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26 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
27 **IN AND FOR THE COUNTY OF SAN FRANCISCO**

28 EMILY BRUNER,

Plaintiff,

v.

BLOOM INSTITUTE OF TECHNOLOGY,
formerly d/b/a Lambda School; AUSTEN
ALLRED, in his individual capacity; and JOHN
DOES 1–9,

Defendants.

CASE NO.

COMPLAINT FOR:

1. **Violations of California’s Consumer Legal Remedies Act**
2. **Violations of California’s Unfair Competition Law**
3. **Violations of California’s False Advertising Law**
4. **Intentional Misrepresentation**
5. **Negligent Misrepresentation**

DEMAND FOR JURY TRIAL

ELECTRONICALLY
FILED
Superior Court of California,
County of San Francisco

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CGC-22-599196

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1 **I. INTRODUCTION**

2 1. Plaintiff Emily Bruner brings this action against the Bloom Institute of Technology,
3 which, during the relevant time period, was doing business as Lambda School (“Lambda”), Lambda’s
4 co-founder and CEO, Austin Allred, in his personal capacity, and John Does 1–9. Ms. Bruner was a
5 student at Lambda and signed an Income Share Agreement (“ISA”). Ms. Bruner entered into the ISA
6 under false pretenses. This action seeks declaratory and injunctive relief to cancel the debt assumed
7 under the ISA, to declare the ISA null and void, to refund payments made under the ISA, and for
8 damages and additional relief.

9 2. This matter arises under the California Consumer Legal Remedies Act (“CLRA”),
10 California Civil Code § 1750 *et seq.*, Unfair Competition Law (“UCL”), California Business and
11 Professional Code § 17200 *et seq.*, False Advertising Law (“FAL”), California Business and
12 Professional Code § 17500 *et seq.*, as well as for intentional and negligent misrepresentation.

13 3. Ms. Bruner brings this action to hold Defendants accountable for: (i) misrepresenting
14 and concealing from Ms. Bruner that, when she enrolled and entered into an ISA, Lambda did not
15 have the necessary approval from the California Bureau for Postsecondary Education (“BPPE”) to
16 operate as a school, and was under order by the BPPE to cease operations, stop enrolling students,
17 cease all instructional services, and submit a closure plan; (ii) falsifying and misrepresenting
18 Lambda’s job placement rates; (iii) misrepresenting and concealing the true nature of Lambda’s
19 financial interest in students’ success, including by falsely representing that Lambda only “got paid”
20 if and when students received payment from future employers; and (iv) in violation of California law,
21 enrolling, signing ISAs with, and providing educational services to students, including Ms. Bruner,
22 before Lambda obtained the BPPE’s approval to operate.

23 4. Lambda is a private, for-profit, online coding school founded in 2017 by its current
24 chief executive officer, Defendant Austen Allred.

25 5. Lambda charged Ms. Bruner \$30,000 for its six- and twelve-month computer science
26 programs, more than double the reported average price of online coding bootcamps.¹

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

1 6. Lambda’s business model was predicated on convincing prospective students to pay
2 this large amount by promising that students would not owe any tuition unless and until they found a
3 job in their field of study that paid \$50,000 or more per year.

4 7. Lambda carried out this model by requiring students to enter into an ISA, wherein
5 students agreed to pay 17% of their post-Lambda salary for twenty-four months once they made more
6 than \$50,000 per year in a qualifying job.

7 8. Lambda marketed itself prominently as a place where students could enroll in its
8 coding programs, to learn the skills necessary to obtain employment in the competitive computer
9 technology job market.

10 9. In reality, Lambda was not properly licensed to operate as a postsecondary educational
11 institution. Lambda did not receive the BPPE’s approval to operate until August 17, 2020, over one
12 year after Ms. Bruner fully executed her ISA. California Education Code § 94886 bars private
13 postsecondary educational intuitions from doing business without the BPPE’s “approval to operate.”
14 In addition, California Education Code § 94917 provides that when educational institutions violate
15 this law, any “note, instrument, or other evidence of indebtedness relating to payment” for its
16 programs is “not enforceable.”

17 10. Defendants understood that students would only enroll if Lambda would help them
18 secure a job. As Lambda describes it, job placement is “the most critical component of Lambda’s
19 operations, not only in the School’s obligation to its students, but to the prosperity of the company as
20 a whole.” One of the most important statistics for prospective students was Lambda’s purported
21 record of successfully placing students in computer technology careers.

22 11. Lambda prominently displayed its purported record of job placement on its website, in
23 marketing materials, and on social media, including Mr. Allred’s personal Twitter account. At all
24 times relevant to this Complaint, Lambda advertised that its job placement rate was either 85.9% or
25 86%.

26 12. Lambda’s senior management, including Mr. Allred, knew that these widely
27 disseminated job placement statistics were false and misleading.

28

1 enrolled as a student at Lambda from September 2019 until August 2020, at which point she
2 completed the course and graduated. Throughout her enrollment at Lambda, she lived in Cary, North
3 Carolina. Ms. Bruner’s ISA is attached as Exhibit B.

4 20. Defendant Lambda is a corporation organized and existing under the laws of the State
5 of Delaware, having its headquarters and principal place of business at 250 Montgomery Street, Floor
6 16, San Francisco, California 94104.

7 21. Defendant Austin Allred is Lambda’s founder and CEO. Upon information and belief,
8 Mr. Allred resides in the County of San Francisco.

9 22. Mr. Allred signed Ms. Bruner’s ISA on June 29, 2019.

10 23. Defendant John Does 1–9 are officers and/or directors of Lambda as well as
11 individuals or corporations who may own all or a portion of Ms. Bruner’s ISA.

12 **III. JURISDICTION AND VENUE**

13 24. This Court has jurisdiction over this action pursuant to California Civil Code §§ 1750
14 et seq., California Business and Professional Code § 17200 *et seq.*, and California Business and
15 Professional Code § 17500 *et seq.*

16 25. This court’s jurisdiction is not affected by the arbitration clause in Ms. Bruner’s ISA
17 because she opted out of the arbitration clause. The ISA provides:

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

23 Exhibit B ¶ 20.

24 26. On June 29, 2019, before signing the ISA, Ms. Bruner sent an email to team@leif.org
25 stating: “Please note that I REJECT the arbitration agreement in the ISA for Lambda, Inc. Please
26 confirm this rejection and annotate my accounts appropriately.” Underneath, she provided her name,
27 address, and phone number. Ms. Bruner’s email communications regarding her opt-out are attached
28 hereto as Exhibit C.

1 34. Lambda ISAs are managed by third-party servicers who handle ISA origination and
2 payment processing.⁴ Ms. Bruner’s ISA is serviced by Leif Technologies, Inc. (“Leif”).

3 35. During an April 3, 2019, interview with investor Y Combinator, Mr. Allred stated that
4 Lambda’s “educational experience is, I think, among the best in the world.”⁵ He further explained
5 that Lambda was growing at “an insane pace,” and did not have enough staff in place to support its
6 programs. As Mr. Allred explained:

7 We agreed as a team to no longer share the number of students that we
8 have enrolled, but it is not a small number and it is growing at an insane
9 pace. We’ll soon be measuring Lambda School scale by percentage of
10 the overall number of students learning to program every year, to give
11 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.⁶

12 36. Although Lambda did not want to share its enrollment numbers publicly, in a May
13 2019 memorandum to Y Combinator, Lambda executives stated:

14 When a Lambda School student is hired for \$75k/yr, they pay us back
15 approximately \$25k. At 4,000 placed software engineers/year we’ll hit
16 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.

17 37. Mr. Allred attributed Lambda’s growth in part to his active personal Twitter account,
18 stating in January 2020 that his frequent tweets have “certainly helped Lambda school grow.”⁷ Ms.
19 Bruner was originally attracted to Lambda by Mr. Allred’s tweets.

20 38. Mr. Allred also stated: “If there’s one thing I’m good at in life, it’s growing something
21 quickly, building hype for something quickly. That’s kind of my superpower.”⁸

22
23
24 ⁴ *The Lambda School Income Share Agreement*, Lambda, Inc., <https://lambdaschool.com/tuition/isa>
(scroll to FAQs) (last visited May 12, 2021).

25 ⁵ *See Y Combinator, A CS Education That’s Free Until You Get a Job - Austen Allred of Lambda*
School, YouTube (Apr. 3, 2019) at 15:05 (hereinafter “Y Combinator Interview”),
26 <https://www.youtube.com/watch?v=yIAYZtdrfl&t=551s> (last visited Apr. 12, 2022).

27 ⁶ *Id.* at 47:50.

28 ⁷ Vincent Woo, *Interview with Austen Allred*, Soundcloud (Jan. 22, 2020) at 42:10 (hereinafter “Woo
Interview”), <https://soundcloud.com/vwoo/interview-with-austen-allred>.

⁸ *Id.* at 22:25.

1 **B. Lambda Operates Without State Approval, in Violation of California Law**

2 39. As a California company with its headquarters and principal place of business in San
3 Francisco, Lambda is subject to the laws of the state of California. One of those laws, California
4 Education Code § 94886, bars private postsecondary educational intuitions from doing business
5 without “approval to operate.”

6 40. Another, Section 94917, provides that when educational institutions violate this law,
7 any “note, instrument, or other evidence of indebtedness relating to payment” for its programs is “not
8 enforceable.”

9 41. On March 20, 2019, the BPPE issued a “Citation: Assessment of Fine and Order of
10 Abatement” (“Citation”) to Lambda. The Citation found that Lambda was “operating without Bureau
11 approval,” in violation of the California Education Code. A copy of the Citation is attached hereto as
12 Exhibit D.

13 42. In the Citation, the BPPE ordered that Lambda “cease to operate as a private
14 postsecondary educational institution” and “submit a school closure plan.” The Citation further
15 required Lambda to “discontinue recruiting or enrolling students and cease all instructional services
16 and advertising in any form or type of media, including the <https://lambdaschool.com> and any other
17 websites not identified here that are associated with the Institution, until such time as an approval to
18 operate is obtained from the Bureau.”

19 43. On May 14, 2019, Lambda submitted its application to the BPPE seeking approval to
20 operate.

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

27 ///

28 ///

1 45. In direct violation of California law, the Citation, and the Citation Affirmance,
2 Lambda continued to operate, advertise its educational services to the public, and enroll students,
3 including Ms. Bruner.

4 46. On August 21, 2019, the BPPE denied Lambda’s May 14, 2019 application, stating in
5 a letter to Lambda that it was “unable to grant approval.” A copy of the August 21 order is attached
6 hereto as Exhibit F.

7 47. On November 25, 2019, the BPPE issued an order denying Lambda’s updated
8 application for approval, explaining that “at this time the Bureau is unable to grant approval, based on
9 the requirements of the California Education Code.” A copy of the November 25 order is attached
10 hereto as Exhibit G.

11 48. On June 22, 2020, the BPPE issued yet another order denying Lambda’s further
12 updated application for approval to operate, explaining that “the Bureau cannot at this time approve
13 Lambda’s application.” A copy of the June 22 order is attached hereto as Exhibit H.

14 49. The June 22, 2020 order also found that Lambda’s ISAs constitute “an instrument or
15 evidence of indebtedness” under the California Education Code. *Id.* at 5.

16 50. On August 17, 2020, the BPPE issue an order approving Lambda’s application. The
17 approval letter stated that the BPPE had completed its review of Lambda’s “Application for Approval
18 to Operate,” including “supplemental documentation” received on August 14, 2020. The BPPE found
19 that “[a]pproval to operate is granted *effective August 17, 2020*.” (emphasis added). A copy of the
20 August 17 order is attached hereto as Exhibit I.

21 51. From at least May 2019 until Lambda was approved on August 17, 2020, Lambda’s
22 course catalogs falsely stated that Lambda was approved by the BPPE. In at least three versions of
23 the 2019 and 2020 catalogs—revised in May 2019, September 2019, and July 2020 (all prior to
24 Lambda’s approval)—Lambda falsely stated the following:

25 **APPROVALS**

26 Lambda School is a private institution *approved to operate* by the
27 California Bureau for Private Postsecondary Education. Approval to
28 operate means the institution is compliant with the minimum standards
 contained in the California Private Postsecondary Education Act of
 2009 (as amended) and Division 7.5 of Title 5 of the California Code of
 Regulations.”

1 See Exhibit J (Excerpts of Three Versions of Lambda Course Catalogs for 2019 and 2020 at 5)
2 (emphasis added)).

3 52. During the time Lambda was seeking the BPPE’s approval, Mr. Allred engaged in a
4 public misinformation campaign about Lambda’s legal status. For example, in August 2019, Mr.
5 Allred told Business Insider that Lambda was working with the BPPE to obtain approval and that the
6 order had been stayed while the application was pending. Mr. Allred stated that “[b]ecause we’re
7 talking with BPPE, it doesn’t affect students at all.”⁹ This was false.

8 53. In truth, the Citation and Citation Affirmance were not stayed, multiple of Lambda’s
9 applications had been denied, and Lambda’s future was uncertain. In August 2020, a public
10 information officer with California’s Department of Consumer Affairs reportedly “told Business
11 Insider that there is no stay on the order, and that if Lambda School is still operating while its
12 registration is pending, it would be in violation of state law.”¹⁰

13 54. Had Ms. Bruner been aware in June 2019 that Lambda was operating without a
14 license, and that its future legal status was uncertain, she would have investigated options for
15 pursuing a web development education at another school, and would not have signed an ISA that
16 indebted her for up to \$30,000 of tuition at Lambda.

17 **C. Lambda’s False and Misleading Job Placement Rates**

18 55. Mr. Allred describes Lambda as “entirely vocational, we’re a trade school basically,
19 and we want to help you make as much money as you can.”¹¹ Lambda has further explained that job
20 placement is “the most critical component of Lambda’s operations, not only in the School’s
21 obligation to its students, but to the prosperity of the company as a whole.”

22 56. Lambda prominently displays job placement rates on its website as well as in
23 marketing materials and on social media.

24 ⁹ Rosalie Chan, *The hot Silicon Valley coding bootcamp Lambda School is paying a \$75,000 fine for*
25 *not registering properly with the state of California*, Business Insider (Aug. 29, 2019, 6:32 PM),
<https://www.businessinsider.com/lambda-school-coding-bootcamp-california-bppe-2019-8>.

26 ¹⁰ Rosalie Chan, *A California official says red-hot coding bootcamp Lambda School is violating state*
27 *law if it operates without the right registration — but the company insists classes can go on*, Business
28 Insider (Aug. 30, 2019, 8:54 PM), <https://www.businessinsider.com/lambda-school-california-state-law-coding-bootcamp-y-combinator-2019-8>.

¹¹ Y Combinator Interview at 13:00.

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

4 58. On August 2, 2018, Mr. Allred, Ben Nelson (co-founder and Chief Technology
5 Officer), and Ryan Holdaway (Vice President of Outcomes), stated the following in a post on the
6 Lambda School Blog: “[E]very single Lambda School graduate who has been on the job market for
7 six months is either employed in a full-time role as a software engineer or has joined an early startup
8 working for equity.”¹²

9 59. Yet on August 3, 2018—the very next day—Lambda’s executive leadership team
10 reprimanded Lambda’s Director of Career Readiness for poor job placement performance, sending
11 her an “Employee Corrective Action Form.” The form stated that the employee’s “performance in
12 recent months has not met the expectations for the Career Coach/Director of Career Readiness role at
13 Lambda School. Overall placement numbers are low and the time to placement is much higher than
14 desired.”

15 60. The Corrective Action Form continued:

16 Placements are the most critical component of Lambda’s operations, not
17 only in the School’s obligation to its students, but to the prosperity of
18 the company as a whole. A common discussion point in regards to
19 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. . . .

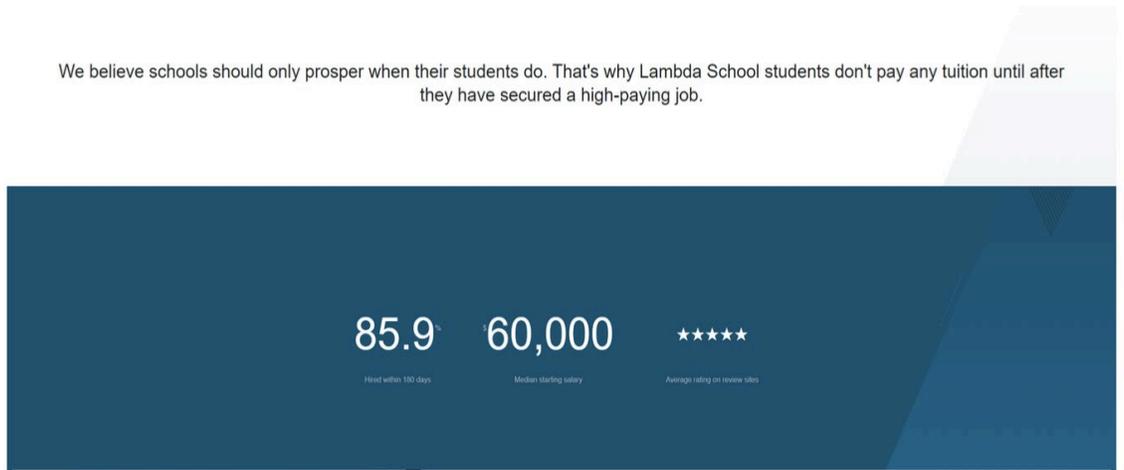
20 CS1 students graduated on 1/19/18. Since then we’ve had a new class
21 graduate approximately every five weeks. As of 8/1/18, only 16 students
22 of the 48 graduated students assigned to [the employee] have been
 placed.

23 61. Two months later, on October 8, 2018, Lambda continued to tout its high job
24 placement rates. Its website announced that: “Since Lambda School’s inception in April 2017, over
25

26 _____
27 ¹² Austen Allred, *Introducing Lambda Next — Our Revolutionary New Job Search and Placement*
28 *Program*, Medium: Lambda School Blog (Aug. 2, 2018), [https://medium.com/lambda-school-
blog/introducing-lambda-next-our-revolutionary-new-job-search-and-placement-program-
603ef12f7d37](https://medium.com/lambda-school-blog/introducing-lambda-next-our-revolutionary-new-job-search-and-placement-program-603ef12f7d37).

1 75 Lambda School graduates have been hired, including 83% of early cohorts, with an average salary
2 increase of over \$47,000 per hired graduate.”

3 62. The disparity between Lambda’s public representations and private statements would
4 only grow. From at least April 2019 until at least December 2019, Lambda’s website advertised an
5 85.9% job placement rate. For example, on April 18, 2019, Lambda’s homepage contained the
6 following statement across the top of the page:



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

15 63. On March 5, 2019, Lambda’s official twitter account provided a link to a report
16 touting the 85.9% job placement rate and stated: “Lambda only succeeds when our students succeed,
17 and we’re committed to a transparent, no-surprises approach to education.”¹³

18 64. Prior to signing her ISA Ms. Bruner read and relied on Defendants’ representations
19 that Lambda’s job placement rate was 85.9%. Lambda’s record of successfully placing students was
20 critical to her decision to enroll.

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

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

27
28 ¹³ Lambda School (@LambdaSchool), Twitter (Mar. 5, 2019, 7:02 PM),
<https://twitter.com/LambdaSchool/status/1103083315945328640>.

1 See Ex. A at 10.

2 66. On May 16, 2021, Mr. Allred tweeted from his personal account that he was the one
3 who made the 50% placement representation to investors, stating: “The 50% came from me telling
4 investors about what % of enrolled students get jobs that require repayment.”

5 67. Despite Mr. Allred’s contrary statement to investors, Lambda’s website continued to
6 represent an 85.9% or 86% placement rate through the end of 2019.

7 68. When asked in an interview to explain the discrepancy between the representations on
8 Lambda’s website and the 50% representations to its investors, Mr. Allred explained: “I mean you’re
9 literally looking at what are the risks, right? Like, we’re going to pick our lowest number for that –
10 there are cohorts that have been at 50% placed within 6 months, yes.”¹⁴

11 69. When asked whether the advertised 85.9% job placement rate was accurate, he stated:
12 “the way that that number was measured was an average across cohorts at a specific time. I don’t
13 know what it is right now, but that’s directionally correct.”¹⁵

14 70. On February 19, 2020, New York Magazine published an article titled “Lambda
15 School’s Misleading Promises,” in which the writer concluded that Lambda was “selling unprepared
16 students an incomplete education, fueled by overpromising marketing and misleading, if not
17 downright fraudulent, figures.”¹⁶ The story noted Lambda’s representations that “86% of Lambda
18 School graduates are hired within 6 months” and then recounted an interview with a former employee
19 who “confirmed . . . that the company’s own internal numbers, which the interviewee was provided
20 as part of their interview process, seem to indicate a roughly 50 percent or lower placement rate.”¹⁷

21 71. Mr. Allred has long painted a misleading picture of Lambda’s success on Twitter. For
22 example, on November 16, 2019, he tweeted: “First track just graduated. Hit 100% hired but was
23
24

25 ¹⁴ Woo Interview at 13:00–14:30.

26 ¹⁵ *Id.* at 11:13–11:26.

27 ¹⁶ Vincent Woo, *Lambda School’s Misleading Promises*, New York Magazine (Feb. 19, 2020),
[https://nymag.com/intelligencer/2020/02/lambda-schools-job-placement-rate-is-lower-than-
28 claimed.html](https://nymag.com/intelligencer/2020/02/lambda-schools-job-placement-rate-is-lower-than-claimed.html).

¹⁷ *Id.*

1 VERY small sample size.” Subsequent reporting revealed that this small sample size consisted of a
2 single student.¹⁸

3 72. Other examples of untrue and exaggerated claims on Mr. Allred’s Twitter account
4 include:

- 5 a) January 24, 2021: “I think we’re like 2-3 solvable problems being solved away from
6 100% of Lambda School grads being hired. Still a lot of unknowns, but I think it will
7 be possible.” When a commentor asked what the problems were, Mr. Allred
8 responded: “Boring stuff.”¹⁹
- 9 b) April 22, 2021: “When I started Lambda School early detractors gave me hell because
10 I said that Lambda School would cause thousands of people to become millionaires
11 who wouldn’t have otherwise been. It’s now pretty clear that was very
12 conservative.”²⁰
- 13 c) May 4, 2021: “I get to watch a bunch of people double their income (or more) every
14 single day. Even the worst days are punctuated by a bunch of people changing their
15 lives and the lives of their families forever.”²¹
- 16 d) May 4, 2021: “You can go from near poverty to huge future wealth in just a few
17 months.”²²

18 73. Mr. Allred and members of his executive leadership team acted willfully and
19 knowingly to disseminate Lambda’s job placement representations to the public—including
20 applicants to their school such as Ms. Bruner—with knowledge that they were false and misleading.
21

22 ¹⁸ See Zoe Schiffer and Megan Farokhmanesh, *The High Cost of a Free Coding Bootcamp*, The
23 Verge (Feb. 11, 2020, 11:15 EST), <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),
24 <https://twitter.com/RMac18/status/1227306243733295108>.

25 ¹⁹ Austen Allred (@Austen), Twitter (Jan. 24, 2021, 1:55 AM),
<https://twitter.com/austen/status/1353234915643568128>.

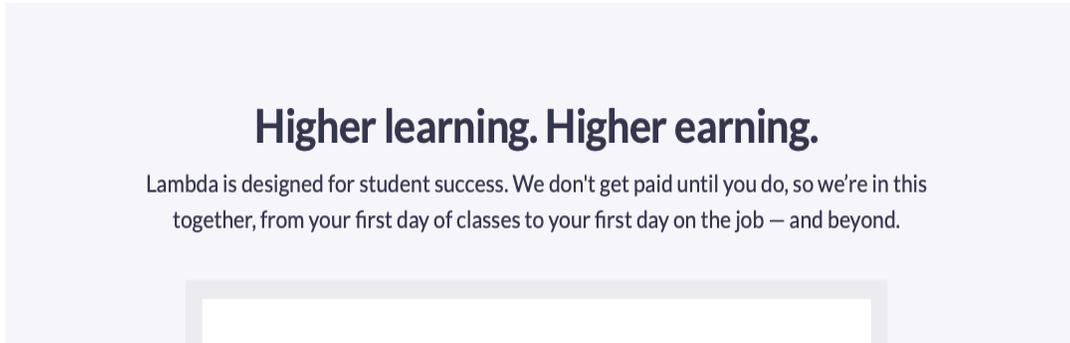
26 ²⁰ Austen Allred (@Austen), Twitter (Apr. 22, 2021, 10:24 AM),
<https://twitter.com/Austen/status/1385238109185396740>.

27 ²¹ Austen Allred (@Austen), Twitter (May 4, 2021, 11:50 PM),
<https://twitter.com/Austen/status/1389789532761956352>.

28 ²² Austen Allred (@Austen), Twitter (May 4, 2021, 11:53 PM),
<https://twitter.com/Austen/status/1389790386659364868>.

1 **D. Lambda Misrepresents That It Only Gets Paid Once Students Get Paid**

2 74. Until at least April 28, 2021, Lambda’s website declared that: “We don’t get paid until
3 you do, so we’re in this together, from your first day of classes to your first day on the job.”²³ On
4 June 27, 2019, Lambda’s homepage stated:



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10 *Screenshot from Lambda’s homepage on June 27, 2019.*

11 75. Ms. Bruner read this statement on Lambda’s website prior to signing her ISA.
12 Knowing that Lambda only got paid if she obtained employment was important to her decision to
13 sign the ISA.

14 76. But in reality, Lambda received payment long before students obtained employment
15 because it packaged and sold its ISAs to investors. Lambda did not disclose this fact to students until
16 public reporting exposed it.

17 77. In May 2019, Lambda privately told investor Y Combinator: “Currently we sell some
18 income share agreements to hedge funds.” Ex. A at 2.

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

21 79. According to an August 26, 2019 report in *Wired*, “For about half of the ISAs, the
22 company sells the rights to a portion of its returns to investors; in return, it gets cash up front.”²⁴

23 80. Mr. Allred told *Wired* that this arrangement “lets the business operate without going
24 bankrupt,”²⁵ implicitly acknowledging that the Lambda **does** get paid before its students do.

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26
27 ²³ See Apply Now Pages, *supra* note 2.

28 ²⁴ Gregory Barber, *Lambda School’s For-Profit Plan to Solve Student Debt*, *Wired* (Aug. 26, 2019, 7:00 AM), <https://www.wired.com/story/how-we-learn-lambda-income-sharing-agreements/>.

²⁵ *Id.*

1 81. Yet, in October 2019, Mr. Allred denied that Lambda got paid for ISAs prior to
2 students getting employed, reportedly stating on Twitter that “We never, ever get paid up front for
3 ISAs.” Mr. Allred confirmed to Vincent Woo in a January 22, 2020 interview, that this tweet was
4 “totally correct.”²⁶

5 82. On December 11, 2019, Edly tweeted: “Pleased to announce our latest offering [–] a
6 Lambda School ISA Pool. We @edlyISA are excited to work with the amazing team
7 @LambdaSchool[], one of the most impactful ISA programs in the country.”²⁷ To learn how to
8 participate, Edly invited interested investors to join a webinar that night with Mr. Allred.²⁸

9 83. On January 22, 2020, Mr. Woo asked Mr. Allred if Lambda sold ISAs to investors.
10 Mr. Allred stated: “that was true in the early days of Lambda School, but it’s not true today.”²⁹

11 84. On February 12, 2020, The Verge published an article titled “As Lambda students
12 speak out, the school’s debt-swapping partnership disappears from the internet.”³⁰ The article
13 reported the relationship with Edly and stated that the arrangement “allows Lambda to receive money
14 from the ISAs upfront, rather than waiting for students to find jobs.”

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

18 86. That same day, Lambda admitted in an FAQ posted to its website that it had been
19 selling ISAs before students graduate. When he was deposed as part of a separate case on February
20 26, 2021, Mr. Allred admitted that this was a blog post that he wrote and posted onto Lambda’s
21
22

23 ²⁶ Woo Interview at 6:30.

24 ²⁷ @edlyISA, Twitter (Dec. 11, 2019, 3:01 PM),
<https://twitter.com/edlyISA/status/1204853625459216385>.

25 ²⁸ @edlyISA, Twitter (Dec. 11, 2019, 3:02 PM),
<https://twitter.com/edlyISA/status/1204853900177743872>.

26 ²⁹ Woo Interview at 6:20.

27 ³⁰ 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),
28 [https://www.theverge.com/2020/2/12/21135134/lambda-school-students-edly-isa-debt-swapping-](https://www.theverge.com/2020/2/12/21135134/lambda-school-students-edly-isa-debt-swapping-partnership-shares-investors)
[partnership-shares-investors](https://www.theverge.com/2020/2/12/21135134/lambda-school-students-edly-isa-debt-swapping-partnership-shares-investors).

1 website. See Redacted and Excerpted Deposition Transcript of Austen Allred at 19, *Lambda Labs,*
2 *Inc. v. Lambda, Inc.*, No. 4:19-cv-04060 (N.D. Cal.) Dkt. 235-3.

3 87. The FAQ, which is no longer displayed on Lambda’s website, disclosed that “Lambda
4 School’s business model inherently requires financing because our costs to train students precede our
5 revenues on ISAs. That is by design. There are many different forms of financing we can use, but this
6 is the closest thing available to aligning our incentives and your incentives. . . . We believe in keeping
7 the promise we made to students when they signed up for Lambda School.”³¹

8 88. To the contrary, the “promise [Lambda] made to students when they signed up” was
9 that “We don’t get paid until you do, so we’re in this together.” Lambda broke that promise—which
10 remained prominently displayed on Lambda’s website until at least April 28, 2021.

11 **E. Ms. Bruner Attends Lambda**

12 89. Between March 2015 and January 2017, Ms. Bruner was working as a digital program
13 manager for a pharmaceutical marketing start-up. Frustrated with her job, she decided to quit and, in
14 2017 enrolled in an online business administration program at Western Governors University, which
15 she attended until 2019, while living in New Mexico. In August 2018, she also gave birth to a son.

16 90. During her time at Western Governors, she grew frustrated with the curriculum and
17 job prospects, so decided to search for computer science programs with better outcomes.

18 91. In January 2019, while still attending Western Governors, Ms. Bruner discovered Mr.
19 Allred’s Twitter account and, subsequently, Lambda’s website. Ms. Bruner became interested in
20 Lambda because of Mr. Allred’s frequent tweets about its remarkable outcomes.

21 92. Specifically, Ms. Bruner began to follow Mr. Allred’s personal twitter account on
22 January 8, 2019, after she saw his long twitter thread describing multiple Lambda success stories,
23 including but not limited to the following:

- 24 a) “J is a single father, high school dropout with two kids (1.6 GPA), had been working
25 in a warehouse for four years. We noticed in our intro courses he was doing well at
26

27 ³¹ *Student FAQs for announcement on 2/19/20*, Lambda, Inc.,
28 <https://www.notion.so/Student-FAQs-for-announcement-on-2-19-20-9b2f166f2b234e40ac924a27ecc5ff06> (last visited May 7, 2021).

1 programming, and decided to invest. He attended Lambda, now makes software for
2 warehouses, making \$80k+/yr”

3 b) “S had to drop out of school when she couldn’t afford the payments on her
4 archaeology degree. She was living in a car when she applied to Lambda School. She
5 was also hired at an \$80k rate.”

6 c) “D had an associate of arts degree from the local community college and was making
7 \$10/hr washing dogs. After she attended Lambda she was hired making \$130k+ total
8 comp (\$110 base).”

9 d) “Chris dropped out of college and was managing a local Chipotle making minimum
10 wage. He was hired at the same company as D, making the same comp – \$130k. He
11 recorded his thoughts here: [link]”

12 e) “Honestly I’m just looking at our offers database pulling [out] random names at this
13 point, this isn’t even hard.”

14 f) “L studied social work and made \$11/hr designing escape rooms for a living. He’s
15 now a software engineer at Amazon. \$140k+ total comp.”

16 g) After approximately a dozen more stories, Mr. Allred concluded the thread: “We have
17 hundreds of stories like this (literally), despite being around for about 18 months. The
18 *only* reason this works is because we have an incentive structure that allows us to
19 hire 50+ people who think and hustle to help these students 24/7. Fin.”

20 93. Afraid that Lambda was too good to be true, Ms. Bruner continued to closely monitor
21 Mr. Allred’s tweets about job placement outcomes, including a February 8, 2019, tweet stating: “We
22 are officially at 100%. EVERY SINGLE GRAD from our first cohort is now a hired software
23 engineer.”

24 94. Three months later, Lambda executives would inform investor Y Combinator that
25 Lambda was “at roughly 50% placement for cohorts that are 6 months graduated,” that Lambda was
26 “unable to place students at scale,” and that placement “to date has been manual and one-off, which
27 isn’t possible at scale.” Ex. A at 2. None of this was disclosed publicly, or known to Ms. Bruner.
28

1 95. Ms. Bruner was further excited about Lambda after reviewing Mr. Allred’s March 20,
2 2019, tweet exclaiming that: “Lambda has more than 1,000 hiring partners :).” She would later learn
3 that that Lambda appeared to define a hiring partner as any company that had ever hired a Lambda
4 student, and that Lambda did not have anywhere close to 1,000 hiring partners.

5 96. After reviewing these and other tweets, Ms. Bruner visited Lambda’s website and saw
6 the over 80% placement rate advertised across the top of the homepage. This record of successfully
7 placing students was critical to her decision to enroll.

8 97. In March of 2019, she interviewed and was accepted into Lambda’s web development
9 program. But she still was not sure whether she wanted to attend, and continued to monitor Lambda’s
10 job placement representations, which remained at 85.9%. Mr. Allred’s twitter account also continued
11 to tout Lambda’s successes, including a June 17, 2019, tweet stating that: “Six months ago when we
12 had three students with job offers in a day I was thrilled. Now we get three students with offers by
13 noon and I think, ‘I hope it picks up after lunch.’”

14 98. By mid-June 2019, Ms. Bruner was convinced that Lambda was the place for her. On
15 June 29, 2019, Ms. Bruner signed her ISA with Lambda, opting out of the arbitration clause. Mr.
16 Allred counter-signed Ms. Bruner’s ISA on June 29.

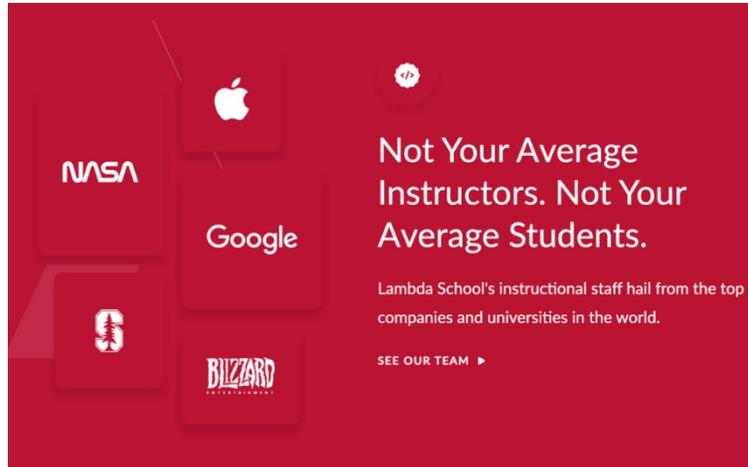
17 99. Prior to signing the ISA, Ms. Bruner read and relied on Mr. Allred and Lambda’s
18 representations that Lambda’s job placement rate was 85.9%. Lambda’s record of successfully
19 placing students was critical to her decision to enroll.

20 100. Had Defendants truthfully represented Lambda’s job placement rates, Ms. Bruner
21 would have investigated the web development education at other schools and would not have signed
22 an ISA that indebted her to up to \$30,000 of tuition at Lambda.

23 101. Because it would be too much for her to attend Lambda full time, without
24 employment, and also care for her baby (who she was raising alone), Ms. Bruner decided to move
25 home to Cary, North Carolina to live with her parents while she attended Lambda. Her Lambda
26 courses started in September 2019.

27 102. Ms. Bruner quickly realized that the quality of instruction was far below what was
28 advertised. Lambda’s website advertised a top-of-the-line curriculum that is “designed to get you

1 hired” and touted “experienced industry expert” instructors. At the time Ms. Bruner signed her ISA
2 Lambda’s website stated that “Lambda’s instructional staff hail from the top companies and
3 universities in the world,” and listed Apple, Google, Stanford, and NASA as examples:



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11 *Screenshot from Lambda’s website on June 15, 2019.*

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

16 104. Rather than give up, Ms. Bruner attempted to teach herself the material. Recognizing
17 that she could not rely on Lambda, she purchased courses from different providers to help teach
18 herself the materials that she could not self-teach through publicly available information. She spent
19 approximately \$400 on supplementary materials including: (i) Tinyhouse: A Fullstack React
20 Masterclass; (ii) Leetcode Premium; and (iii) multiple udemy courses. In addition, because she did
21 not receive call backs from applications where she used the Lambda recommended resume and cover
22 letter, she paid for professional assistance with resume and cover letter design.

23 105. Despite being unsatisfied with the program, Ms. Bruner continued through graduation
24 because she still hoped that Lambda’s and Mr. Allred’s representations regarding job placement
25 would be true.

26 106. She also continued to monitor Mr. Allred’s public statements about Lambda’s job
27 placement, which continued to keep her hope alive, including a December 11, 2019, tweet stating that
28

1 “Lambda School is rapidly approaching \$1 Billion in increased lifetime earnings for students in 2019
2 alone.”

3 107. Ms. Bruner remained hopeful that things would improve and that, at the end of her
4 experience, the “1,000 hiring partners” with “some of the best technology companies in the world”
5 would be there for her. But these promises, too, were illusory.

6 108. In August 2020, Ms. Bruner graduated from Lambda’s web developer program.

7 109. Ms. Bruner met with Lambda’s career coach a couple of times, but the career coach
8 seemed overwhelmed, frequently pasting the same message to multiple students, directing them to
9 job-search websites and listing generic networking tips.

10 110. Between August and November 2020, and with no meaningful assistance from
11 Lambda, Ms. Bruner applied to hundreds of positions as a web developer or software engineer.

12 111. When she interviewed for positions, employers would inform her that she did not have
13 the technical skills for the job, and that her education had not prepared her to be a web developer.

14 112. Eventually, Ms. Bruner gave up on web developer positions and turned back to
15 program management, the field she worked in prior to attending Western Governors and Lambda.

16 113. On her own, and with no help from Lambda, she applied for and was accepted to a
17 position as a program manager at the end of November 2020. Lambda did not connect Ms. Bruner
18 with anyone at her current employer and did not help her to obtain the job. The skills she uses in her
19 current job are the same she used in her pre-Lambda employment and are not skills that she learned at
20 Lambda.

21 **V. CAUSES OF ACTION**

22 **FIRST CAUSE OF ACTION**

23 **Violations of California’s Consumer Legal Remedies Act**
24 **Cal. Civ. Code § 1750 *et seq.***
(against Lambda)

25 114. Ms. Bruner hereby reincorporates the allegations in the foregoing paragraphs as
26 though fully set forth herein.

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

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

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

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

- 9 a) “Misrepresenting the source, sponsorship, approval, or certification of goods or
10 services.” Cal. Civ. Code § 1770(a)(2).
- 11 b) “Representing that goods or services have sponsorship, approval, characteristics,
12 ingredients, uses, benefits, or quantities that they do not have or that a person has a
13 sponsorship, approval, status, affiliation, or connection that the person does not have.”
14 *Id.* § 1770(a)(5).
- 15 c) “Representing that goods or services are of a particular standard, quality, or grade . . .
16 .” when they are not. *Id.* § 1770(a)(7).
- 17 d) “Advertising goods or services with intent not to sell them as advertised.” *Id.* §
18 1770(a)(9).

19 119. In violation of these provisions, Lambda misrepresented to the public, prospective
20 students, and current students, including Ms. Bruner at least the following: (i) Lambda’s job
21 placement rates; (ii) that Lambda only got paid after students found employment; and (iii) that
22 Lambda was approved to operate by the BPPE.

23 120. Ms. Bruner brings her claim under the CLRA for injunctive relief, namely to cancel
24 her ISA and for restitution of payments made.

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1 **SECOND CAUSE OF ACTION**
2 **Violations of California's Unfair Competition Law**
3 **Cal. Bus. & Prof. Code §§ 17200 *et seq.***
4 **(against Lambda)**

5 121. Ms. Bruner hereby reincorporates the allegations in the foregoing paragraphs as
6 though fully set forth herein.

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

10 123. The business acts and practices include:

- 11 a) publishing and/or providing the public, prospective students, and current students,
12 including Ms. Bruner, with false, misleading, unreliable, and/or inaccurate job
13 placement rate information;
- 14 b) omitting material facts from statements to the public, prospective students, and current
15 students, including Ms. Bruner, related to job placement rates;
- 16 c) misrepresenting and concealing to the public, prospective students, and current
17 students, including Ms. Bruner, the true nature of Lambda's financial interest in
18 students' success, including by continuing to represent that Lambda only got paid after
19 students did;
- 20 d) conducting business without BPPE approval and in violation of multiple BPPE orders
21 requiring it to cease operations;
- 22 e) knowingly operating a private postsecondary institution without approval to do so;
- 23 f) failing to execute an enrollment agreement with Ms. Bruner or, if they did, executing
24 it in violation California law;
- 25 g) executing an ISA with Ms. Bruner in violation of California law;
- 26 h) misrepresenting to the public, prospective students, and current students, including
27 Ms. Bruner, that Lambda was "a private institution approved to operate by the
28 California Bureau for Private Postsecondary Education;"

///

- 1 i) concealing from the public, prospective students, and current students, including Ms.
2 Bruner, that in March and July of 2019, the BPPE ordered Lambda to cease
3 operations, stop enrolling students, cease all instructional services, and submit a
4 closure plan, and misrepresenting, concealing, and omitting material facts related to
5 those BPPE orders, including representing that they were stayed when they were not.

6 **Unlawful Prong**

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

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

- 11 a) The Federal Trade Commission Act (“FTC Act”), which prohibits “unfair or deceptive
12 acts or practices.”³²
- 13 b) Cal Educ. Code § 94897, which provides that institutions shall not “(b) [p]romise or
14 guarantee employment, or otherwise overstate the availability of jobs upon
15 graduation.”
- 16 c) The CLRA, *see supra* ¶¶ 114–120;
- 17 d) The FAL, *see infra* ¶¶ 130–132;
- 18 e) Cal. Educ. Code § 94886, which provides in relevant part that “a person shall not
19 open, conduct, or do business as a private postsecondary educational institution in this
20 state without obtaining an approval to operate under this chapter.” Defendants violated
21 this provision, and therefore the UCL’s unlawful prong, when Lambda enrolled Ms.
22 Bruner without obtaining approval to operate.
- 23 f) Cal. Educ. Code § 94917, which provides that a “note, instrument, or other evidence
24 of indebtedness relating to payment for an educational program is not enforceable by
25 an institution unless, at the time of execution of the note, instrument, or other evidence
26 of indebtedness, the institution held an approval to operate.” Defendants violated this
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28 ³² See FTC Act § 5(a)(I), 15 U.S.C. § 45(a)(I); FTC Act § 12(a), 15 U.S.C. § 52(a).

1 provision, and therefore the UCL’s unlawful prong, when Mr. Allred executed Ms.
2 Bruner’s ISA.

3 g) Cal. Educ. Code § 94943, which provides that it is a crime to “[k]nowingly operat[e] a
4 private postsecondary institution without an approval to operate.” Lambda violated
5 this provision, and therefore the UCL’s unlawful prong, when it knowingly enrolled
6 Ms. Bruner without approval by the BPPE to operate.

7 h) Cal. Educ. Code § 94902(a), which provides that “[a] student shall enroll solely by
8 means of executing an enrollment agreement. The enrollment agreement shall be
9 signed by the student and by an authorized employee of the institution.” Ms. Bruner
10 does not recall signing an enrollment agreement with Lambda, and upon information
11 and belief did not sign one. Ms. Bruner was therefore never lawfully enrolled with
12 Lambda.

13 i) Even if Ms. Bruner did sign an enrollment agreement with Lambda, it is unlawful and
14 unenforceable pursuant to Cal. Educ. Code § 94902(b), which provides:

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

17 (1) The student has received the institution's catalog and School
Performance Fact Sheet prior to signing the enrollment agreement.

18 (2) At the time of the execution of the enrollment agreement, the
19 institution held a valid approval to operate.

20 (3) Prior to the execution of the enrollment agreement, the student and
21 the institution have signed and dated the information required to be
22 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.

23 i. In violation of Cal. Educ. Code § 94902(b)(1), Ms. Bruner was not provided
24 with Lambda’s School Performance Sheet.

25 ii. In violation of Cal. Educ. Code § 94902(b)(2), Lambda did not have “valid
approval to operate” at the time Ms. Bruner enrolled.

26 iii. In violation of Cal. Educ. Code § 94902(b)(3), Ms. Bruner did not sign the
27 information required to be disclosed in the Student Performance Fact Sheet.

1 j) Cal. Educ. Code § 94902(c), which provides that “[a] student shall receive a copy of
2 the signed enrollment agreement, in writing or electronically, regardless of whether
3 total charges are paid by the student.” Ms. Bruner does not have a copy of her signed
4 enrollment agreement and upon information and belief never received one.

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

7 **Fraud Prong**

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

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

13 129. Each of these false and misleading representations, all of which were material, were
14 substantial factors influencing Ms. Bruner to attend Lambda and take out an ISA that indebted her to
15 up to \$30,000 of tuition at Lambda.

16 **THIRD CAUSE OF ACTION**
17 **Violations of California’s False Advertising Law**
18 **Cal. Bus. & Prof. Code §§ 17500 *et seq.***
(against Lambda)

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

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

- 25 a) Defendants’ statements regarding job placement rates, including but not limited to
26 their published job placement rates in 2019 that were prominently displayed on
27 Lambda’s website;

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- 7. Order Defendants to cancel Ms. Bruner’s ISA and refund her for all payments she has made, or, if Lambda is not the current owner of Ms. Bruner’s ISA, order the current owner to cancel her ISA and refund her for all payments she has made.
- 8. Enjoin Defendants from ever collecting on Ms. Bruner’s ISA or, if Lambda is not the current owner of Ms. Bruner’s ISA, enjoin the current owner from ever collecting on Ms. Bruner’s ISA.
- 9. Order Defendants to pay reasonable attorneys’ fees and costs.
- 10. Award damages to Ms. Bruner in an amount to be determined, including punitive damages pursuant to Cal. Civ. Code § 3294(a).
- 11. For all such further relief as the Court deems just and proper.

Dated: April 15, 2022

COTCHETT, PITRE & McCARTHY, LLP

By: 
JUSTIN T. BERGER

BLACK & BUFFONE PLLC
JOHN W. BLACK
(*Pro Hac Vice* Application forthcoming)
SAMUEL J. BUFFONE

NATIONAL STUDENT LEGAL DEFENSE NETWORK
Alexander S. Elson (D.C. Bar No. 1602459)
(*Pro Hac Vice* Application forthcoming)
Emily Goldman
(*Pro Hac Vice* Application forthcoming)

Attorneys for Plaintiff Emily Bruner

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VII. DEMAND FOR JURY TRIAL

Please take notice that Plaintiff demands a trial by jury in this action.

Dated: April 15, 2022

COTCHETT, PITRE & McCARTHY, LLP

By: 
JUSTIN T. BERGER

BLACK & BUFFONE PLLC
JOHN W. BLACK
(Pro Hac Vice Application forthcoming)
SAMUEL J. BUFFONE

NATIONAL STUDENT LEGAL DEFENSE NETWORK
Alexander S. Elson (D.C. Bar No. 1602459)
(Pro Hac Vice Application forthcoming)
Emily Goldman
(Pro Hac Vice Application forthcoming)

Attorneys for Plaintiff Emily Bruner

EXHIBIT A

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

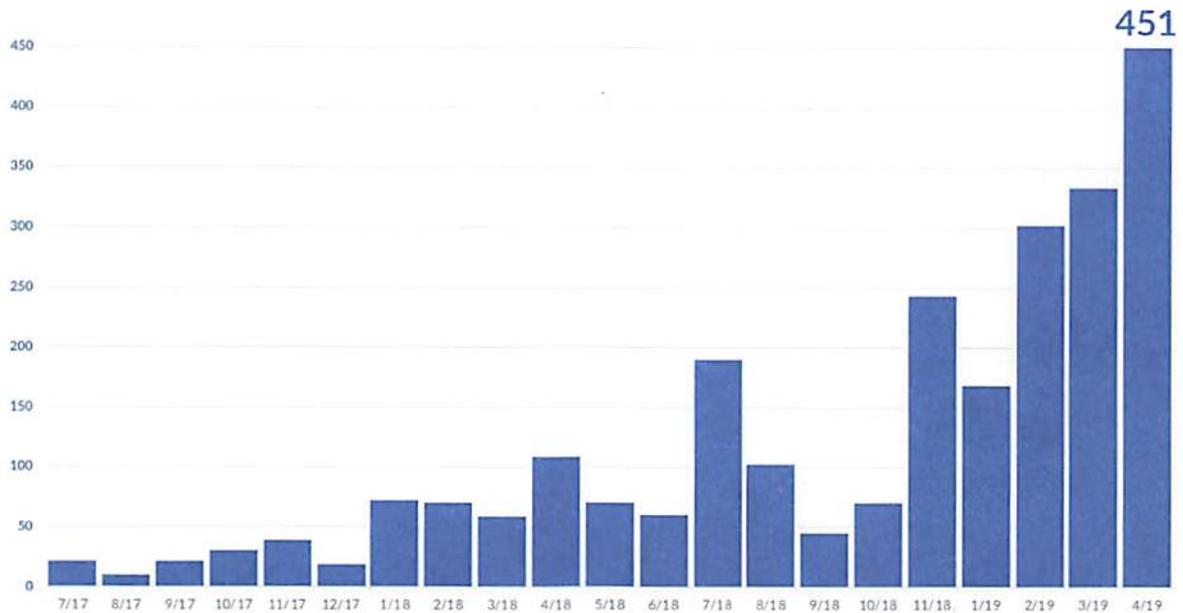
Relative to **4-year universities**, Lambda offers students a faster, risk-free way of getting training and ultimately getting a job. 4 years is a *long time* that potential students are now beginning to recognize comes with significant opportunity costs. And the entire country is obsessing over the 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

Strengths

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>

EXHIBIT B

INCOME SHARE AGREEMENT

This Income Share Agreement ("ISA" or "Agreement") is made and entered into by and between Emily M Bruner ("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 Earned Income, 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: Emily M Bruner

Signed:

Address:



Email: [REDACTED]

Date: June 29, 2019

APPROVED:

Company: Lambda, Inc.

Signed:

By: Austi

Its: CEO



Date: June 29, 2019



ELECTRONICALLY SIGNED

IP ADDRESS: [REDACTED]

CONTRACT ID: 5d17af95d21acb24b7fd362d

PRODUCT ID: 5c5ddee9e59b7429595f6a7e

STUDENT ID: 5d17ac35d21acb24b7fd3624

UTC TIME: 2019-06-29 18:36:05.773931

EXHIBIT C

On Thu, Jul 25, 2019 at 3:16 PM <team@leif.org> wrote:

Hi Emily,

Thank you for your message! This has been noted on our end.

Please email us at support@leif.org if you have any questions or concerns and we'd be happy to assist!

Best,
Team Leif

On July 25, 2019, 4:23 PM EDT [REDACTED] wrote:

Hello,

I am reaching out to make sure that you have received the email I sent previously documenting my rejection of the arbitration agreement in the ISA for Lambda School Inc.

Please confirm that you have received this documentation and annotated my accounts appropriately.

Thank You,
Emily Bruner



Virus-free. www.avast.com

On Sat, Jun 29, 2019 at 12:41 PM Emily Bruner [REDACTED] wrote:

To Whom It May Concern,

Please note that I REJECT the arbitration agreement in the ISA for Lambda, Inc. Please confirm this rejection and annotate my accounts appropriately.

Name: Emily Bruner

Address: [REDACTED]

Phone: [REDACTED]

Thank You,
Emily Bruner



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EXHIBIT D



BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY • GAVIN NEWSOM, GOVERNOR
 DEPARTMENT OF CONSUMER AFFAIRS • BUREAU FOR PRIVATE POSTSECONDARY EDUCATION
 2535 Capitol Oaks Drive, Suite 400, Sacramento, CA 95833
 P.O. Box 980818, West Sacramento, CA 95798-0818
 P (916) 431-6959 | Toll-Free (888) 370-7589 | www.bppe.ca.gov



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

<p>phone number, email address, and physical address), the programs in which they are enrolled, the amount paid for the programs.</p> <p>Assessment of Fine The fine for this violation is \$75,000.00</p>
<p>TOTAL ADMINISTRATIVE FINE DUE: \$75,000.00</p>

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

3/20/19

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

EXHIBIT E



BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY • GAVIN NEWSOM, GOVERNOR
 DEPARTMENT OF CONSUMER AFFAIRS • BUREAU FOR PRIVATE POSTSECONDARY EDUCATION
 2535 Capitol Oaks Drive, Suite 400, Sacramento, CA 95833
 P (916) 431-6959 | Toll-Free (888) 370-7589 | www.bppe.ca.gov



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: 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.

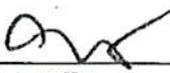
EFFECTIVE DATE OF CITATION AND FINE ASSESSMENT

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

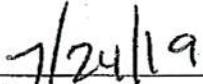
Failure to abate the violation or to pay the administrative fine within the time allowed is grounds for denial of an application for an approval to operate or discipline. The Bureau will promptly take all appropriate action to enforce the Affirmed Citation and recover the civil penalties prescribed therein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

EXHIBIT F

Juli Tarca
 Lambda School
 August 21, 2019
 Page 2 of 3

	A	B	C
1	Organizational Chart	Description of job duties and responsibilities	Listed within a Description
2	Not Listed	Student Success Manager	
3	Not Listed	Web Program Manager	
4	Not Listed	Sales Development Representative	Director of Community
5	Not Listed	Admissions Manager	
6	Not Listed	Career Coach Program Manager	
7	Not Listed	Build Week Program Manager	
8	Not Listed	User Experience Design (UX) Program Manager	
9	Not Listed	Sr. Program Manager - Admissions	
10	Not Listed	Data Science Program Manager	
11	Not Listed	Computer Science Program Manager	
12	Not Listed	Manager - Outcomes Operations	
13	Not Listed	Lambda Labs Program Manager	
14	Not Listed	Career and Professional Development - Program Manager	
15	Not Listed	Build Weeks Coordinator	
16	Not Listed	Director - Lambda X	
17	Not Listed	Front Desk Coordinator	
18	Not Listed	Student Success Coordinator	
19	Faculty: User Experience	UX Inspector (if the same, please maintain consistency in program titles)	
20	Faculty: Career and Professional Development	Not Provided	
21	Employee: Business Development	Not Provided	
22	Employee: Sales Development	Not Provided	
23	Employee: Student Success	Not Provided	
24	Employee: Admissions	Not Provided	
25	Employee: Front Desk	Not Provided	
26	Employee: Career Coach	Not Provided	
27	Employee: Outcomes Operations	Not Provided	
28	Co-Founder/Director - Engineering	Not Provided	
29	Program Manager - Labs	Not Provided	
30	Not Listed	Not Provided	Director of Community

6	<p>Governing Board</p> <ul style="list-style-type: none"> Section 3.2 of the bylaws titled "Number of Directors", does not include the actual minimum-maximum number of board members in the corporation. Please provide the number of directors required for your governing board. 	CCR 71150
9	<p>Exemplars of Student Agreements –</p> <p>The institution provided two Enrollment Agreements. No deficiencies found on the conventional agreement; however, the Income Share Agreement (ISA) tuition model is incompatible with the Bureau's Current Laws due to the following:</p> <ul style="list-style-type: none"> The institution is not disclosing "total charges" for the educational program in the enrollment agreement as required by California Education Code (CEC) §94911(b) and Title 5, California Code of Regulations (CCR) §71800(e). The institution is not able to have a refund policy for the return of unearned institutional charges as required by CEC §94920(d) and 5, CCR §71750(c). The institution, if it was in default of the enrollment agreement or closing, would not be able to provide a refund calculation required by CEC §94927. The institution is not able to assess or report Student Tuition Recovery Fund (STRF) fees required by 5, CCR §76130, §76140(a), §76000(c), and § 76210(e)(2). The institution is not able to report costs of tuition in Annual Reports and SPFS required by 5, CCR §74112(f). <p>Please update the ISA to comply with all applicable laws and regulations. A blank checklist is included. Please return the signed checklist noting the page numbers on which the corrections have been made.</p>	CCR 71180 CEC 94902

Juli Tarca
 Lambda School
 August 21, 2019
 Page 3 of 3

17	<p>Facilities and Equipment</p> <ul style="list-style-type: none"> • Please provide an update on the fire code violation from the San Francisco Fire Department. • The business registration certificate shows an expiration date of 6/30/2019; please provide a current certificate. 	CCR 71260
20	<p>Catalog</p> <p>A checklist noting deficiencies within the catalog is included. Please return the signed checklist noting the page numbers on which the corrections have been made.</p> <ul style="list-style-type: none"> • Items marked with page numbers represent information within the catalog that has been found to be in compliance. If the catalog is revised and this information is relocated, please indicate the new page numbers on which the information has been placed. • Items without page numbers represent information within the catalog that needs to be added or revised. Please refer to the checklist for detailed information regarding each deficient item. 	CCR 71290 CCR 71810 CCR 71750 CCR 71770
	<p>Citation Number 1819150 -</p> <p>A citation was issued on July 24, 2019 (<i>Copy of citation attached</i>); with an order of abatement and payment of \$75,000 due by August 23, 2019.</p> <ul style="list-style-type: none"> • Please note: Failure for an applicant or institution to abate the violation(s) or to pay the administrative fine within the time allowed may result in denial of an application for an approval to operate or disciplinary action. 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. 	CCR 75050

Please submit all requested information to my attention by September 21, 2019. Failure to provide this information may result in the denial of your application. If you have any further questions, please feel free to call me at (916) 431-6919 or email at Lucy.castillo-riley@dca.ca.gov.

Sincerely,



LUCY CASTILLO-RILEY
 Licensing Analyst
 Phone: (916) 431-6919
Lucy.castillo-riley@dca.ca.gov

EXHIBIT G

Juli Tarca
Lambda School
November 25, 2019
Page 2 of 2

16	Faculty <ul style="list-style-type: none">Please provide <i>tentative</i> signed contracts for all proposed faculty members.	CCR 71250 CCR 71720
18	Libraries and Other Learning Resources <ul style="list-style-type: none">During the online demonstration (to be scheduled), please be prepared to explain and demonstrate student access of online learning resources sufficient to support instruction for each program.	CCR 71270
20	Catalog <ul style="list-style-type: none">Please be prepared to provide a final draft catalog when requested (after the request for alternative refund calculations has been addressed).	CCR 71290 CCR 71810 CCR 71750 CCR 71770

Please submit all requested information to my attention by **December 26, 2019**. Failure to provide this information may result in the denial of your application. If you have any further questions, please feel free to call me at (916) 320-3872 or email at Joanna.Murray@dca.ca.gov.

Sincerely,



JOANNA L MURRAY
Senior Education Specialist
Quality of Education Unit

EXHIBIT H



LEGAL AFFAIRS DIVISION
1625 North Market Blvd., Suite S-309, Sacramento, CA 95834
Phone (916) 574-8220 Fax (916) 574-8623 www.dca.ca.gov



June 22, 2020

COPY

Cecilia Ziniti, Esq.
General Counsel
Lambda School
250 Montgomery St., 16th Floor
San Francisco, CA 94104

Re: Lambda ISA in connection with Application for Approval to Operate for an Institution not Accredited, # 32274

Dear Ms. Ziniti:

This letter responds to your January 7, 2020 and February 27, 2020 letters, as well as the Gough & Hancock legal memorandum attached to your January 7 letter (the Lambda Memo), which evaluates generally the propriety of income sharing agreements (ISAs) under the California Private Postsecondary Education Act of 2009 (the Act), Education Code section 94800, et seq.

The Bureau for Private Postsecondary Education (the Bureau) is charged with interpreting and determining compliance with the Act, and in exercising its powers and performing its duties, the Bureau's priority is public protection. (Ed. Code, §§ 94875 & 94932.) The Bureau appreciates your helpful explanation of Lambda School's ISA, and your efforts to address the Bureau's previously-identified deficiencies about the school's application. As discussed below, however, the agreements do not comport with state disclosure and refunds laws and, for this reason, the Bureau cannot approve them.

As you know, in general, ISAs are educational program financing contracts between institutions and students, in which students agree to pay a percentage of their future income in exchange for an education. Depending on the terms of the ISA, it may cap the total amount a student owes under the agreement, charge interest, include varying income thresholds that trigger a student's obligation to pay, and defer payments at times when a student earns less than the income threshold.

Neither the Act nor its implementing regulations expressly contemplate ISAs as an educational program financing method. Generally speaking, the laws governing private postsecondary educational institutions are formed around educational programs with fixed up-front costs, rather than indeterminate and variable costs that only become clear

Cecilia Ziniti
June 22, 2020
Page 2

upon obtaining work after the program is complete. Accordingly, the Act and its implementing regulations require institutions to make up-front disclosures to students regarding the true cost of their educational programs. Disclosures are required in the enrollment agreement, catalog, annual report, and the Student Performance Fact Sheets. (Ed. Code, §§ 94911, 94909, 94923; § 71800, subd. (e), 74112, subd. (f).) These costs include tuition and other fees, and they are used to calculate a student tuition recovery fund assessment and benefit, and refunds when a student withdraws or a school closes.

Under the Lambda ISA, students agree to pay Lambda a portion of their future income in return for receiving Lambda's educational program. (ISA at ¶ 2.) Your January 7, 2020, letter identified some of the key features of the Lambda ISA:

1. Payments are due when the student accepts a job making at least \$50,000 annually in gross earned income.
2. The payments on the ISA are in the amount of 17% of that student's gross earned income, monthly. This percentage is fixed and cannot change.^[1]
3. After 24 payments or when payments made total more than the \$30,000 tuition amount (whichever is sooner), payments stop.
4. For months during which earned income is less than the monthly amount equal to \$50,000 annually, no payment is due.
5. If there are more than 60 total months where no payment is due, the ISA obligation terminates even if no payments have ever been made.

In addition, students must seek employment immediately following their completion of or withdrawal from the program, and any time thereafter that they make less than the minimum income threshold. (ISA at ¶¶ 4.a. & 10.e.) In the event of a withdrawal from the program, a student "may be entitled to a pro rata reduction" of the 17 percent income share amount, or the length of the payment term, at Lambda's sole discretion. (ISA at ¶ 7.d.) The ISA also includes detailed provisions governing student projected income and income reconciliation. (ISA at ¶¶ 4.c. & 5.) The ISA constitutes the entire agreement between Lambda and a student regarding payment for the educational program. (ISA at ¶ 23.a.)

Lambda's ISA financing model does not comport with the laws governing private postsecondary educational institutions because the inherent uncertainty in the actual program cost cannot be reconciled with the up-front disclosures that must be given to students.

¹ The ISA provides that Lambda may increase the income share percentage to a maximum of 150% or add a fixed monthly underpayment fee if a student under-reports income. (ISA at ¶ 5.b.i.)

Cecilia Ziniti
June 22, 2020
Page 3

Prior to enrollment, Lambda must provide prospective students with a school catalog, which must contain a "schedule of total charges for a period of attendance and an estimated schedule of total charges for the entire educational program."² (Ed. Code, § 94909, subd. (a)(9).)

Students must also execute an enrollment agreement with Lambda to enroll at the school. (Ed. Code, § 94902, subd. (a).) Like the catalog, the enrollment agreement must include a "schedule of total charges," "the total charges for the current period of attendance, the estimated total charges for the entire educational program, and the total charges the student is obligated to pay upon enrollment." (Ed. Code, § 94911, subds. (b) & (c); see also Cal. Code Regs., tit. 5, § 71800, subd. (e) [itemizing the charges that must be listed in an enrollment agreement, including the cost of tuition].)

"Total charges" is defined as "the sum of institutional and noninstitutional charges." (Ed. Code, § 94870.) "Institutional charges" are "charges for an educational program paid directly to an institution." (Ed. Code, § 94844.) "Noninstitutional charges" are "charges for an educational program paid to an entity other than an institution that are specifically required for participation in an educational program." (Ed. Code, § 94850.) The term "charge" is not defined in the Act, but the dictionary defines "charge" as "the price set or asked for something" and "a debt or an entry in an account recording a debt." (American Heritage Dict. (2d College ed. 1985), p. 260.) Tuition refers to the "cost for instruction normally charged on a per unit or per hour basis." (Cal. Code Regs., tit. 5, § 70000, subd. (ab).)

Under the Lambda ISA, the amount students will eventually be charged to complete Lambda's educational program is uncertain. Lambda's enrollment agreement lists the tuition cost and total charges at \$30,000, which is also the maximum amount charged under the ISA for completing the program. But the enrollment agreement also refers students to the ISA for additional "detailed disclosures and additional information about payment, deferrals, and other important items." And under the ISA, as your letter acknowledges, the total cost "for a student electing an ISA will vary depending on the student. A student may end up paying less, but students would never pay more than what is disclosed." Thus, while the enrollment agreement reflects a fixed \$30,000 tuition cost, in actuality, the program costs somewhere between \$0 and \$30,000, depending on a student's future income. Since the cost of tuition will vary by student, the disclosure of a fixed \$30,000 cost neither accurately reflects the total program costs, nor does it comport with the requirement to disclose the cost "normally charged" for tuition.³

An example illustrates why the Lambda ISA financing model does not conform to the Act and regulations. Even though the enrollment agreement lists the tuition and total charges as fixed at \$30,000, under the Lambda ISA, a student making \$50,000 per year

² With respect to Lambda's program, the "period of attendance" and the "entire educational program" are the same. (See Ed. Code, § 94854.)

³ You indicate in your letter that 98% of Lambda students enter into an ISA.

Cecilia Ziniti
June 22, 2020
Page 4

would actually pay just \$17,000 for the educational program after 24 months. By contrast, a student earning \$100,000 per year would pay the full \$30,000 in less than 21 months for the same educational program. Other students who complete the program may each end up paying a different amount over a different duration. In all cases, at the point of initial disclosure, the total cost of the educational program is uncertain, because the amount each student will end up paying is uncertain. Because there is no true fixed cost for the program for students executing an ISA, Lambda cannot accurately disclose the total charges or tuition with certainty.

Lambda's ISA financing also does not comport with the laws governing cancellations, withdrawals and refunds. Institutions must have a refund policy for the return of unearned institutional charges if the student cancels an enrollment agreement or withdraws during a period of attendance. (Ed. Code, § 94920, subd. (d).) "The refund policy for students who have completed 60 percent or less of the period of attendance shall be a pro rata refund." (*Ibid.*) Likewise, when an institution defaults on the enrollment agreement, it must provide refunds to students on a pro rata basis if the school established a teach-out program. (Ed. Code, § 94927.) If no such teach-out is offered, the institution must provide a total refund. (*Ibid.*) Refunds must be paid within 45 days of cancelation or withdrawal, and the enrollment agreement must contain the institution's refund policy. (Ed. Code, §§ 94911, subd. (e)(2), 94920, subd. (e); Cal. Code Regs., tit. 5, §§ 71750, subd. (e), 71800, subd. (d).)

The Bureau's regulations prescribe how pro rata refunds must be calculated. Such refunds "shall be no less than the total amount owed by the student for the portion of the educational program provided subtracted from the amount paid by the student" (Cal. Code Regs., tit. 5, § 71750, subd. (c).)

For students that execute Lambda's ISA, the amount owed to Lambda is uncertain, and no amounts are owed until after a student completes or withdraws from the program, and after a student earns income that exceeds the minimum income threshold. (ISA at ¶¶ 4.a.) Consequently, Lambda cannot comply with the law's refund requirements. Lambda must have a pro rata refund policy for students who completed 60 percent or less of their coursework, or in the event of a default. (Ed. Code, §§ 94920, subd. (d), 94927.) The refund policy cannot be less than the total amount owed by the student for the completed portion of the program, subtracted from any amount paid by the student. Since, however, it is not possible to accurately calculate in advance the amount a student owes for a portion of the program, Lambda cannot adopt a policy that conforms to the Act and regulations. Moreover, the Act and regulations contemplate a "refund" and "return" of monies already paid within 45 days of cancelation or withdrawal, not a future reduction in the amount eventually owed. Thus, the Lambda ISA financing model does not comport with the Act and regulations.

The Bureau may authorize an alternative method for calculating tuition refunds, but only in cases in which the prescribed refund calculations "cannot be utilized because of the unique way in which the educational program is structured" (Ed. Code, § 94921.)

Cecilia Ziniti
June 22, 2020
Page 5

The enrollment agreement proposes an alternative pro rata refund policy, but Lambda's proposed alternative is a consequence of the unique way Lambda's *financing* is structured, and not the unique way its *educational program* is structured. For this reason, the Bureau may not approve the alternative refund calculation reflected in the enrollment agreement. (See Cal. Code Regs., tit. 5, § 71800, subd. (d).)

In addition, the withdrawal and refund policies described in the enrollment agreement conflict with the ISA. The enrollment agreement provides that students may withdraw without owing any tuition or penalty before the last class of "Sprint 5"—i.e., week five or week 10 of the program, depending on whether the student attends full-time or part-time. Students who withdraw between Sprint 5 and Sprint 12 are responsible for a pro-rata portion of the total amount (\$30,000) that may ultimately be paid to Lambda under the ISA. The enrollment agreement provides that the pro rata amount will be "communicated to your ISA service provider for adjustment." Although withdrawal relieves students of the enrollment agreement's obligations, it does not relieve them of their ISA obligations. The enrollment agreement provides that for students electing to finance their education via an ISA, "the terms of that agreement control your obligations under it."

Contrary to the enrollment agreement, which provides for a pro rata reduction in the total amount owed, the ISA provides little information about how withdrawals and refunds will be calculated. It provides that Lambda may reduce on a pro rata basis the income share percentage owed to Lambda under the agreement, or reduce the length of the payment term, at Lambda's "sole discretion." (ISA at ¶ 7.d.) Lambda is not bound under the ISA to the pro rata cost reduction that is specified in the enrollment agreement, nor is it required to make any reduction in the total amount charged to students. Thus, the enrollment agreement does not accurately reflect Lambda's refund policy, in view of the ISA.

Finally, we do not agree with the suggestion in the Lambda Memo that Lambda's ISA is not subject to Article 12 of the Act relating to consumer loans. In particular, Education Code section 94916 requires an institution extending credit or lending money for charges such as tuition to provide a specified notice to students on "any note, instrument, or other evidence of indebtedness taken in connection with that extension of credit or loan" The enrollment agreement denotes that the ISA is such a loan, and the Bureau concurs. The enrollment agreement incorporates the notice requirement specified in Education Code section 94916, signifying that Lambda is an institution that extends credit or lends money. Indeed, under the ISA, Lambda credits students up to \$30,000 in tuition costs in exchange for a share of their future income. As an instrument or evidence of indebtedness, the ISA should also contain the consumer notice specified in section 94916, but it does not.

For these reasons, the Bureau cannot at this time approve Lambda's application. If you have any questions regarding this letter or would like to continue our discussion, please contact me at your convenience.

Cecilia Ziniti
June 22, 2020
Page 6

Very truly yours,

Douglas L. Smith

Douglas L. Smith

EXHIBIT I



COPY

Bureau for Private Postsecondary Education
1747 N. Market Blvd. Ste 225 Sacramento, CA 95834
P.O. Box 980818, West Sacramento, CA 95798-0818
P (916) 574-8900 F (916) 263-1897 www.bppe.ca.gov



Bruner v. Lambda, Ex. I

August 17, 2020

Juli Tarca
Lambda School
250 Montgomery Street, 16th Floor
San Francisco, CA 94104

RE: Application for Approval to Operate for an Institution Non-Accredited #32274
Approval Granted – Institution Code: 83979039

Dear Ms. Tarca:

The Bureau for Private Postsecondary Education (Bureau) completed the review of your Application for Approval to Operate for an Institution Non-Accredited, #32274. The review included your application and supplemental documentation most recently received by the Bureau on August 14, 2020. The Bureau determined that your application complies with the minimum standards contained in the California Education Code (CEC) and the California Code of Regulations (CCRs).

Approval to operate is granted effective August 17, 2020, with an expiration date of August 17, 2025.

Enclosed for your record is the Approved Educational Program List for your institution. Please post this approval information in a prominent location so prospective students and other interested parties are aware of your approval to operate.

Bureau records will reflect the following ownership for Lambda School (83979039):

Lambda Inc.	100%	
Austen Allred, CEO		17.9%

Your institution is required to maintain compliance with the CEC and CCRs of the Bureau and is subject to review by the Bureau staff at any time for the purpose of monitoring compliance with the provisions of the California Private Postsecondary Education Act of 2009.

If your institution is planning to establish a website, or already has a website, you must ensure the website complies with Bureau laws and regulations as provided on the attached Approved School Fact Sheet.

It is highly recommended that a representative from the school attend one of the Bureau's Compliance Workshops, which are held in locations across the State.

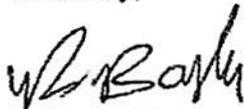
Juli Tarca
Lambda School
August 17, 2020
Page 2 of 2

These workshops are designed to provide institutions with information and guidance on how to remain in compliance with Bureau laws and regulations.

Please refer to the attached flier for additional information regarding the workshops. Any failure to maintain compliance could affect your institution's approval status and could result in disciplinary action by the Bureau.

If you require additional assistance on this matter, please contact Senior Education Specialist Joanna Murray at 916-320-3872 or email at Joanna.Murray@dca.ca.gov.

Sincerely,



Robert J. Bayles
Education Administrator
Quality of Education Unit

Enclosure(s)



Business, Consumer Services and Housing Agency - Gavin Newsom, Governor
Bureau for Private Postsecondary Education
 1747 North Market Blvd., Suite 225, Sacramento, CA 95834
 P.O. Box 980818, West Sacramento, CA 95798-0818

Bruner v. Lambda, Ex. I



Approved Educational Program List

In accordance with the provisions of California Education Code 94866 or 94890, the Bureau for Private Postsecondary Education approves:

Lambda School

*250 Montgomery Street, 16th Floor
 San Francisco, CA 94104*

*School Code #: 83979039
 Site Type: Main*

to offer the following program(s)/course(s):

<u>Program Name</u>	<u>Length of Instruction</u>	<u>Program Approved</u>	<u>Program Type</u>	<u>Distance Learning</u>
Android Development 1200 hours (online)		08/17/2020	Non-Degree	Yes
Data Science 1200 hours (900 part-time) (online)		08/17/2020	Non-Degree	Yes
Full Stack Web Development 1200 hours (900 part-time) (online)		08/17/2020	Non-Degree	Yes
iOS Development 1200 hours (900 part-time) (online)		08/17/2020	Non-Degree	Yes
User Experience Design 1200 hours (900 part-time) (online)		08/17/2020	Non-Degree	Yes

Non-Degree (Vocational) Programs/Courses: 5
Total Programs/Courses: 5

The program list above represents all currently approved educational programs for this institution. The Main, Branch, or Satellite locations of this institution may offer any subset of this list.

Robert Bayles, Education Administrator

This document is valid if all fees are current. Subject to earlier termination in accordance with the law.

Approval Memorandum

To: Robert Bayles
CC: File
From: Joanna Murray
Date: 8/14/2020
Re: Lambda School, Application #32274, Institution Code: N/A

I have completed the review and analysis of the above noted Application for Approval to Operate for an Institution Non Accredited received on May 14, 2019.

I determined the application, including the educational programs, complies with the minimum standards contained in the California Education Code and the California Code of Regulations. The application, enrollment agreement, and catalog checklist are complete and all required information has been received.

The institution offers the following programs:

- Full Stack Web Development 1200 hours (900 part-time) (online)
- iOS Development 1200 hours (900 part-time) (online)
- Android Development 1200 hours (online)
- Data Science 1200 hours (900 part-time) (online)
- User Experience Design 1200 hours (900 part-time) (online)

The programs are found to meet the minimum operating standards as specified in 5, CCR §71710.

Faculty: Review of faculty demonstrates that the institution has contracted with duly qualified faculty. Faculty is found to meet the minimum operating standards as specified in 5, CCR §71720.

Method of Delivery: The institution's method of delivery is online, synchronous/asynchronous.

Lambda School has an operating unapproved hearing scheduled that may involve fines/fees.

I determined the educational programs comply with the minimum standards contained in the California Education Code and the Title 5, California Code of Regulation.

I recommend issuing an approval to operate for the institution.

I agree with the recommendation.



I do not agree with the recommendation.

Comments:

EXHIBIT J



Lambda School CATALOG

June 1, 2019 – May 31, 2020

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Volume I

250 Montgomery Street, 16th floor, San Francisco, CA 94102
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WELCOME MESSAGE

The most important thing we tell new Lambda School students is: start now.

You have a fixed number of days between now and graduation. There's a good chance that the next several months will swing the trajectory of your career more than any others. Your time at Lambda School will be some of the most highly leveraged hours of your life. Now is the time to put your head down and work.

Sincerely,

Austen Allred,
Co-Founder & CEO

10 MISSION

The mission of Lambda School is to find untapped or underutilized talent, and train that talent for in-demand careers in the computer science field; making entry to the computer science field more accessible.

Lambda School will provide an educational environment that respects the values of individual students and their intellectual, cultural, and social development. It is Lambda School's objective to:

- Foster among students, faculty, and staff a commitment to life-long learning.
- Provide opportunities for students to exercise a positive influence and be productive in society.
- Prepare students for entry-level employment in the computer science field.

OBJECTIVES

In order to fulfill its mission, Lambda is committed to the following objectives for its educational and training programs:

- To provide the basic and prerequisite knowledge to specialize in the computer science field.
- To educate students to become well qualified professionals in their chosen field.
- To provide practical training to enhance students' capabilities in their chosen field.

GENERAL INFORMATION

HISTORY

Founded in 2017, Lambda School ("Lambda") is a unique model of higher education in which the school invests in its students, instead of the other way around. Lambda offers no upfront tuition costs. Tuition payments do not have to begin until students find a job within field providing an annual salary of at least \$50,000. This commitment from Lambda School supports its mission to find untapped or underutilized talent and train that talent for in-demand jobs in the computer science field. The school is headquartered in San Francisco, while students attend remotely. The school has raised funds previously from investors including Y Combinator, Google Ventures, Bedrock Capital, and Tandem. Given the no upfront cost tuition model of Lambda, our school demographics typically cater to minority and diverse students. Our student body is far more diverse than the general population.

7 APPROVALS

Lambda School is a private institution approved to operate by the California Bureau for Private Postsecondary Education. Approval to operate means the institution is compliant with the minimum standards contained in the California Private Postsecondary Education Act of 2009 (as amended) and Division 7.5 of Title 5 of the California Code of Regulations.

11 **FACILITY AND EQUIPMENT**

Lambda headquarters is located at 250 Montgomery Street, 16th floor, San Francisco, CA 94102. Lambda offers training in an online format in a virtual classroom with your instructors and fellow learners. Distance education coursework is completed at a location determined by the student. 5

System Requirements

- Minimum
 - 1.6 GHz Processor
 - 4 GB RAM (8 GB of RAM for the iOS course)
 - 120 GB Hard Drive
 - Web Cam
 - Microphone
- Recommended
 - 2 GHz Processor
 - 8 GB RAM
 - 256 GB Hard Drive (preferably solid state)

Recommended operating systems (in descending order): macOS, Windows 10, Ubuntu. For UX and iOS, macOS is heavily encouraged. For iOS, Mojave 10.14 is required.

Other versions of Windows work but students should anticipate occasional environment issues. Chromebooks are *not* supported, as coursework involves installing and running software locally.

Please refer to the current [Student Manual](#) for full details system requirements.

LOANER EQUIPMENT

If your computer becomes unusable during your time at Lambda School and you are unable to obtain a replacement, you can submit a request for a loaner laptop by submitting this form <https://airtable.com/shrEHS8dPFyhYBMI>

Laptops are paid for by the Perpetual Access Fund and there is limited inventory. In order to be considered for a loaner laptop, you must be in compliance with the Code of Conduct, attendance, and participation policies. In addition to compliance, you need to have a record of meaningful progress with the curriculum.



Lambda School CATALOG

⁶ June 1, 2019 – May 31, 2020

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Lambda School Catalog

January 1, 2020 – December 31, 2020

Volume I

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WELCOME MESSAGE

Welcome to Lambda School, and congratulations on taking the first step toward a high-paying career in tech.

The most important thing we tell new Lambda School students is: commit now to hustling harder than you ever have before.

You have a critical opportunity to develop your skills between now and graduation, and there's a good chance that the next several months will swing the trajectory of your career more than any others. Your time at Lambda School will be some of the most intense, impactful months of your life - now is the time to put your head down and work, and every instructor, career coach, and staff member will do everything possible to help you succeed. We're so excited that you're here.

Let's get started.

Sincerely,

Austen Allred,
Co-Founder & CEO

10

MISSION

The mission of Lambda School is to unlock potential, regardless of circumstance. That means working with untapped or underutilized talent, and training that talent for in-demand careers in the technology fields including web development, engineering, data science, user experience design, and iOS development..

Lambda School is committed to making the field of technology more accessible, and will provide an educational environment that respects the values of individual students and their intellectual, cultural, and social development. It is Lambda School's intention to:

- Foster among students, faculty, and staff a commitment to life-long learning.
- Provide opportunities for students to exercise a positive influence and be productive in society.
- Prepare students for entry-level employment in technology fields including web development, software engineering and data science.

10

OBJECTIVES

In order to fulfill its mission, Lambda is committed to the following objectives for its educational and training programs:

- To provide the basic and prerequisite knowledge to specialize in the field of technology via online learning on Zoom and multiple tools.
- To educate students to become well-qualified professionals in their chosen field of Data Science or Full Stack Web Development.
- To provide practical training to enhance students' capabilities in their chosen program.

7

APPROVALS

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