

Term Sheet: Stone Academy Litigation Settlement

January 10, 2025

Parties Involved:

- Class Plaintiffs: The Class of Stone Academy nursing students and recent graduates represented in the lawsuits captioned *Ridenhour, et al. v. Larson, et al.*, 3:23-cv-01672 and *Ridenhour, et al. v. Career Training Specialists, LLC d/b/a Stone Academy, et al.*, X10-UWY-CV-23-6070643-S.
- State Plaintiff: The State of Connecticut as represented in the lawsuit captioned *State of Connecticut v. Career Training Specialists, LLC d/b/a Stone Academy, et al.*, X10-UWY-CV23-6072103-S.
- State Defendants: Timothy Larson, individually and officially on behalf of the Office of Higher Education, Sean Seepersad, individually, Manisha Juthani, individually and officially on behalf of the Department of Public Health, and Chris Andresen, individually.
- Private Defendants: Career Training Specialists, LLC d/b/a Stone Academy (“Stone Academy”), Mark Scheinberg, Joseph Bierbaum, Richard Scheinberg in his capacity as Trustee for Creative Career Trust; Paier College of Art, Inc.

Terms Agreement:

The State Plaintiffs, the Class Plaintiffs, and the Private Defendants agree to the following terms:

1. The current and former Private Defendants agree to fund a settlement of five million and one dollar (\$5,000,001) (the “Settlement Fund”) to resolve the claims in *Ridenhour, et al. v. Career Training Specialists, LLC d/b/a Stone Academy, et al.*, X10-UWY-CV-23-6070643-S and *State of Connecticut v. Career Training Specialists, LLC d/b/a Stone Academy, et al.*, X10-UWY-CV23-6072103-S.
2. Defendant Bierbaum shall not be employed in the field of higher education for a period of five (5) years from the date of settlement.
3. To the extent any owner or officer of Stone Academy intends to establish, purchase, own or operate any for-profit career school in Connecticut after the date of this settlement, such owner or officer shall first send written notice to the Office of the Attorney General.
4. As consideration, the Class Plaintiffs and the State Plaintiff agree to issue releases to the current and former Private Defendants of the claims in *Ridenhour, et al. v. Career Training Specialists, LLC d/b/a Stone Academy, et al.*, X10-UWY-CV-23-6070643-S and *State of Connecticut v. Career Training Specialists, LLC d/b/a Stone Academy, et al.*, X10-UWY-CV23-6072103-S.

The State Defendants and Class Plaintiffs agree to the following terms:

5. OHE shall identify and procure the services of an institution to offer a pre-VATI optional remediation course and VATI for students who were, at the time of Stone Academy's closure, either enrolled in VATI or waiting to take their exit exam.
 - a. OHE shall identify and procure the services of an institution to offer multiple exit exam administrations. Student Protection Account funds may be used to fund the provisions of this subparagraph 5.a. to the extent permitted by law.
 - b. Of the Settlement Fund, the State of Connecticut can use up to \$150,000 to fund the remaining provisions of this paragraph 5, namely the optional remediation course, with any unused portion of that \$150,000 reverting to the Student Protection Account.
6. Students who successfully pass their exit examination are entitled to take the NCLEX subject to Conn. Gen. Stat. § 20-96.
7. The parties agree to the appointment of an administrator to administer the Settlement Fund. The parties will use their best efforts to work together to agree to an administrator. To the extent the parties are unable to agree to an administrator, the parties will each submit up to two names to the court to decide.
8. Class Plaintiffs will create an equitable formula for distribution of the Settlement Fund, subject to approval by the court. Such distribution shall include incentive fees for the named plaintiffs.
9. The State Plaintiff waives any rights to all civil penalties, fees and costs.
10. The State will not oppose Class Plaintiffs' attorney's fees proposal, subject to approval by the court, of 25% of the Settlement Fund, plus costs to prosecute the *Ridenhour, et al. v. Career Training Specialists, LLC d/b/a Stone Academy, et al.*, X10-UWY-CV-23-6070643-S action.
11. Immediately upon the Court's approval of this settlement, Class Plaintiffs will voluntarily dismiss the Federal Action with prejudice as to all State Defendants and release the State and its agents and employees. Such releases will carve out the relief sought in Section 16 and its subdivisions of this Agreement.
12. The Office of the Attorney General shall support a reasonable legislative proposal to address certain Class members' lack of ability to complete their educations.
13. As part of the legislative effort, the Office of the Attorney General shall support an amendment to section 67 of 2023 Public Act 204 regarding the distribution of funds from

the Student Protection Account to compensate out-of-pocket tuition expenses for completed Stone Academy credits by students who do not qualify for, or were unable to take advantage of, a teach-out or relief provided herein under Section 5.

14. Provided that, in the judgment of Griffin Hospital School of Allied Health Careers (“Griffin Hospital”), sufficient student demand exists to offer additional offerings at Griffin Hospital to continue to teach out former Stone Academy students who are qualified in the judgment of Griffin Hospital, OHE shall coordinate such teach-outs and consider ways to expand the pool of eligible candidates for same.
15. The Department of Public Health shall close the outstanding investigations into Stone Academy graduates who have not completed the reNurse course and will not initiate investigations of future graduates solely on the basis of their attendance at Stone Academy between November 1, 2021 and the school’s closure.
16. Notwithstanding the dismissal of the Federal Action with prejudice, in the event that the Connecticut Legislature in the 2025 session does not provide grants, stipends, or other relief (aside from the relief referenced in paragraph 13 herein) available to former Stone Academy students who would not qualify for the relief provided for elsewhere in the settlement, the parties acknowledge that the Class reserves the right, within thirty (30) days after the end of the 2025 legislative session, to seek, through Class Counsel, a hearing with Judge Pierson to determine the State’s obligation, if any, to provide programmatic opportunities as outlined in the complaint in *Ridenhour, et al. v. Larson, et al.*, 3:23-cv-01672.
 - a. Notwithstanding the foregoing, Class Plaintiffs’ reservation of right to seek the hearing shall not be construed as:
 - i. an express or implied waiver of sovereign immunity, in any manner, or any other defenses;
 - ii. an admission that Class Plaintiffs now have or will have the right to the relief requested at the hearing.
 - b. The parties agree that in any application for such hearing, Class Plaintiffs have the burden of proving their right to the relief requested. The parties agree that the State reserves all rights and defenses, including sovereign immunity, which the Court shall consider as a threshold issue at a preliminary hearing before granting a request for a hearing to determine the State’s obligation, if any, to provide programmatic opportunities as outlined in the complaint in *Ridenhour, et al. v. Larson, et al.*, 3:23-cv-01672.
 - c. If Class Plaintiffs elect to exercise their right to seek a hearing, they shall file with the Court within thirty (30) days of the end of the 2025 Legislative Session a

Request for Pre-Hearing Management Conference. The Court shall, in its discretion, set a briefing and oral argument schedule for the preliminary hearing described in subpart (b) above, and define the parameters of a hearing on the merits, if one is warranted, including who shall testify, with the general understanding that the parties agree that said merits hearing is not intended to be a full trial on the merits and should be limited to only the evidence, argument and briefing necessary for the court to render its ruling. If the Court holds a hearing on the merits, each party shall be limited to one eight hour day of live testimony. Neither party shall issue private subpoenas, the court can decide based on information provided by the parties, who shall testify.

- d. It is agreed and understood that no party shall appeal a decision of the trial court except upon a final decision. In the event of such appeal, the parties agree to seek direct review by the Supreme Court under C.G.S. § 52-265a. If such review is denied and the appeal remains in the Appellate Court, the parties agree that the decision of the Appellate Court shall be final, with no further right of appeal by either party.
- e. The Class Plaintiffs and the State shall each bear their own attorney's fees and costs for any proceeding under this section.