

Ministry of Training,
Colleges and Universities
Office of the Superintendent
Private Career Colleges Branch
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PARTICULARS OF A NOTICE OF IMMEDIATE SUSPENSION and NOTICE OF PROPOSAL TO REVOKE REGISTRATION

Section 49(1) of the *Private Career Colleges Act, 2005*

March 17, 2015

These particulars are posted following the expiry of the 15-day period for Everest Colleges of Canada Inc. ("Everest") to require a hearing of the Licence Appeal Tribunal under s. 19(3) of the *Private Career Colleges Act, 2005* (the "Act"). On February 19, 2015, the Superintendent issued a Notice of Immediate Suspension and Notice of Proposal to Revoke Registration to Everest. On February 20, 2015, Everest made an assignment in bankruptcy under the *Bankruptcy and Insolvency Act* (Canada). Everest's Trustee in Bankruptcy filed necessary documents to commence an appeal. That appeal was withdrawn on March 13, 2015. As a result, the proposal to revoke Everest's registration was carried out on March 13, 2015 pursuant to s. 19(4) of the Act.

Original service date: February 19, 2015

Everest Colleges of Canada Inc.
Campus Support Centre
40 Eglinton Ave East, Suite 502
Toronto, Ontario, M4P 3A2
Canada
Attn: Julia Kennedy, Vice President

Reasons for Decisions

The Superintendent immediately suspended Everest's registration because she was of the opinion that it was necessary for the immediate protection of the interests of students and prospective students of Everest.

The Superintendent proposed to revoke Everest's registration because, having regard to Everest's financial position, she was no longer satisfied that Everest could be expected to be financially responsible in its operation as a private career college.

Particulars of the Decisions

1. As of February 12, 2015, Everest had approximately 2,600 students in 14 campuses across Ontario.
2. Everest is a wholly-owned subsidiary controlled by Corinthian Colleges Inc. ("Corinthian"). Until recently, Corinthian was one of the largest for-profit post-secondary education companies in the United States.
3. Everest faced significant operational and fiscal constraints. There were significant reasons to believe that Everest would not be able to complete current and future students' training. The Superintendent was concerned that Everest could not meet other financial obligations as they came due and there was a substantial risk that Everest would initiate insolvency proceedings.

Corinthian is Winding Down Operations

4. On July 3, 2014, Corinthian entered into an agreement with the U.S. Department of Education in which Corinthian undertook to wind down its operations.
5. On February 11, 2015, news outlets reported that Corinthian was likely to be delisted from the NASDAQ exchange in the week of February 16, 2015

because it failed to file required financial reports with the Securities and Exchange Commission.

6. Between August 2014 and January 2015, Corinthian's attempts to sell Everest were unsuccessful.

Everest's Financial Position

9. Everest was in poor financial condition. Between June and October 2014, the Superintendent raised concerns with Everest about its poor financial state based on her review of its 2013 financial information.
10. In October 2014, the Superintendent informed Everest that she had determined it was high risk. In particular, the Superintendent identified the following key concerns:
 - Everest had a significant accumulated deficit, indicating that its business was financed through increased debt;
 - Everest was overleveraged and had insufficient cash flow;
 - Everest had insufficient liquidity; and
 - Everest's ability to continue viable operations was overly dependent on a single source: students who received assistance through OSAP (71% of its income was derived from such students).
13. As a result of her concerns about Everest's financial viability, the Superintendent imposed conditions on Everest's registration. The conditions required Everest to provide enhanced financial reporting to the Superintendent, including monthly reports on student enrolment per campus, per program, and per cohort.

Everest Was Placing More Students at Risk

14. Notwithstanding its financial difficulties, Everest continued to enrol new students and place them at risk. In January 2015, it enrolled approximately 330 new students across its 14 campuses. In February 2015, it was confirming the enrolment of 15-30 new students every day.
15. Between January 1, 2015 and February 13, 2015, approximately \$6.9 million in student financial assistance granted under the Ontario Student Assistance Program (OSAP) was paid, at the direction of students, directly to Everest towards their tuition fees.
16. Given the significant reasons to believe that Everest could not complete students' training, the continued redirection of student loans to Everest for tuition fees would have increased student indebtedness with a very high risk that students would not receive training from Everest. Students are responsible for repayment of these debts.