approval to Operate Required "Except as exempted in Article 4 (commencing with Section 94874) or in compliance with the transition provisions in Article 2 (commencing with Section 94802), a person shall not open, conduct, or do business as a private postsecondary educational institution in this state without obtaining an approval to operate under this chapter."</p>

94858. Private Postsecondary Educational Institution

“Private postsecondary educational institution” means a private entity with a physical presence in this state that offers postsecondary education to the public for an institutional charge.

CEC Section 94817.5. Approved to Operate or Approved

“Approved to operate” or “approved” means that an institution has received authorization pursuant to this chapter to offer to the public and to provide postsecondary educational programs.”

CEC Section 94868. To Offer to the Public

“To offer to the public” means to advertise, publicize, solicit, or recruit.”

CEC Section 94869. To Operate

“To operate” means to establish, keep, or maintain any facility or location in this state where, or from which, or through which, postsecondary educational programs are provided.”

On December 5, 2018, Bureau staff investigated the complaint to determine if the Institution was operating as a private postsecondary educational institution. The Institution is listed as “Lambda School” on their website and is advertising to the public a set of introductory and immersive courses in Full Stack Web, iOS Development, Android Development, Data Science, and UX Design. Tuition costs are not listed as they offer Income Sharing Agreements (ISAs). The institution’s “How It Works” tab reads: *“Lambda School trains people online to be software engineers at no up-front cost. Instead of paying tuition, students can agree to pay a percentage of their income after they’re employed, and only if they’re making more than \$50k per year. If you don’t find a job, or don’t reach that level of income, you’ll never pay a cent.”*

The Institution’s website indicates, as part of their FAQ tab, that students can pay an upfront tuition cost of \$20,000 instead of signing an ISA. This evidence confirms that the Institution violated the requirement for an Approval to Operate, per CEC section 94886, as the Institution is operating unapproved and charging students over \$2,500.00 in tuition and does not qualify for any of the exemptions under CEC section 94874.

On December 5, 2018, the Institution was contacted, via their website’s instant message option, requesting information regarding the function of their California campus location. A response was not received.

A business license listing was found for Lambda School with the City of Pleasanton.

Order of Abatement:

The Bureau orders that the Institution cease to operate as a private postsecondary educational institution, unless the Institution qualifies for an exemption under CEC section 94874. The Institution must discontinue recruiting or enrolling students and cease all instructional services and advertising in any form or type of media, including the <https://lambdaschool.com> and any other websites not identified here that are associated with the Institution, until such time as an approval to operate is obtained from the Bureau. The Institution must disconnect all telephone service numbers including but not limited to (800) 883-1943 that are associated with the Institution until such time as an approval to operate is obtained from the Bureau. To comply with the Order of Abatement the Institution must submit a school closure plan to the Bureau pursuant to California Education Code section 94926. The Institution must provide a roster of each student currently enrolled at the Institution. The roster must include the names of the students, their contact information (including

phone number, email address, and physical address), the programs in which they are enrolled, the amount paid for the programs.

Assessment of Fine

The fine for this violation is **\$75,000.00**

TOTAL ADMINISTRATIVE FINE DUE: \$75,000.00

ASSESSMENT OF A FINE

In accordance with CEC section 94944; and 5, CCR section 75020(b), the Bureau hereby orders this assessment of a fine in the amount of **\$75,000.00** for the violations described above. **Payment must be made, to the Bureau, within 30 days from the date of service of the Citation.**

COMPLIANCE WITH ORDER OF ABATEMENT

In accordance with the provisions of 5, CCR section 75020 (b) the Bureau hereby issues the order(s) of abatement described above. In accordance with Business and Professions Code Section 149, the Bureau may disconnect any telephone service numbers used by an unapproved Institution. **Evidence of compliance with the order(s) of abatement must be submitted, to the Bureau, within 30 days from the date of service of the Citation.**

APPEAL OF CITATION

You have the right to contest this Citation through an informal conference with the Bureau; and/or through an administrative hearing in accordance with Chapter 5 (Commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

If you wish to contest this Citation, you must submit the 'Notice of Appeal of Citation – Request for Informal Conference and/or Administrative Hearing' form (enclosed) within 30 days from the date of service of the Citation. *If you do not request an informal conference and/or an administrative hearing within 30 days from the service of the Citation, you will not be able to request one at a later time.*

Unless a written request for an informal conference and/or an administrative hearing is signed by you and delivered to the Bureau by **April 19, 2019**, you will be deemed to have waived or forfeited your right to appeal this matter.

EFFECTIVE DATE OF CITATION

If you do not request an informal conference and/or an administrative hearing, this Citation shall become effective on **March 20, 2019**. Payment of the administrative fine and evidence of compliance with the order(s) of abatement shall be due by **April 19, 2019**. Your payment of the administrative fine shall not constitute an admission of the violation(s) charged.

If a hearing is requested, you will not be required to comply with this Citation until 30 days after a final order is entered against you.


Payment of the administrative fine and/or written request for appeal must be mailed to:

Gurinder Sandhu, Discipline Citation Program
Bureau for Private Postsecondary Education
2535 Capitol Oaks Drive, Suite 400
Sacramento, CA 95833

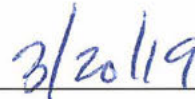
Failure for an applicant or institution to abate the violation(s) listed above or to pay the administrative fine within the time allowed may result in denial of an application for an approval or renewal to operate; disciplinary action, and/or collection action. The Bureau will promptly take all appropriate action to enforce this Citation and recover the civil penalties prescribed therein or found to be due after a hearing.

CONTACT INFORMATION

If you have any questions regarding this Citation, or desire further information, please contact Gurinder Sandhu, Citation Analyst, at 916-431-6940 or Gurinder.Sandhu@dca.ca.gov.



Christina Villanueva
Discipline Manager



Date

Enclosures

- Applicable Laws Violated
- Statement of Rights: Appeal Process Information Sheet
- Notice of Appeal of Citation: Request for Informal Conference and/or Administrative Hearing
- Payment of Fine - Waiver of Appeal
- Declaration of Service by Certified and First-Class Mail



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APPEAL OF CITATION INFORMAL CONFERENCE
DECISION; CITATION AFFIRMED

July 24, 2019

Lambda Inc., dba Lambda School, Owner
 Lambda School
 5820 Stoneridge Mall Rd., Ste. 212
 Pleasanton, CA 94588

Date of Issuance	Citation Number	Institution Code
July 24, 2019	1819150	Unapproved

On May 15, 2019, an informal telephone conference was held in the matter of Citation: Assessment of Fine and Order of Abatement No. 1819150 (Citation) against Lambda Inc., dba Lambda School, Owner of Lambda School (Institution). In attendance were Yvette Johnson, Administrative Chief; Keith Zakarin, Attorney; and Trevor McKendrick, Lambda Counsel Chief of Staff.

Pursuant to Business and Professions Code, §148; California Education Code (CEC), section 94944; and Title 5 of California Code of Regulations (5, CCR), section 75020 and section 75040, the Bureau for Private Postsecondary Education (Bureau) renders the following decision relative to your appeal of the Citation No. 1819150.

It is the decision of the Administrative Chief that on July 11, 2019, Citation No. 1819150 is affirmed for the following reason(s):

- No new substantive facts were presented at the conference.

VIOLATION CODE SECTIONS

#	Below you will find the California Education Code (CEC) and/or Title 5 of the California Code of Regulations (5, CCR code) section(s) of law you are charged with violating.
1.	<p>Violation:</p> <p>CEC Section 94886. Approval to Operate Required <i>"Except as exempted in Article 4 (commencing with Section 94874) or in compliance with the transition provisions in Article 2 (commencing with Section 94802), a person shall not open, conduct, or do business as a private postsecondary educational institution in this state without obtaining an approval to operate under this chapter."</i></p> <p>94858. Private Postsecondary Educational Institution <i>"Private postsecondary educational institution" means a private entity with a physical presence in this state that offers postsecondary education to the public for an institutional charge.</i></p> <p>CEC Section 94817.5. Approved to Operate or Approved <i>"Approved to operate" or "approved" means that an institution has received authorization pursuant to this chapter to offer to the public and to provide postsecondary educational programs."</i></p>

CEC Section 94868. To Offer to the Public

"To offer to the public" means to advertise, publicize, solicit, or recruit."

CEC Section 94869. To Operate

"To operate" means to establish, keep, or maintain any facility or location in this state where, or from which, or through which, postsecondary educational programs are provided."

On December 5, 2018, Bureau staff investigated the complaint to determine if the Institution was operating as a private postsecondary educational institution. The Institution is listed as "Lambda School" on their website and is advertising to the public a set of introductory and immersive courses in Full Stack Web, iOS Development, Android Development, Data Science, and UX Design. Tuition costs are not listed as they offer Income Sharing Agreements (ISAs). The institution's "How It Works" tab reads: "Lambda School trains people online to be software engineers at no up-front cost. Instead of paying tuition, students can agree to pay a percentage of their income after they're employed, and only if they're making more than \$50k per year. If you don't find a job, or don't reach that level of income, you'll never pay a cent."

The Institution's website indicates, as part of their FAQ tab, that students can pay an upfront tuition cost of \$20,000 instead of signing an ISA. This evidence confirms that the Institution violated the requirement for an Approval to Operate, per CEC section 94886, as the Institution is operating unapproved and charging students over \$2,500.00 in tuition and does not qualify for any of the exemptions under CEC section 94874.

On December 5, 2018, the Institution was contacted, via their website's instant message option, requesting information regarding the function of their California campus location. A response was not received.

A business license listing was found for Lambda School with the City of Pleasanton.

Order of Abatement:

The Bureau orders that the Institution cease to operate as a private postsecondary educational institution, unless the Institution qualifies for an exemption under CEC section 94874. The Institution must discontinue recruiting or enrolling students and cease all instructional services and advertising in any form or type of media, including the <https://lambdaschool.com> and any other websites not identified here that are associated with the Institution, until such time as an approval to operate is obtained from the Bureau. The Institution must disconnect all telephone service numbers including but not limited to (800) 883-1943 that are associated with the Institution until such time as an approval to operate is obtained from the Bureau. To comply with the Order of Abatement the Institution must submit a school closure plan to the Bureau pursuant to California Education Code section 94926. The Institution must provide a roster of each student currently enrolled at the Institution. The roster must include the names of the students, their contact information (including phone number, email address, and physical address), the programs in which they are enrolled, the amount paid for the programs.

Assessment of Fine

The fine for this violation is \$ 75,000.

TOTAL MODIFIED ADMINISTRATIVE FINE DUE: \$75,000.00

ORDER OF ABATEMENT

The Bureau orders that you comply with the orders described in the 'Violation Code Sections' of this document and submit evidence of compliance within **30 days** from the date of this decision.

PENALTY - ASSESSMENT OF A FINE

Payment of the administrative fine is due within **30 days** from the date of this decision. Please complete the Payment of Fine form. Payment must be made to the Bureau by check, or money order. Please include the citation number on the payment of the fine assessment. Payment of the administrative fine shall not constitute an admission of the violation(s) charged and shall be represented as satisfactory resolution of the matter for purposes of public disclosure. Payments may be mailed to:

Cheryl Lardizabal, Discipline Citation Program
Bureau for Private Postsecondary Education
2535 Capitol Oaks Drive, Suite 400
Sacramento, CA 95833

APPEAL OF CITATION

You *do not* have the right to request another Informal Conference to appeal this affirmed Citation. You *do*, however, have the right to appeal this affirmed Citation through an Administrative Hearing. A hearing before an Administrative Law Judge will be scheduled and you will be notified of the hearing date. The hearing will be held pursuant to Chapter 5 (commencing with section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

EFFECTIVE DATE OF CITATION AND FINE ASSESSMENT

This affirmed Citation is effective on July 24, 2019. The order of abatement and payment are due by **August 23, 2019**.

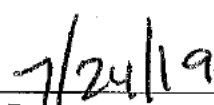
Failure to abate the violation or to pay the administrative fine within the time allowed is grounds for denial of an application for an approval to operate or discipline. The Bureau will promptly take all appropriate action to enforce the Affirmed Citation and recover the civil penalties prescribed therein or found to be due after a hearing.

CONTACT INFORMATION

If you have any questions regarding this decision or desire further information, please contact insert name, Cheryl Lardizabal, at (916) 621-2591 or at Cheryl.Lardizabal@dca.ca.gov.



Christina Villanueva
Discipline Manager



Date

Enclosures

- Payment of Fine – Waiver of Appeal Rights
- Withdrawal- Request for Administrative Hearing
- Declaration of Service by Certified and First-Class Mail