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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN FRANCISCO

JESSICA FULLER; ALEXANDER
GONCALVES; BRETT MCADAMS; and QUINN
MOLINA,

Plaintiffs,

v.

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

Defendants.

CASE NO.

**VERIFIED CLASS ACTION COMPLAINT
FOR EQUITABLE RELIEF BASED ON:**

- 1. VIOLATIONS OF THE CONSUMER
LEGAL REMEDIES ACT (Cal. Civ.
Code §§ 1750, et seq.)**
- 2. VIOLATIONS OF THE UNFAIR
COMPETITION LAW (Cal. Bus. &
Prof. Code §§ 17200, et seq.)**
- 3. VIOLATIONS OF THE FALSE
ADVERTISING LAW (Cal. Bus. &
Prof. Code §§ 17500, et seq.)**

VERIFIED CLASS ACTION COMPLAINT

ELECTRONICALLY
FILED

Superior Court of California,
County of San Francisco

03/16/2023
Clerk of the Court

BY: JEFFREY FLORES
Deputy Clerk

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1 Plaintiffs Jessica Fuller, Alexander Goncalves, Brett McAdams, and Quinn Molina
2 (“Plaintiffs”), by and through their attorneys, allege as follows:

3 **I. SUMMARY OF THE CASE**

4 1. Bloom Institute of Technology, formerly known as Lambda School (“Lambda”), is a for-
5 profit, unaccredited computer coding bootcamp that opened in 2017, audaciously promising to
6 revolutionize higher education. Unlike traditional higher education, with its high debt load, uncertain
7 job prospects, and structural indifference to job outcomes, Lambda claimed its approach would be
8 different. By its telling, Lambda would not only teach students coding, but would connect students with
9 tech jobs, and require tuition payments only after students got qualifying jobs—accomplished by
10 having them sign Income Share Agreements (“ISAs”) before enrolling. Lambda and its CEO, Austen
11 Allred, trumpeted ISAs as a disruptive, revolutionary approach to education financing, promising
12 students that, because they paid nothing until they found a job, Lambda was equally invested in
13 students’ ultimate job market success.

14 2. As evidence that Lambda’s model worked, it promoted lofty job placement rates. For the
15 last several years, Lambda has prominently displayed job placement rates of 74 to 90 percent across its
16 website, social media pages, and online advertisements. In time, Lambda’s aggressive marketing,
17 touting that the vast majority of its students get well-paying tech jobs, swelled its enrollment to
18 thousands of students.

19 3. But Lambda’s entire marketing pitch was based on a series of misrepresentations. While
20 Lambda publicly flaunted job placement rates of 74 to 90 percent, it revealed to its private investors
21 that the true rates were far lower, ranging from 27 to 50 percent. While Lambda’s public marketing
22 emphasized how the school was invested in students’ success, claiming that Lambda wouldn’t get paid
23 unless students did, in reality Lambda sold off the rights to collect on students’ future income to private
24 investors. Lambda even misrepresented that it had state approval to operate when, in fact, it did not.
25 Through these misrepresentations, Lambda ensnared thousands of students in its scheme to extract (or
26 sell off the rights to extract) up to \$30,000 from each students’ future earnings.

27 4. Plaintiffs, four such students, bring this class action complaint, on behalf of themselves
28 and a class of similarly situated persons, against Lambda, Lambda’s co-founder and CEO, Austin

1 Allred, in his personal capacity, and John Does 1–9 for violations of the California Consumer Legal
2 Remedies Act (“CLRA”), California Civil Code § 1750, *et seq.*, Unfair Competition Law (“UCL”),
3 California Business and Professional Code §17200, *et seq.*, and False Advertising Law (“FAL”),
4 California Business and Professional Code § 17500, *et seq.*

5 5. Plaintiffs bring this action to hold Defendants accountable for: (i) falsifying and
6 misrepresenting Lambda’s job placement rates, and misrepresenting and concealing the true nature of
7 Lambda’s financial interest in students’ success, including by falsely representing that Lambda only got
8 paid after students found employment and got paid; (ii) misrepresenting and concealing from students
9 that, until August 17, 2020, Lambda did not have the necessary approval from the California Bureau for
10 Postsecondary Education (“BPPE”) to operate as a school, and was under order by the BPPE to cease
11 operations, stop enrolling students, cease all instructional services, and submit a closure plan; (iii) in
12 violation of California law, enrolling, signing ISAs or other tuition payment plans with and providing
13 educational services to students before Lambda obtained the BPPE’s approval to operate; and (iv) in
14 violation of California law, engaging in the unlawful business practice of unlicensed lending.

15 6. Plaintiffs and members of the proposed class are current and former Lambda students
16 who either (1) entered into ISAs, retail installment contracts, deferred tuition plans, or other tuition
17 plans (hereinafter “ISAs” or “tuition payment plans”) with an arbitration clause that contains a carve-
18 out for proceedings “commenced by either party seeking an injunction . . . or any other equitable
19 remedy,” or (2) enrolled at Lambda without signing (or opting out of) an arbitration clause and class
20 action waiver. On information and belief, this includes students who enrolled at Lambda from on or
21 around March of 2020 to the present.¹

22 7. Plaintiffs and members of the proposed class enrolled at Lambda under false pretenses.
23 Plaintiffs seek declaratory and injunctive relief to cancel their ISAs and the ISAs/tuition payment plans
24 of all class-members, to declare the ISAs/tuition payment plans null and void, to require equitable
25 restitution of all payments made to Lambda, and for additional relief. They also seek public injunctive
26

27 _____
28 ¹ While the ISAs and other tuition payment plans from March 2020 to the present contain arbitration
clauses and class action waivers, neither apply to this proceeding.

1 relief, including enjoining Defendants from misrepresenting job placement rates, and collecting on any
2 ISA or other tuition payment plan entered into while Defendants engaged in such misrepresentations.

3 **II. THE PARTIES**

4 8. Plaintiff Jessica Fuller is a resident of Lakewood, Pierce County, Washington. She
5 signed her ISA on April 22, 2020. She was enrolled as a student at Lambda from June 2020 until
6 September 2020, at which point she withdrew from her program. Plaintiff Fuller's ISA is attached as
7 Exhibit A.

8 9. Plaintiff Alexander Goncalves is a resident of Philadelphia, Philadelphia County,
9 Pennsylvania. He signed his ISA on May 20, 2020. He was enrolled as a student at Lambda from June
10 2020 until January 2021, at which point he graduated from his program. Plaintiff Goncalves's ISA is
11 attached as Exhibit B.

12 10. Plaintiff Brett McAdams is a resident of Apopka, Orange County, Florida. He signed his
13 ISA on June 15, 2020. He was enrolled as a student at Lambda from July 2020 until March 2021, at
14 which point he graduated from his program. Plaintiff McAdams's ISA is attached as Exhibit C.

15 11. Plaintiff Quinn Molina is a resident of Olympia, Thurston County, Washington. He
16 signed his ISA on January 8, 2021. He was enrolled as a student at Lambda from January 2021 to May
17 2022, at which point he graduated from his program. Plaintiff Molina's ISA is attached as Exhibit D.

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

21 13. Defendant Austen Allred is Lambda's founder and CEO. Upon information and belief,
22 Mr. Allred resides in San Francisco, California.

23 14. Defendants John Does 1-9 are officers and/or directors of Lambda as well as individuals,
24 corporations, or other entities who may own all or a portion of Plaintiffs' and class members' ISAs or
25 other tuition payment plans or another financial interest in such ISAs or tuition payment plans.

26 **III. JURISDICTION AND VENUE**

27 15. This Court has subject matter jurisdiction because each cause of action asserted herein
28 arises under the laws of the State of California.

1 16. This Court has personal jurisdiction over Defendants because Defendant Lambda’s
2 principal place of business is in the County of San Francisco, California; Defendant Allred, upon
3 information and belief, resides in the County of San Francisco, California; and Defendants have caused
4 injuries in the County of San Francisco and the State of California through their acts, and by their
5 violation of the UCL, FAL, and CLRA.

6 17. Venue is proper in the County of San Francisco pursuant to Cal. Civ. Proc. Code §§
7 395(a) and 395.5.

8 **IV. FACTUAL ALLEGATIONS COMMON TO ALL CLAIMS**

9 **A. LAMBDA BACKGROUND**

10 18. Lambda is a private, for-profit online coding school founded in 2017 by its current CEO,
11 Austen Allred. Lambda provides online six and twelve-month computer science courses. It is not a
12 degree-granting institution, and is not accredited. Students cannot take out federal student loans to
13 attend Lambda.

14 19. At all times relevant to this complaint, Lambda charged between \$21,000 and \$30,000
15 for its program, more than double the reported average price of online coding bootcamps.²

16 20. As Lambda’s CEO, Mr. Allred was the company’s primary decisionmaker, in a position
17 of control over daily operations and aware of the company’s public representations and status with the
18 BPPE.

19 21. As Lambda’s CEO, Mr. Allred also benefited personally from the tuition paid by
20 Plaintiffs and members of the class.

21 22. Lambda marketed itself prominently as a place where students learn the skills necessary
22 to obtain employment in the competitive computer technology job market. In Mr. Allred’s words, most
23 students come to Lambda with “no network” and are “from either inner cities or rural areas.”³

24
25
26 ² See Cecilia Clark, *How Much is Coding Boot Camp?* Nerdwallet (June 21, 2022, 10:53 AM),
27 <https://www.nerdwallet.com/article/loans/student-loans/how-much-is-coding-bootcamp>.

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

1 23. Lambda has long touted “experienced industry expert” instructors and a top-of-the-line
2 curriculum that is “designed to get you hired.” On April 3, 2019, Mr. Allred stated that Lambda’s
3 “educational experience is, I think, among the best in the world.”⁴

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

7 25. Lambda carries out this model by entering into ISAs with students. As Lambda describes
8 it: “A Lambda School ISA is a contract under which you agree to pay 17% of your post-Lambda School
9 salary for 24 months, but only once you’re making more than \$50,000 per year (or the equivalent of
10 \$4,166.67 per month). The ISA is capped at a maximum repayment of \$30,000, so you won’t pay more
11 than \$30,000 under any circumstances.”⁵

12 26. Lambda ISAs are managed by third-party servicers who handle ISA origination and
13 payment processing.⁶ The ISAs at issue in this case are serviced by Meratas, a loan-servicing company
14 headquartered in Stamford, Connecticut.

15 27. By April 2019, Lambda was growing at “an insane pace.” As Mr. Allred explained:

16 We agreed as a team to no longer share the number of students that we have enrolled, but
17 it is not a small number and it is growing at an insane pace. We’ll soon be measuring
18 Lambda School scale by percentage of the overall number of students learning to program
19 every year, to give you some context. And being able to support that kind of scale
effectively is what keeps me up at night. Mostly specifically hiring, mostly hiring
executives right now who can build out 100, 150 person teams beneath them . . . and we
need like 5 of them yesterday.⁷

20 28. Although Lambda may not have wanted to share its enrollment data publicly, in a May
21 2019 memorandum to its investor Y Combinator, Lambda executives stated:

22 When a Lambda School student is hired for \$75k/yr, they pay us back approximately \$25k.
23 At 4,000 placed software engineers/year we’ll hit a \$100mm/yr run rate. In 2019 we’ll

24 ⁴ *Id.* at 15:05.

25 ⁵ *The Lambda School Income Share Agreement*, Lambda School Website (scroll to FAQs “What is an
26 ISA and how does it work”), [archived by the Wayback Machine (Dec. 16, 2020),
<https://web.archive.org/web/20201216131833/https://lambdaschool.com/tuition/isa>].

27 ⁶ *The Lambda School Income Share Agreement*, Lambda School Website (scroll to FAQs “Who are
28 Meratas and Leif”), [archived by the Wayback Machine (Dec. 16, 2020),
<https://web.archive.org/web/20201216131833/https://lambdaschool.com/tuition/isa>].

⁷ Y Combinator Interview at 47:50.

1 enroll over 3,000 students. In May 2019 well [sic] enroll over 500. We plan on enrolling
2 more than 10,000 students in 2020.

3 29. Mr. Allred attributed Lambda’s growth in part to his active personal Twitter account,
4 stating in January 2020 that his frequent tweets have “certainly helped Lambda school grow.”⁸

5 30. Mr. Allred also stated: “If there’s one thing I’m good at in life, it’s growing something
6 quickly, building hype for something quickly. That’s kind of my superpower.”⁹

7 **B. UNTIL AUGUST 17, 2020, LAMBDA OPERATED WITHOUT STATE
8 APPROVAL, IN VIOLATION OF CALIFORNIA LAW**

9 31. As a California company with its headquarters and principal place of business in San
10 Francisco, Lambda is subject to the laws of the state of California. One of those laws, California
11 Education Code § 94886, bars private postsecondary educational institutions from doing business without
12 “approval to operate.”

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

16 33. All Lambda tuition payment plans, including ISAs, are a “note, instrument, or other
17 evidence of indebtedness relating to payment for educational program[s],” under the California
18 Education Code.

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

23 35. In the Citation, the BPPE ordered that Lambda “cease to operate as a private
24 postsecondary educational institution” and “submit a school closure plan.” The Citation further required
25 Lambda to “discontinue recruiting or enrolling students and cease all instructional services and
26 advertising in any form or type of media, including the <https://lambdaschool.com> and any other

27 ⁸ Vincent Woo, *Interview with Austen Allred*, Soundcloud (Jan. 22, 2020) at 42:10 (hereinafter “Woo
28 Interview”), <https://soundcloud.com/vwoo/interview-with-austen-allred>.

⁹ Y Combinator Interview at 22:25.

1 websites not identified here that are associated with the Institution, until such time as an approval to
2 operate is obtained from the Bureau.”

3 36. On May 14, 2019, Lambda submitted its application to the BPPE seeking approval to
4 operate.

5 37. Lambda appealed the Citation and, on July 24, 2019, the BPPE issued an “Appeal of
6 Citation Informal Conference Decision: Citation Affirmed” (the “Citation Affirmance”). The BPPE
7 affirmed the Citation because “[n]o new substantive facts were presented,” and thus, Lambda was
8 required to “comply with the orders described in the ‘Violation Code Sections’ of this document and
9 submit evidence of compliance within 30 days from the date of this decision.” Citation Affirmance at
10 1–3. A copy of the Citation Affirmance is attached hereto as Exhibit F.

11 38. In direct violation of California law, the Citation, and the Citation Affirmance, Lambda
12 continued to operate, advertise its educational services to the public, and enroll students.

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

16 40. On November 25, 2019, the BPPE issued an order denying Lambda’s updated
17 application for approval, explaining that “at this time the Bureau is unable to grant approval, based on
18 the requirements of the California Education Code.” A copy of the November 25 order is attached
19 hereto as Exhibit H.

20 41. On June 22, 2020, the BPPE issued yet another order denying Lambda’s further updated
21 application for approval to operate, stating that “the Bureau cannot at this time approve Lambda’s
22 application.” A copy of the June 22 order is attached hereto as Exhibit I.

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

25 43. On August 17, 2020, the BPPE issued an order approving Lambda’s application. The
26 approval letter stated that the BPPE had completed its review of Lambda’s “Application for Approval
27 to Operate,” including “supplemental documentation” received on August 14, 2020. The BPPE found
28

1 that “[a]pproval to operate is granted *effective August 17, 2020.*” (emphasis added). A copy of the
2 August 17 order is attached hereto as Exhibit J.

3 44. From at least May 2019 until Lambda was approved on August 17, 2020, Lambda’s
4 course catalogs falsely stated that Lambda was approved by the BPPE. In at least three versions of the
5 2019 and 2020 catalogs—revised in May 2019, September 2019, and July 2020 (all prior to Lambda’s
6 approval)—Lambda falsely stated the following:

7 **APPROVALS**

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

13 See Exhibit K (Excerpts of Three Versions of Lambda Course Catalogs for 2019 and 2020 at 5)
14 (emphasis added)).

15 45. During the time Lambda was seeking the BPPE’s approval, Mr. Allred engaged in a
16 public misinformation campaign about Lambda’s legal status. For example, in August 2019, Mr. Allred
17 told Business Insider that Lambda was working with the BPPE to obtain approval and that the order had
18 been stayed while the application was pending. Mr. Allred stated that “[b]ecause we’re talking with
19 BPPE, it doesn’t affect students at all.”¹⁰ This was false.

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

25 ¹⁰ Rosalie Chan, *The hot Silicon Valley coding bootcamp Lambda School is paying a \$75,000 fine for*
26 *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>.

27 ¹¹ Rosalie Chan, *A California official says red-hot coding bootcamp Lambda School is violating state*
28 *law if it operates without the right registration — but the company insists classes can go on*, Business
Insider (Aug. 30, 2019, 8:54 PM), <https://www.businessinsider.com/lambda-school-california-state-law-coding-bootcamp-y-combinator-2019-8>.

1 47. Had the plaintiffs who signed their ISAs prior to August 17, 2020, been aware that
2 Lambda was operating without a license, and that its future legal status was uncertain, they would not
3 have signed an ISA that indebted them for up to \$30,000 of tuition at Lambda.

4 48. As set forth herein, Plaintiffs seek to represent a BPPE Subclass, comprising students
5 who entered into an ISA or other tuition payment plan prior to the BPPE’s August 17, 2020, approval,
6 whose ISAs contain an arbitration clause with a carve-out for any proceeding commenced by either
7 party seeking an injunction or any other equitable remedy.

8 49. All such tuition payment plans, including ISAs, constitute a “note, instrument, or other
9 evidence of indebtedness relating to payment for [students’] educational program,” under the California
10 Education Code, and therefore, as a matter of law, are “not enforceable.” California Education Code §
11 94917.

12 **C. LAMBDA’S FALSE AND MISLEADING JOB PLACEMENT RATES**

13 50. Mr. Allred describes Lambda as “entirely vocational, we’re a trade school basically, and
14 we want to help you make as much money as you can.”¹²

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

20 52. Lambda prominently displays its purported record of job placement on its website, in
21 marketing materials and outcomes reports, and on social media, including Mr. Allred’s personal Twitter
22 account.

23 **1. False and misleading job placement rates on Lambda’s website and**
24 **outcomes reports**

25 53. Throughout at least 2018 and 2019, Lambda’s website advertised job placement rates of
26 over 80%. Lambda’s executive leadership, including Mr. Allred, knew that these widely disseminated
27 rates were false and misleading.

28 ¹² Y Combinator Interview at 13:00.

1 54. On August 2, 2018, Mr. Allred, Ben Nelson (co-founder and CTO), and Ryan Holdaway
2 (VP of Outcomes), stated the following in a post on the Lambda School Blog: “[E]very single Lambda
3 School graduate who has been on the job market for six months is either employed in a full-time role as
4 a software engineer or has joined an early startup working for equity.”¹³

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

11 56. The Corrective Action Form continued:

12 Placements are the most critical component of Lambda’s operations, not only in the
13 School’s obligation to its students, but to the prosperity of the company as a whole. A
14 common discussion point in regards to Outcomes is that current placement rates are too
15 low and time to placement is too high. Creative tactics and adjustments to current careers
16 processes as well as follow through are needed to improve both of these measurements. .
17 ..

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

21 57. Two months later, on October 8, 2018, Lambda continued to tout its high job placement
22 rates, announcing on its website: “Since Lambda School’s inception in April 2017, over 75 Lambda
23 School graduates have been hired, including 83% of early cohorts, with an average salary increase of
24 over \$47,000 per hired graduate.”

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

26 ///

27 ///

28 ///

¹³ Austen Allred, *Introducing Lambda Next — Our Revolutionary New Job Search and Placement 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>.

1 *Screenshot from Lambda's website on December 13, 2018.*



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

10 60. The disparity between Lambda's public representations and private statements would
11 only grow. From on or about April 2019 until at least December 2019, Lambda's website advertised a
12 job placement rate of over 85%. For example, on April 18, 2019, Lambda's homepage contained the
13 following statement across the top of the page:

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



20 61. On March 5, 2019, Lambda's official Twitter account provided a link to a report touting
21 the 85.9% job placement rate and stated: "Lambda only succeeds when our students succeed, and we're
22 committed to a transparent, no-surprises approach to education."¹⁴

23 62. In May of 2019—at the same time Lambda was advertising an 85.9% job placement rate
24 and touting its transparency—Lambda executives sent a private memorandum to investor Y
25 Combinator. See Lambda Memorandum to Investors, *Human Capital: The Last Unoptimized Asset*
26 *Class* at 10 (May 2019), attached hereto as Exhibit L. The May 2019 memo stated:

27
28 ¹⁴ Lambda School (@LambdaSchool), Twitter (Mar. 5, 2019, 7:02 PM),
<https://twitter.com/bloomtech/status/1103083315945328640>.

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

Ex. L at 10.

63. After the memorandum was published in news accounts two years later, Mr. Allred tweeted from his personal account that he was the one who made the 50% placement representation to investors, stating: “The 50% came from me telling investors about what % of enrolled students get jobs that require repayment.”

64. Despite Mr. Allred’s contrary statement to investors, Lambda’s website continued to represent an 85.9% or 86% placement rate through the end of 2019. These rates were false and misleading.

65. On December 14, 2019, Lambda’s homepage stated:



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

66. This statement was false and directly contrary to the true facts known to Lambda and Mr. Allred, which had privately been disclosed to investors, as described above.

67. When asked in an interview to explain the discrepancy between the representations on Lambda’s website and representations to its investors, Mr. Allred explained: “I mean you’re literally looking at what are the risks, right? Like, we’re going to pick our lowest number for that – there are cohorts that have been at 50% placed within 6 months, yes.”¹⁵

¹⁵ Woo Interview at 13:00-14:30.

1 68. When asked whether the advertised 86% job placement rate was accurate, he stated: “the
2 way that that number was measured was an average across cohorts at a specific time. I don’t know what
3 it is right now, but that’s directionally correct.”¹⁶

4 69. On February 19, 2020, New York Magazine published an article titled “Lambda
5 School’s Misleading Promises,” in which the writer concluded that Lambda was “selling unprepared
6 students an incomplete education, fueled by overpromising marketing and misleading, if not downright
7 fraudulent, figures.”¹⁷ The story described Lambda’s job placement rate misrepresentations and also
8 recounted an interview with a former employee who “confirmed . . . that the company’s own internal
9 numbers, which the interviewee was provided as part of their interview process, seem to indicate a
10 roughly 50 percent or lower placement rate.”¹⁸

11 70. Lambda nonetheless persisted in promoting false and misleading job placement statistics
12 on its website and elsewhere.

13 71. In 2020, Lambda started to promote its placement rates through “outcomes reports”
14 published on its website and shared through social media. The first outcomes report, titled “H1 2019
15 Outcomes Report,” was published on March 27, 2020¹⁹, and reported a 79% placement rate.²⁰

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22 ¹⁶ *Id.* at 11:13-11:26.

23 ¹⁷ 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-claimed.html>.

24 ¹⁸ *Id.*

25 ¹⁹ See Austen Allred, *Announcing the Release of Our H1 2019 Student Outcomes Report*, Lambda
26 School Website (Mar. 27, 2020), [archived by the Wayback Machine (Apr. 23, 2020),
<https://web.archive.org/web/20200423031203/https://lambdaschool.com/the-commons/announcing-the-release-of-our-h1-2019-student-outcomes-report>].

27 ²⁰ See *H1 2019 Report Lambda School Outcomes Report*, Lambda School Website, [archived by the
28 Wayback Machine (Sept. 3, 2020),
<https://web.archive.org/web/20200903023542/https://lambdaschool.com/reports/2019-outcomes-report>].

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90%

Job placement rate for BloomTech graduates

[BloomTech 2021 Outcomes Report](#)

*Screenshot from Lambda's homepage on November 27, 2022.*²⁵

76. In a "Letter from the CEO" dated November 2, 2022, Mr. Allred wrote: "In this independently examined report, you'll gain a transparent view of how our learners and graduates fared in 2021. Our biggest takeaway: A full **90% of our 2021 graduates have landed jobs**, which is the highest rate in our company's history."²⁶

77. *Lambda's website still advertises a 90% placement rate. As of March 14, 2023, Lambda's homepage touts a "90% job placement rate for 2021 job-seeking graduates."*²⁷

78. Like the earlier rates from 2018 and 2019, the published rates from 2020 to the present were, and continue to be, false and misleading.

79. Business Insider reported in October 2021 that documents from a Lambda "all-hands" meeting in January 2021 "showed that Lambda School placed only around 30% of its 2020 graduates in qualifying jobs during the first half of 2020. This figure is in stark contrast to the 74% placement rate it advertised for its 2019 graduates, the latest figure the school has made publicly available. . . ."²⁸

80. This "all hands" meeting took place one month after Lambda published the 74% placement rate in the H2 2019 Outcomes Report.

²⁵ See *Built For Your Success*, Bloom Institute of Technology Website, [archived by the Wayback Machine (Nov. 27, 2022), <https://web.archive.org/web/20221127122732/https://www.bloomtech.com/outcomes>].

²⁶ See Austen Allred, *Letter from the CEO*, Bloom Institute of Technology Website (Nov. 2, 2022), <https://www.bloomtech.com/reports/outcomes-report#letter> (last visited Mar. 14, 2023) (emphasis in original, internal citation omitted).

²⁷ See *Built for Your Success*, Bloom Institute of Technology of Technology Website https://www.bloomtech.com/outcomes?utm_source=bloomtech (last visited Mar. 14, 2023).

²⁸ See Vincent Woo, *Lambda School promised a fast and cheap path to a lucrative tech career. Leaked documents and former students cast doubt on that claim*. Business Insider (Oct. 25, 2021, 7:30 AM), <https://www.businessinsider.com/lambda-school-promised-lucrative-tech-coding-career-low-job-placement-2021-10>.

Lambda H1 Company OKRs

	H1 2020	H2 2020	H1 2021	Metric	Description
Admissions Goal Admissions Actual	n/a 1277	1450 ~850	1500	Unit 2 Starts	# students starting Unit 2.
School Goal School Actual	n/a 52%	56% 52%	60%	Extended Grad Rate %	% of students who start Unit 2 complete coursework within expected time window
Outcomes Goal Outcomes Actual	n/a 33%	40% 27%	60%	% Qualified Placement within 180 days	% of graduates get high paying jobs within 180 days.
Repayment Goal Repayment Actual	n/a 41%	75% 73%	85%	% Repaying within 60 days	% of qualified placed graduates have made a first payment within 60 days.
Alumni Goal	n/a	n/a	40%	% Alumni Giving back	% of hired alumni giving back

*H2 2020 Actuals as of October 2020

83. Another slide, reportedly used at another all-hands meeting in February 2021, broke out the 180-day placement rates by month, from February to July 2020, as follows:

Graduation Month	Qualified Placed % (days elapsed since graduation)			
	Month	+90d	+180d	QP Now
Feb - 2020	20%	31%	41%	
Mar - 2020	19%	30%	36%	
April - 2020	17%	24%	32%	
May - 2020	13%	27%	32%	
Jun - 2020	15%	25%	27%	
Jul - 2020	18%	24%	25%	
Aug - 2020	16%		21%	
Sept - 2020	13%		14%	
Oct - 2020	10%		11%	
Nov - 2020			11%	
Jan - 2021			11%	
Weighted Avg.	16%	27%		
H2 Goal		40%		

84. In yet another slide, reportedly also used at the “all hands” meeting on January 28, 2021, Lambda’s H1 2021 “goal” was to enroll 500 students a month and place 50% to 70% in qualifying jobs. The graph also shows that, if Lambda enrolled 2,000 students per month, it could become profitable even if fewer than half of its students found jobs:

To break-even, we need to increase # of students and QP%.
Break even happens when we **maintain these numbers for 14 months.**



85. Prior to signing their ISAs, Plaintiffs read Defendants’ representations that Lambda’s job placement rate was above 70%. Lambda’s purported record of successfully placing students was critical to their decision to enroll.

2. **Mr. Allred’s false and misleading statements about job placement on Twitter**

86. In conjunction with these high rates, Mr. Allred has long painted a misleading picture of Lambda’s success on Twitter. For example, on November 16, 2019, he tweeted: “First track just graduated. Hit 100% hired but was VERY small sample size.” Subsequent reporting revealed that this small sample size consisted of a single student.²⁹

²⁹ See Zoe Schiffer & Megan Farokhmanesh, *The High Cost of a Free Coding Bootcamp*, The 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), <https://twitter.com/RMac18/status/1227306243733295108>.

1 87. Other examples of false, misleading, and exaggerated claims on Mr. Allred’s Twitter
2 account include:

- 3 a) January 24, 2021: “I think we’re like 2-3 solvable problems being solved away from
4 100% of Lambda School grads being hired. Still a lot of unknowns, but I think it will be
5 possible.” When a commenter asked what the problems were, Mr. Allred responded:
6 “Boring stuff.”³⁰
7
8 b) April 22, 2021: “When I started Lambda School early detractors gave me hell because I
9 said that Lambda School would cause thousands of people to become millionaires who
10 wouldn’t have otherwise been. It’s now pretty clear that was very conservative.”³¹
11
12 c) May 4, 2021: “I get to watch a bunch of people double their income (or more) every
13 single day. Even the worst days are punctuated by a bunch of people changing their
14 lives and the lives of their families forever.”³²
15
16 d) May 4, 2021: “You can go from near poverty to huge future wealth in just a few
17 months.”³³
18
19 e) November 24, 2022: “Thankful today for all those who have worked so hard for
20 BloomTech (by current name or by Lambda School). So many people working so
21 diligently. Thousands of lives changed, billions in increased earnings.”³⁴

22 88. Mr. Allred and members of his executive leadership team acted willfully and knowingly
23 to disseminate Lambda’s job placement representations to the public—including applicants to their
24 school such as Plaintiffs—with knowledge that they were, and continue to be, false and misleading.

25 **3. While inflating its job placement rates, Lambda misrepresents that it only**
26 **gets paid once students do**

27 89. In addition to the placement rates, Lambda and Mr. Allred misled the public with the
28 frequently repeated declaration that: “We don’t get paid until you do, so we’re in this together, from
your first day of classes to your first day on the job.”³⁵ For example, on June 27, 2019, Lambda’s
homepage stated:

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

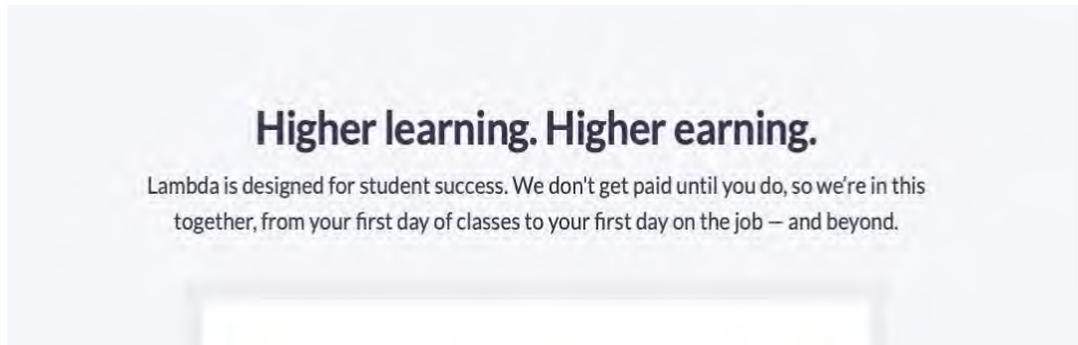
31 Austen Allred (@Austen), Twitter (Apr. 22, 2021, 10:24 AM),
<https://twitter.com/Austen/status/1385238109185396740>.

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

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

34 Austen Allred (@Austen), Twitter (Nov. 24, 2022, 9:51 AM),
<https://twitter.com/austen/status/1595822473781485568>.

35 See, e.g., Apply Now Pages, Lambda School Website [archived by the Wayback Machine (June 27,



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

90. In reality, Lambda packaged and sold its ISAs to investors long before students obtained employment. As early as May 2019, Lambda privately told investor Y Combinator: “Currently we sell some income share agreements to hedge funds.” Ex. L at 2.

91. To facilitate the sale of ISAs, Lambda partnered with Edly, a digital marketplace that helps schools sell ISAs to third-party investors. On December 11, 2019, Edly tweeted: “Pleased to announce our latest offering [-] a Lambda School ISA Pool. We @edlyISA are excited to work with the amazing team @LambdaSchool[], one of the most impactful ISA programs in the country.”³⁶ To learn how to participate, Edly invited interested investors to join a webinar that night with Mr. Allred.³⁷

92. Lambda did not disclose this fact to students until public reporting exposed it, and for many months Mr. Allred flatly denied it, stating in October 2019 on Twitter that “We never, ever get paid up front for ISAs.”³⁸

D. LAMBDA ENGAGED—AND STILL ENGAGES—IN THE UNLAWFUL BUSINESS PRACTICE OF UNLICENSED LENDING

93. The California Financing Law “shall be liberally construed and applied to promote its underlying purposes and policies,” which include “protect[ing] borrowers against unfair practices by some lenders, having due regard for the interests of legitimate and scrupulous lenders.” Cal. Fin. Code § 22001(a)(4).

2019), <https://web.archive.org/web/20190627024024/https://lambdaschool.com/>].

³⁶ @edlyISA, Twitter (Dec. 11, 2019, 3:01 PM), <https://twitter.com/edlyISA/status/1204853625459216385> (on file with Plaintiffs’ counsel).

³⁷ @edlyISA, Twitter (Dec. 11, 2019, 3:02 PM), <https://twitter.com/edlyISA/status/1204853900177743872> (on file with Plaintiffs’ counsel).

³⁸ Woo Interview at 6:30 (wherein Mr. Allred confirms that this tweet was “totally correct”).

1 94. Pursuant to the California Financing Law: “No person shall engage in the business of a
2 finance lender or broker without obtaining a license from the commissioner.” Cal. Fin. Code §
3 22100(a).

4 95. Lambda is not and never has been registered in California as a finance lender or broker
5 under the Financing Law.

6 96. Since its inception, Lambda has operated as a “finance lender” because both its ISAs and
7 other tuition payment plans qualify as either consumer or commercial loans under the Financing Law.
8 *See generally* Cal. Fin. Code § 22203-04 (defining consumer loans); Cal. Fin. Code § 22502 (defining
9 commercial loans).

10 97. Lambda’s Meratas ISA provides:

11 THIS IS NOT A LOAN

12 In making monthly payments to Lambda School, you will not be repaying
13 a student loan. In the case of a student loan, a student borrows a set amount
14 and repays the principal amount of the loan plus interest or a finance charge,
or both. Under this agreement, you will instead pay a fixed percentage of
your income each month for up to a maximum number of payments.

15 98. Contrary to this representation, ISAs are a form of student loan.

16 99. According to the United States Consumer Financial Protection Bureau (“CFPB”), a
17 representation that an ISA is “not a loan” is deceptive and misleading under the Consumer Financial
18 Protection Act because “ISAs are loans and do create debt.”³⁹

19 100. The California Department of Financial Protection and Innovation (“DFPI”) agrees,
20 holding that ISAs are student loans: “ISAs made solely for use to finance a postsecondary education are
21 ‘student loans’ for the purposes of the SLSA [California Student Loan Servicing Act].”⁴⁰

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23
24 ³⁹ See Better Future Forward, Inc., et al., CFPB No. 2021-CFPB-0005, Consent Order at ¶ 23 (Sept. 7,
2021) (finding available at: [https://files.consumerfinance.gov/f/documents/cfpb_better-future-forward-
inc_consent-order_2021-09.pdf](https://files.consumerfinance.gov/f/documents/cfpb_better-future-forward-inc_consent-order_2021-09.pdf)).

25 ⁴⁰ See *In the Matter of Student Loan Servicing Act License Application of Meratas Inc.* NMLS No.
26 2120180, Consent Order at ¶ M (Ca. Dep’t of Fin. Prot. and Innovation Aug. 5, 2021), available at:
27 <https://dfpi.ca.gov/wp-content/uploads/sites/337/2021/08/Meratas-Consent-Order.pdf>; see also Press
28 Release, California Dep’t of Fin. Prot. and Innovation, “California DFPI Enters Groundbreaking
Consent Order with NY-Based Income Share Agreements Servicer” (Aug. 5, 2020),
[https://dfpi.ca.gov/2021/08/05/california-dfpi-enters-groundbreaking-consent-order-with-ny-based-
income-share-agreements-servicer/](https://dfpi.ca.gov/2021/08/05/california-dfpi-enters-groundbreaking-consent-order-with-ny-based-income-share-agreements-servicer/).

1 101. The United States Department of Education concurs, finding that ISAs “used to finance
2 expenses for postsecondary education are private education loans under 34 C.F.R. 601.2(b).”⁴¹

3 102. The BPPE also found in its June 22, 2020, order denying Lambda approval to operate
4 that Lambda’s ISA is “an instrument or evidence of indebtedness” under the California Education
5 Code. *See* June 22, 2020 Letter from BPPE to Lambda at 5, attached hereto as Exhibit I.

6 103. Because Lambda is in the business of making ISAs and other tuition payment plans, it is
7 operating as a finance lender under the California Financing Law.

8 104. Lambda’s failure to register as a finance lender deprived Plaintiffs and the class of the
9 borrower protections provided by the California Financing Law.

10 105. Lambda has therefore engaged in the unlawful business practice of making a loan
11 without a license in violation of California Financial Code § 22100, and, in turn, in violation of the
12 unlawful prong of the UCL.

13 **E. PLAINTIFFS ATTEND LAMBDA, ATTRACTED BY HIGH JOB PLACEMENT**
14 **RATES**

15 **1. Plaintiff Jessica Fuller**

16 106. Ms. Fuller has long been interested in coding, back to when she learned website design
17 as a hobby as a kid. She aspired to eventually turn her hobby into a career, but the time commitment
18 and expense of college curricula made them a nonstarter.

19 107. Once Ms. Fuller experienced a lull in her work as a fitness trainer during the onset of the
20 COVID-19 pandemic, she thought she had an opportunity to revisit a tech career. Lambda was
21 immediately appealing, with a slew of Facebook ads promising a career without college. After seeing
22 the ads, she visited Lambda’s website and watched YouTube videos about the program to learn more.
23 She was immediately drawn to the job placement rate of approximately 80% featured prominently on
24 the Lambda website.

25
26 ⁴¹ *See* FSA Announcement, General-22-12, *Income Share Agreements and Private Education Loan*
27 *Requirements* (Mar. 2, 2022), [https://fsapartners.ed.gov/knowledge-center/library/electronic-](https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2022-03-02/income-share-agreements-and-private-education-loan-requirements)
28 [announcements/2022-03-02/income-share-agreements-and-private-education-loan-requirements](https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2022-03-02/income-share-agreements-and-private-education-loan-requirements). *See*
also 87 Fed. Reg. 65,453 (“[T]he Department clarifies that ISAs and other alternative financing
products should be treated like institutional loans.”).

1 108. This record of successfully placing students was critical to her decision to enroll, and led
2 her to believe that her enrollment would result in being hired for a tech position.

3 109. Swayed by Defendants' advertised job placement rates and representations, Ms. Fuller
4 signed an ISA with Lambda on April 22, 2020. A copy of Ms. Fuller's ISA is attached hereto as Exhibit
5 A.

6 110. Had Defendants truthfully represented their job placement rates, Ms. Fuller would not
7 have signed an ISA that indebted her up to \$30,000 of tuition to Lambda.

8 111. Ms. Fuller began attending Lambda part-time in June 2020 and immediately found the
9 instruction confusing. Recognizing that she could not rely on Lambda exclusively, she resorted to
10 buying supplemental YouTube courses.

11 112. Soon thereafter, in early September 2020, Lambda made a surprise announcement that it
12 was restructuring Ms. Fuller's program. Lambda would no longer take attendance, provide grading, or
13 offer one-on-one team leads. Feeling like Lambda was eliminating the program she originally enrolled
14 in, and with her ISA tuition amount of \$30,000 still partially refundable, Ms. Fuller took a hiatus for the
15 rest of 2020. With no sign that Lambda would improve its program, she permanently withdrew in
16 January 2021.

17 113. Following her withdrawal, Ms. Fuller researched other avenues for obtaining a job in the
18 tech field. She eventually found a free coding bootcamp called #100Devs, designed for students without
19 degrees or coding experience. She felt like the program was the right fit for her, and could provide her
20 with the skills, experience, and opportunities Lambda did not.

21 114. Indeed, the #100Devs program taught Ms. Fuller what she needed to ultimately get a job.
22 Her new coding skills enabled her to apply for and accept a position as Director of Software
23 Development with ThriveDX.

24 115. Lambda played no role in her success in the #100Devs program, finding out about
25 ThriveDX, or ultimately getting hired there.

26 116. Ms. Fuller is interested in increasing her hours, but worries that doing so could cause
27 Lambda or Meratas to pursue ISA payments, even though Lambda did not have approval to operate
28

1 when she signed her ISA, she would not have signed her ISA had Lambda truthfully represented its job
2 placement rates, and Lambda played no role in her employment with ThriveDX.

3 **2. Plaintiff Alexander Goncalves**

4 117. Mr. Goncalves has long had an interest in working in the tech field. During college he
5 completed coding coursework, on top of additional self-taught software development skills. After he
6 was let go from his sales job at a tech startup during the onset of the COVID-19 pandemic in the spring
7 of 2020, Mr. Goncalves began researching Lambda based on a friend's recommendation. The friend
8 was optimistic about Lambda landing students jobs, based on Lambda's marketed job placement rates
9 and job readiness curriculum. (The friend later became disillusioned with Lambda after learning the job
10 placement rates were inflated.)

11 118. When Mr. Goncalves reviewed Lambda's website and promotional materials for
12 himself, he was likewise attracted by Lambda's impressive—and prominently displayed—job
13 placement rate, as well as the ability to enroll without putting any money down. He corresponded and
14 talked on the phone with Lambda representative Tommy Collison who further touted high job
15 placement figures. Based on these representations, Mr. Goncalves felt confident Lambda would get him
16 a tech job. He signed an ISA with Lambda on May 20, 2020. A copy of Mr. Goncalves's ISA is
17 attached hereto as Exhibit B.

18 119. Had Defendants truthfully represented their job placement rates, Mr. Goncalves would
19 not have signed an ISA that indebted him for up to \$30,000 of tuition to Lambda.

20 120. Mr. Goncalves began attending Lambda full-time in June 2020. As with Ms. Fuller,
21 Lambda soon restructured Mr. Goncalves's program in September 2020, shortening it from a total of
22 nine months to six months and eliminating team lead support. The loss of team leads was demoralizing.
23 They were the primary means of communicating with Lambda, asking questions, and getting essential
24 debugging help. Still, he persevered and completed his coursework in December and received a
25 certificate of completion in January 2021.

26 121. Mr. Goncalves immediately went to work trying to find a job. He used Lambda's job
27 portal, but its postings were either stale or for impractical positions. He ultimately found work through
28 a friend unassociated with Lambda. He first worked as a limited-term front-end developer during the

1 spring of 2021. The same friend then invited him to a different position with the organization Code
2 Ninjas in Boston. During his time with Code Ninjas, between June and December 2021, Mr. Goncalves
3 taught basic coding to kids and ran summer camps and day courses. Lambda played no role in Mr.
4 Goncalves finding either his front-end developer or Code Ninjas positions.

5 122. Mr. Goncalves then accepted a job as a software engineer for Virtually, an edtech
6 company, and worked there until June 2022. After Virtually let him go to look for a more senior
7 engineer, Mr. Goncalves found a tech position with design company MODerati. As with his prior jobs,
8 Lambda played no role in Mr. Goncalves finding either of these positions.

9 123. Mr. Goncalves started making payments on his ISA while working for Code Ninjas and
10 continued during his time with Virtually. In all, he has paid nearly \$10,000 towards his ISA, even
11 though Lambda did not have approval to operate when he signed his ISA, Mr. Goncalves would not
12 have signed his ISA had Lambda truthfully represented its job placement rates, and Lambda played no
13 role in him finding any of his post-Lambda employment.

14 **3. Plaintiff Brett McAdams**

15 124. Mr. McAdams's interest in coding was pragmatic, believing that people who learn to
16 code get good-paying jobs. He first heard of Lambda while looking into coding programs in 2019. Soon
17 after starting his research, he received targeted ads on Google, YouTube, and social media from
18 Lambda. The ads touted a high job placement rate, how quickly students could get their certificate and a
19 high-paying job, and the lack of an up-front cost or any repayment obligation unless students ultimately
20 got a job. By the ads' telling, Lambda was a revolutionary alternative to college.

21 125. When Mr. McAdams was laid off from his job in the spring of 2020 at the onset of the
22 COVID-19 pandemic, he decided to consider attending a coding program to start a career in tech. He
23 researched Lambda's website, which prominently displayed a job placement rate approaching 80%,
24 convincing him that Lambda was the best path forward. After a call with a Lambda representative, he
25 signed an ISA on June 15, 2020. A copy of Mr. McAdams's ISA is attached hereto as Exhibit C.

26 126. Had Defendants truthfully represented their job placement rates, Mr. McAdams would
27 not have signed an ISA that indebted him up to \$30,000 of tuition to Lambda.

1 127. Mr. McAdams began attending Lambda full-time in early July 2020. But as with Ms.
2 Fuller and Mr. Goncalves, Lambda quickly restructured Mr. McAdams's program in September 2020
3 by shortening it from nine to six months, removing the existing support structure for reviewing work,
4 and eliminating team lead support. Since the team leads had been an essential component of Lambda's
5 education up to that point, Mr. McAdams thought their elimination seemed troubling. He decided to
6 take a hiatus for the fall of 2020, picking up full-time hours as a bartender.

7 128. Mr. McAdams returned in late 2020 with ambivalence. While there was no sign Lambda
8 had improved its program, he had already invested significant time and expense. Already on the hook,
9 he resolved to learn as much as he could through Lambda.

10 129. To his surprise, immediately upon returning, Lambda assigned Mr. McAdams as an
11 unpaid team lead to fill the void left by their elimination. The assignment was not optional, Lambda
12 provided no support on how to serve as a team lead, and Mr. McAdams did not find any educational
13 value in the experience. After returning, he spent roughly a third of his Lambda education time
14 mentoring *other* students.

15 130. He finished the Lambda program in February 2021 and received his certificate of
16 completion.

17 131. Mr. McAdams immediately got to work trying to find a tech job, but Lambda's
18 resources were unhelpful—a job portal lacking useful leads, and resume reviewers with no useful
19 feedback. He continued bartending while looking for tech work and studying on his own what Lambda
20 failed to teach him.

21 132. After several months, Mr. McAdams was hired as a backend systems engineer
22 contracting with Florida Blue in August 2021. He eventually moved up the ranks to become senior
23 engineer. Lambda played no role in him finding out about the position, and played no role in ultimately
24 getting hired. As most of the skills and material discussed in Mr. McAdams's interview was self-taught
25 *after* he had finished with Lambda, it was his own studying that landed him the job.

26 133. Mr. McAdams made an ISA payment of approximately \$1,000 in 2021, even though
27 Lambda did not have approval to operate when he signed his ISA, and even though he would not have
28 signed his ISA had Lambda truthfully represented its job placement rates.

1 **4. Plaintiff Quinn Molina**

2 134. Mr. Molina became interested in transitioning to programming work in 2020 while
3 working for a company doing wholesale shipping. To get his feet wet, he enrolled in short-term, free
4 coding camps while continuing his day job. As he searched for additional coding education
5 opportunities in November 2020, he noticed numerous ads on Google and social media touting
6 Lambda.

7 135. After some research, Mr. Molina was attracted to Lambda’s program based on promising
8 job placement rates of approximately 80%, and the ISA model that didn’t require him to put any money
9 down. He consulted with his brother, a self-taught coder and web developer, who was likewise
10 impressed by the high job placement rate. After significant research and consultation, and ultimately
11 swayed by the high placement rates, Mr. Molina signed an ISA on January 8, 2021. A copy of Mr.
12 Molina’s ISA is attached hereto as Exhibit D.

13 136. Had Defendants truthfully represented their job placements rates, Mr. Molina would not
14 have signed an ISA that indebted him up to \$30,000 of tuition to Lambda.

15 137. Mr. Molina began attending Lambda part-time in January 2021. Lambda diluted the
16 program and made it far less rigorous soon after the refund period for Mr. Molina’s ISA had passed.
17 Lambda dropped the part-time program option, along with multiple project requirements, assessments,
18 and support staff. Mr. Molina had expected Lambda to help him build a portfolio of projects to show
19 off to prospective employers. Instead, with fewer projects and support staff, students were left with a
20 small number of incomplete, buggy projects that were not job market-ready. He also later learned that
21 the assessments Lambda dropped were important to prospective employers.

22 138. Many students dropped out in response to Lambda providing only a shell of the program
23 it originally promised. Mr. Molina considered following suit, but knowing he was on the hook for his
24 ISA, he resorted to grinding out the remainder of the coursework.

25 139. The Lambda education further deteriorated as Mr. Molina approached completion.
26 Instead of the world-class instructors Mr. Allred had promised, most were recent Lambda graduates
27 themselves. And instructors from earlier units were unexpectedly brought back as stopgaps later in the
28

1 program, with apparently no prior experience or planned curriculum from which to teach. By the time
2 Mr. Molina reached the final labs unit, his cohort had dwindled from dozens of peers to a handful.

3 140. Mr. Molina received his certificate of completion in May 2022. As he transitioned to
4 searching for a job, Lambda's only contribution was connecting him with a resume and LinkedIn
5 profile reviewer. They failed to provide him with any legitimate job leads.

6 141. Instead of moving onto a coding position, Mr. Molina continued working in wholesale
7 shipping, just as he had before attending Lambda, until he recently transitioned to the IT department at
8 his company.

9 **V. CLASS ACTION ALLEGATIONS**

10 142. Plaintiffs bring this action on behalf of themselves and as a class action on behalf of the
11 following Class:

12 *All persons who enrolled at Lambda and: (i) entered into an ISA, retail installment contract,*
13 *deferred tuition plan, or any other tuition payment plan with an arbitration clause that contains*
14 *a carve-out for any proceeding commenced by either party seeking an injunction or any other*
15 *equitable remedy; or (ii) who otherwise did not sign any such agreements with an arbitration*
clause, or opted out of one; and (iii) who have not yet had their ISA, retail installment contract,
deferred tuition plan, or other tuition payment plan cancelled and all payments made to Lambda
refunded.

16 143. In addition, Plaintiffs Fuller, Goncalves, and McAdams seek to certify the following
17 subclass (hereinafter the "BPPE Subclass") within the Class:

18 *All persons within the Class who enrolled at Lambda prior to August 17, 2020, the date that*
19 *Lambda obtained the BPPE's approval to operate.*

20 144. Plaintiffs reserve the right to amend or modify the Class and BPPE Subclass
21 descriptions, or further divide them into subclasses or limitations as to particular issues.

22 145. This action has been brought and may properly be maintained as a class action under
23 California Code of Civil Procedure § 382 because there is a well-defined community of interest in the
24 litigation and the proposed class and subclass is easily ascertainable.

25 146. On information and belief, there are thousands of former Lambda students who are
26 members of the Class, and at least hundreds who are members of the BPPE Subclass. The potential
27 number of class members are therefore so numerous that joinder would be impracticable. The precise
28 number of class members, known only to Defendants, can easily be determined through discovery.

1 147. Plaintiffs' claims are typical of the claims of the Class and BPPE Subclass. Plaintiffs
2 were subjected to the same violations of California law, and seek the same types of injunctive relief,
3 restitution, and other equitable relief on the same theories and legal grounds as the members of the class
4 they seek to represent.

5 148. Plaintiffs are adequate representatives of the classes because: (a) their interests do not
6 conflict with the interests of the individual class members they seek to represent; (b) they have retained
7 counsel who are competent and experienced in complex class action litigation; and (c) they intend to
8 prosecute this action vigorously. Plaintiffs and their counsel will fairly and adequately protect the
9 interests of the Class and BPPE Subclass.

10 149. Common questions of law and fact exist as to all members of the Class and the BPPE
11 Subclass, and predominate over any questions solely affecting individual members of the two classes.

12 150. Among the questions of law and fact common to the Class are the following:

- 13 a) Whether Lambda's widely disseminated job placement rates were false and misleading,
14 in violation of the UCL, FAL, and CLRA;
 - 15 b) Whether Lambda's false and misleading job placement rates are material to a
16 reasonable consumer's decision whether to enroll;
 - 17 c) Whether members of the public were likely to be deceived by Lambda's job placement
18 misrepresentations under the UCL;
 - 19 d) Whether Plaintiffs and the Class are "consumers" engaging in "transactions" under the
20 CLRA;
 - 21 e) Whether Mr. Allred directly and actively participated in the unlawful conduct at issue;
 - 22 f) Whether Mr. Allred, members of his executive leadership team, and other Lambda
23 employees or agents acted willfully and knowingly to disseminate Lambda's job
24 placement representations to the public with knowledge that they were—and continue
25 to be—false and misleading;
 - 26 g) Whether Lambda qualifies as a "finance lender" under the California Financing Law,
27 Cal. Fin. Code § 22100(a); and
- 28

1 h) Whether Lambda’s ISAs and other tuition payment plans qualify as “consumer loans”
2 or “commercial loans” under the California Financing Law.

3 151. Among the questions of law and fact common to the BPPE Subclass are the following:

- 4 a) Whether Lambda had approval to operate prior to August 17, 2020;
5 b) Whether Lambda misrepresented whether it had approval to operate prior to August 17,
6 2020; and
7 c) Whether ISAs or other tuition payment plans entered into by Lambda prior to August
8 17, 2020, are enforceable.

9 152. Class action treatment is superior to any alternative to ensure the fair and efficient
10 adjudication of this controversy. Such treatment will permit a large number of similarly situated persons
11 to prosecute their common claims in a single forum simultaneously, efficiently, and without duplication
12 of effort and expense that numerous individual actions would entail.

13 153. No difficulties are likely to be encountered in the management of this class action that
14 would preclude its maintenance as a class action, and no superior alternative exists for the fair and
15 efficient adjudication of this controversy.

16 154. Plaintiffs and each class member have been harmed by Defendants’ wrongful conduct.

17 155. The Class and BPPE Subclass are ascertainable because their members can be
18 determined from Lambda’s business records. On information and belief, the last-known residence
19 address and email address of each of the proposed class members is contained in Lambda’s books and
20 records.

21 156. Concentrating all the potential litigation concerning the claims of the proposed class
22 members in this Court will avoid a multiplicity of suits, will conserve judicial resources and the
23 resources of the parties, and is the most efficient means of resolving the claims of all the proposed class
24 members.

25 157. Absent a class action, Plaintiffs and the proposed class members likely will not obtain
26 redress of their injuries and Defendants will retain the proceeds of the violations of the California laws
27 cited herein.

28 ///

1 **VI. CAUSES OF ACTION**

2 **FIRST CAUSE OF ACTION**
3 **Violations of California’s Consumer Legal Remedies Act**
4 **Cal. Civ. Code §§ 1750, *et seq.***
5 **(All Defendants)**

6 158. Plaintiffs hereby reincorporate the allegations in the foregoing paragraphs as though fully
7 set forth herein.

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

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

13 161. Plaintiffs are “consumers” within the meaning of Section 1761(d) of the CLRA, and they
14 engaged in “transactions” within the meaning of sections 1761(e) and 1770 of the CLRA.

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

- 16 a) “Misrepresenting the source, sponsorship, approval, or certification of goods or
17 services.” Cal. Civ. Code § 1770(a)(2).
- 18 b) “Representing that goods or services have sponsorship, approval, characteristics,
19 ingredients, uses, benefits, or quantities that they do not have or that a person has a
20 sponsorship, approval, status, affiliation, or connection that the person does not have.”
21 *Id.* § 1770(a)(5).
- 22 c) “Representing that goods or services are of a particular standard, quality, or grade”
23 when they are not. *Id.* § 1770(a)(7).
- 24 d) “Advertising goods or services with intent not to sell them as advertised.” *Id.* §
25 1770(a)(9).

26 163. In violation of these provisions, Lambda misrepresented to the public, prospective
27 students, and current students, including Plaintiffs, at least the following: (i) its job placement rates; and
28 (ii) to the Subclass, that it had approval to operate and enroll students.

1 164. Plaintiffs bring their claim under the CLRA for injunctive relief, namely to cancel their
2 ISAs and for restitution of payments made.

3 **SECOND CAUSE OF ACTION**
4 **Violations of California's Unfair Competition Law**
5 **Cal. Bus. & Prof. Code §§ 17200, *et seq.***
6 **(All Defendants)**

7 165. Plaintiffs hereby reincorporate the allegations in the foregoing paragraphs as though fully
8 set forth herein.

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

12 167. The business acts and practices include:

- 13 a) publishing and/or providing the public, prospective students, and current students,
14 including Plaintiffs, with false, misleading, unreliable, and/or inaccurate job placement
15 rate information;
- 16 b) omitting material facts from statements to the public, prospective students, and current
17 students, including Plaintiffs, related to job placement rates;
- 18 c) to the Subclass, conducting business without BPPE approval and in violation of
19 multiple BPPE orders requiring it to cease operations;
- 20 d) to the Subclass, knowingly operating a private postsecondary institution without
21 approval to do so;
- 22 e) to the Subclass, concealing from the public, prospective students, and current students
23 that in March and July of 2019, the BPPE ordered Lambda to cease operations, stop
24 enrolling students, cease all instructional services, and submit a closure plan, and
25 misrepresenting, concealing, and omitting material facts related to those BPPE orders,
26 including representing that they were stayed when they were not.

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1 Unlawful Prong

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

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

- 6 a) The Federal Trade Commission Act (“FTC Act”), which prohibits “unfair or deceptive
7 acts or practices.”⁴²
- 8 b) Cal Educ. Code § 94897(b), which provides that institutions shall not “[p]romise or
9 guarantee employment, or otherwise overstate the availability of jobs upon graduation.”
- 10 c) The CLRA, *see supra* ¶¶ 158–164;
- 11 d) The FAL, *see infra* ¶¶ 174–176;
- 12 e) Cal. Educ. Code § 94886, which provides in relevant part that “a person shall not open,
13 conduct, or do business as a private postsecondary educational institution in this state
14 without obtaining an approval to operate under this chapter.” Lambda violated this
15 provision, and therefore the UCL’s unlawful prong, when it enrolled Plaintiffs and
16 members of the Subclass without obtaining approval to operate.
- 17 f) Cal. Educ. Code § 94943, which provides that it is a crime to “[k]nowingly operat[e] a
18 private postsecondary institution without an approval to operate.” Lambda violated this
19 provision, and therefore the UCL’s unlawful prong, when it knowingly enrolled
20 Plaintiffs without approval by the BPPE to operate.
- 21 g) Cal. Educ. Code § 94917, which provides that “[a] note, instrument, or other evidence
22 of indebtedness relating to payment for an educational program is not enforceable by an
23 institution unless, at the time of execution of the note, instrument, or other evidence of
24 indebtedness, the institution held an approval to operate.”
- 25 h) Cal. Educ. Code § 94902(b)(2), which provides that an enrollment agreement is
26 enforceable only if “[a]t the time of the execution of the enrollment agreement, the
27 institution held a valid approval to operate.

28 ⁴² *See* U.S.C. § 45(a)(1); 15 U.S.C. § 52(a).

1 i) The California Financing Law, which provides that “[n]o person shall engage in the
2 business of a finance lender or broker without obtaining a license from the
3 commissioner.” Cal. Fin. Code § 22100(a).

4 j) The Consumer Financial Protection Act of 2010, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B),
5 which prohibits covered persons from engaging in unfair, deceptive, or abusive acts or
6 practices.

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

9 Fraud Prong

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

12 172. Lambda’s business acts and practices—including its false job placement rate
13 representations and false representations to the Subclass about BPPE approval—are fraudulent in that
14 they are likely to deceive the public.

15 173. Each of these false and misleading representations, all of which were material, were
16 substantial factors influencing Plaintiffs and members of the Class to attend Lambda and take out an
17 ISA or other tuition payment plan that indebted them to up to \$30,000 of tuition at Lambda.

18 **THIRD CAUSE OF ACTION**
19 **Violations of California’s False Advertising Law**
20 **Cal. Bus. & Prof. Code §§ 17500, *et seq.***
(All Defendants)

21 174. Plaintiffs hereby reincorporate the allegations in the foregoing paragraphs as though fully
22 set forth herein.

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

27 a) Lambda’s statements regarding job placement rates, including but not limited to the
28 published job placement rates prominently displayed on its website; and

1 b) Failing to inform the public, prospective students, and current students, including the
2 Subclass, that it lacked approval from BPPE to operate, that its operations were
3 therefore unlawful, that BPPE ordered Lambda to cease advertising and instructional
4 activities, and that it could not lawfully enroll students. Instead, Lambda's
5 advertisements implicitly and explicitly misrepresented the lawfulness of its operations
6 by encouraging the public and prospective students to apply for enrollment.

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

9 **VII. PRAYER FOR RELIEF**

10 WHEREFORE, in accordance with the above claims, Plaintiffs request judgment in their and
11 the Class's favor against Defendants as follows:

- 12 1. An Order certifying that Plaintiffs and the Class constitute a single class, that the BPPE
13 Subclass constitutes a single subclass, and designating the action as a Class Action
14 pursuant to California Code of Civil Procedure § 382.
- 15 2. Appointment of the attorneys below as Class counsel.
- 16 3. Appointment of Plaintiffs as class representatives and payment of compensation as
17 representatives if the Court deems appropriate.
- 18 4. Declare that the ISAs or other tuition payment plans entered into by Plaintiffs, the
19 Class, and the BPPE Subclass are unlawful and unenforceable pursuant to Cal. Educ.
20 Code §§ 94886, 94917, and 94943.
- 21 5. Declare that Defendants conducted business as a private postsecondary educational
22 institution in California without obtaining approval to operate, in violation of Cal.
23 Educ. Code § 94886 and the UCL.
- 24 6. Declare that Defendants knowingly operated a private postsecondary institution without
25 approval to operate, in violation of Cal. Educ. Code § 94943 and the UCL.
- 26 7. Declare that Defendants' job placement rate representations at all times relevant to this
27 Complaint were fraudulent and misleading, in violation of the UCL, FAL, and CLRA.

8. Declare that Lambda “engage[d] in the business of a finance lender or broker without obtaining a license from the commissioner,” in violation of the California Financing Law, Cal. Fin. Code § 22100(a).
9. Order Defendants—including Lambda and any other owner of all or part of the ISAs or other tuition payment plans—to cancel the ISAs and other tuition payment plans for Plaintiffs and the Class and enjoin any effort to collect upon or otherwise enforce them.
10. Order Defendants to pay restitution in the form of refunds for all payments made.
11. Order prejudgment and post-judgment interest on any refunds for ISA and other tuition payment plan payments for the maximum extent allowed by law.
12. Order public injunctive relief, including enjoining Defendants from misrepresenting job placement rates, and collecting on any ISA or other tuition payment plan entered into while Defendants maintained such misrepresentations.
13. Order Defendants to pay reasonable attorneys’ fees and costs.
14. Order all such further relief as the Court deems just and proper.

Dated: March 16, 2023

COTCHETT, PITRE & McCARTHY, LLP

By: _____


JUSTIN T. BERGER

NATIONAL STUDENT LEGAL DEFENSE NETWORK

ALEXANDER S. ELSON
(*Pro Hac Vice* Application forthcoming)

MINER, BARNHILL & GALLAND, P.C.

DAVID BALTMANIS
(*Pro Hac Vice* Application forthcoming)

MINER, BARNHILL & GALLAND, P.C.

RYAN MILLER
(*Pro Hac Vice* Application forthcoming)

Attorneys for Plaintiffs and the Proposed Class

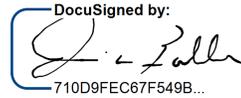
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VERIFICATION

I have read the foregoing Class Action Complaint and know its contents. I am the plaintiff, a party to this action. The matters stated in the foregoing Class Action Complaint are true to my own knowledge, except as to the matters which are therein stated upon information or belief, and as to those matters I believe them to be true. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Dated: March 15, 2023

By:

DocuSigned by:

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Jessica Fuller
Named Plaintiff

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VERIFICATION

I have read the foregoing Class Action Complaint and know its contents. I am the plaintiff, a party to this action. The matters stated in the foregoing Class Action Complaint are true to my own knowledge, except as to the matters which are therein stated upon information or belief, and as to those matters I believe them to be true. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Dated: March 16, 2023

By:

DocuSigned by:
Alexander Goncalves
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Alexander Goncalves
Named Plaintiff

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VERIFICATION

I have read the foregoing Class Action Complaint and know its contents. I am the plaintiff, a party to this action. The matters stated in the foregoing Class Action Complaint are true to my own knowledge, except as to the matters which are therein stated upon information or belief, and as to those matters I believe them to be true. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Dated: March 16, 2023

By:

DocuSigned by:
Brett McAdams
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Brett McAdams
Named Plaintiff

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VERIFICATION

I have read the foregoing Class Action Complaint and know its contents. I am the plaintiff, a party to this action. The matters stated in the foregoing Class Action Complaint are true to my own knowledge, except as to the matters which are therein stated upon information or belief, and as to those matters I believe them to be true. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Dated: March 16, 2023

By:

DocuSigned by:
Quinn Molina
3144C58896FF40D...

Quinn Molina
Named Plaintiff

EXHIBIT A

Student: Jessica Fuller

Address: [REDACTED]

Email Address: [REDACTED]

APL_12014

INCOME SHARE AGREEMENT

This income share agreement is between Lambda Inc. ("Lambda School") and a student ("you"). You have previously completed an application to become a Lambda School student. Prior to or concurrently with signing this agreement, you and Lambda School are signing an enrollment agreement in which Lambda School accepts you as a student. Your entering into the enrollment agreement is a condition to Lambda School admitting you to the program of educational services outlined in your enrollment agreement. If you sign this agreement before signing an enrollment agreement, you are agreeing to Lambda School's standard enrollment agreement currently in effect until such time as you sign an enrollment agreement.

Lambda School charges tuition, but instead of paying tuition directly, a student may elect to have Lambda School provide tuition funding on behalf of that student. That student commits to paying Lambda School a fixed percentage of their income each month toward the cost of attending Lambda School, up to a maximum number of payments and a maximum amount, on condition that the student's income is above the monthly equivalent of \$50,000.00 annually.

In this agreement, you commit to reporting your income and to making a number of monthly payments in return for Lambda School providing tuition funding on your behalf.

IF YOU CANCEL

If you terminate this agreement during the allowable full cancellation period specified in your enrollment agreement, you will not owe Lambda School anything under this agreement.

YOUR PAYMENTS

Here's a summary of the key details of your monthly payments under this agreement. More information is provided elsewhere in this agreement.

Tuition funding provided to Lambda School on your behalf	\$30,000.00
Percentage of your monthly earned income you must pay Lambda School	17%
Minimum monthly earned income required for monthly payments	\$4,166.67
Equivalent annual earned income	\$50,000.00
Maximum number of monthly payments	24
Maximum term of this agreement	60 months
Maximum total amount you are required to pay (excluding fees for late or failed payments)	\$30,000.00

FEES FOR LATE OR FAILED PAYMENTS

Here are the fees you might have to pay.

if Lambda School doesn't receive a monthly payment by the 15th of the month it is due	\$50.00
if Lambda School receives a monthly payment but that payment fails because you don't have enough money in your account, or for any other reason	\$35.00

THIS IS NOT A LOAN

In making monthly payments to Lambda School, you will not be repaying a student loan. In the case of a student loan, a student borrows a set amount and repays the principal amount of the loan plus interest or a finance charge, or both. Under this agreement, you will instead pay a fixed percentage of your income each month for up to a maximum number of payments.

You acknowledge that the income-tax consequences of this agreement are uncertain and that Lambda School has not provided you with any tax advice and has not assured you of specific tax consequences. You acknowledge that you have had an opportunity to consult with your own advisors about the tax implications of entering into this agreement.

EXAMPLES OF WHAT YOU MIGHT HAVE TO PAY

This table shows some examples of monthly and total payments under this agreement at different income levels.

Monthly Income	Equivalent Annual Income	Monthly Payment	Total Amount Paid	Number of Payments
Less than \$4,166.67	Less than \$50,000	Not applicable	\$0	None
\$4,166.67	\$50,000	\$708.33	\$17,000	24
\$5,000.00	\$60,000	\$850.00	\$20,400	24
\$5,833.33	\$70,000	\$991.67	\$23,800	24
\$6,666.67	\$80,000	\$1,133.33	\$27,200	24
\$7,500.00	\$90,000	\$1,275.00	\$30,000	24
\$8,333.33	\$100,000	\$1,416.67	\$30,000	22
\$10,000.00	\$120,000	\$1,700.00	\$30,000	18

DETERMINING YOUR MONTHLY PAYMENTS

The amount of each of your monthly payments is equal to 17% of your earned income in the previous month from all your qualified positions, plus any fees you owe under this agreement. You are not required to make a monthly payment if your earned income for the previous month is less than \$4,166.67.

What “Earned Income” Means

For purposes of this agreement, “earned income” means all you are paid or that you earn in all your qualified positions. Earned income is your gross income—your income before taxes or any other withholdings (including contributions to retirement plans and savings plans). For example, the US Internal Revenue Service for the 2019 reporting year defines income to include on an annual basis (a) the sum of Line 1 (Wages, salaries, tips, etc.), Line 7a (Other income), and Line 8a (Business income or loss) of IRS Form 1040, as reported or required to be reported on U.S. federal income Tax returns. All of those are examples of “earned income.”

Earned Income does not include (1) income earned by your children or spouse (if any), (2) any money you inherit, (3) any amounts paid to you under the Social Security disability insurance program (title II of the Social Security Act) or the Supplemental Security Income program (title XVI of the Social Security Act), or (4) any amounts paid to you under the Child Nutrition Act of 1966.

For purposes of this agreement, “qualified position” means work as an employee, independent contractor, or business owner in a field related to, or position requiring knowledge of, one or more of software, data science, full-stack web, iOS/Android development, cybersecurity, information technology, UX, and web and app development and design and any other field or position for which you would not have been qualified, or not have been considered or promoted into, but for your participation in your Lambda School program or the job placement efforts of Lambda School.

If a position would otherwise be a qualified position, it will not be relevant that your Lambda School program was in a discipline not directly related to that position.

Examples of titles for positions that would qualify include software engineer, data scientist, web developer, and app developer. Positions in quality assurance, sales, product management, or other fields that may seem unrelated to your Lambda School program might nevertheless qualify if your work actually calls on skills related to your Lambda School program. A position at a company that doesn’t sell technology products or offer technology services might also qualify—for example, a web-developer position for any kind of company.

It will be up to Lambda School to decide whether income you earned can be attributed to a qualified position. You must provide Lambda School any information it asks for to allow it to decide whether income you earned should be attributed to a qualified position.

Establishing Your Earned Income

You must inform Lambda School no later than five days after starting work in a qualified position paying you at least the minimum amount required for you to be required to make monthly payments under this agreement. Every three months or as requested by Lambda School thereafter you must inform Lambda School of the name of your employer, your job title, and your earned income.

You must submit to Lambda School via Lambda School’s online portal the following documentation evidencing your earned income:

- before your first monthly payment and every time your earned income increases or decreases, a pay stub, letter from your employer, independent-contractor agreement, or other evidence of your monthly income
- by 30 April each year, a year-end pay stub, form W-2, form 1099, schedule K-1, or other official documentation showing your sources of earned income and the dates of your employment for the previous calendar year
- if Lambda School requests, it, a completed and signed IRS form 4506-T (or any successor form) designating Lambda School as the recipient of your tax return information for returns covering any months for which you are required to make a monthly payment, dated no earlier than 30 days before the date you provide it Lambda School

You authorize Lambda School to verify your earned income and your credit history by checking with your employer (for example through the employer's verification line), credit reporting agencies, payroll providers, or other services. You acknowledge that Lambda School may adjust your monthly payments to reflect any information so discovered. And Lambda School might review public information about your employment and income, such as your profile on social media or job sites. Lambda School will act reasonably in verifying your earned income but ultimately it will be up to Lambda School to decide whether your documentation or other materials sufficiently prove your earned income.

You must notify Lambda School no later than 30 days if you change your tax filing status from single filing to joint filing (or vice-versa), so Lambda School knows whether to exclude earnings of your spouse when calculating your earned income.

Setting Your Monthly Payments

Based on the information you provide, Lambda School will determine the amount of your monthly payments.

Lambda School may estimate one or more of your monthly payments for any period during which you fail to submit to Lambda School documentation evidencing your earned income as required under this agreement. In making such an estimate, Lambda school may assume that your earned income is equivalent to the average full-time income for occupations related to your Lambda School program.

At any time you may ask Lambda School to confirm the amount of your next monthly payment.

You may not pay more than your monthly payment without Lambda School's consent.

WHEN YOU MUST START MAKING MONTHLY PAYMENTS

After you have completed, withdraw from, or are withdrawn from (for any reason) your Lambda School program, you are required to begin making payments. You will have a one-month grace period before your first

payment is due. The first month for which you are required to make a monthly payment is the second full month in which your earned income exceeds the minimum. Here are two examples:

- if you graduate from Lambda School on 15 May and on 5 June you start a job for which you are paid monthly \$4,166.67 or more and in June you are paid \$4,166.67 or more, the first month for which you must make a monthly payment is August
- if you graduate from Lambda School on 15 May and on 20 June you start a job for which you are paid monthly at least \$4,166.67 but in June you are paid less than \$4,166.67, the first month for which you must make a monthly payment is August

For purposes of this agreement only, you have completed your Lambda School program upon the earlier of (1) the date for completing your program specified in your enrollment agreement and (2) your accepting a qualified position after the date specified in your enrollment agreement on which you are responsible for the entire amount of tuition funding allocated to your program.

Your monthly payment for a given month is due on the first business day of the following month.

You will not be required to make further monthly payments under this agreement if (1) you have made 24 monthly payments, (2) you have paid the maximum amount of \$30,000 (excluding fees), or (3) you have not been required to make a monthly payment for a total of 60 months, whichever is the earliest to occur. The maximum term of this agreement is 83 months. That would happen if you have made 24 monthly payments and you have not been required to make a monthly payment for a total of 59 months.

HOW TO MAKE MONTHLY PAYMENTS

Income-Sharing Manager and Other Lambda School Partners

Lambda School has appointed an income-sharing manager to administer students' monthly payments and this agreement generally. Lambda School might on one or more occasions replace the income-sharing manager, or itself act as or serve some functions of the income-sharing manager. You acknowledge that any income-sharing manager and its or Lambda School's partners will be authorized to act on behalf of Lambda School for all purposes relating to this agreement. You may also need to accept or be subject to terms, policies, or other practices of the income-sharing manager or other partners.

Payment Options

The income-sharing manager will offer you the option of making your monthly payments by automated clearing house (ACH) payment—you would authorize the income-sharing manager to deduct from the designated account, as it comes due, the amount of each monthly payment, until such time as you withdraw your authorization. Or you could instead elect to pay by another method approved by Lambda School or the income-sharing manager. Lambda School or the income-sharing manager might in the future provide additional payment options or programs, but you might not be eligible for any such programs.

Your Designated Bank Account

At the request of the income-sharing manager, you must establish and maintain through the online portal during the term of this agreement a bank account with a financial institution designated by the income-sharing manager. The income-sharing manager will be permitted to view your transactions on that account. That information will help determine the amount of your monthly payments. You may maintain other bank accounts too, but you must deposit all of your earned income after taxes or any other withholdings (including contributions to retirement plans and savings plans) into your designated bank account. It would violate this agreement for you to deposit some of your earned income after taxes or any other withholdings (including contributions to retirement plans and savings plans) in a bank account other than your designated bank account.

The income-sharing manager sends or calls with payment reminders and account statements by email, phone, or SMS, or all of these—do whatever is necessary to make sure you receive them. If you don't receive a reminder to make a monthly payment, that will not affect the due date of that monthly payment.

Online Portal

The income-sharing manager maintains an online portal that will allow you to access a copy of this agreement, documentation relating to your account, and information about your payment terms, including the amount of your next monthly payment and when it's due and any past due amounts. Through this portal you will be able to update your information, upload documents, and change how you authorize payment of monthly amounts.

Account Reconciliation

Lambda School might review your account at any time to ensure that your monthly payments accurately reflect your earned income.

If you underpaid or failed to pay one or more monthly payments, Lambda School will notify you in writing of what you owe and any late charges. At Lambda School's discretion, any amount you owe will be added to one of your future monthly payments, will be spread evenly over up to six future monthly payments, or, if you are not required to make a monthly payment or if this agreement has been terminated, will be billed to you separately.

If you overpaid, Lambda School will notify you of the overpayment and reduce your next one or more monthly payments by the amount of the overpayment. If Lambda School discovers an overpayment after this agreement has terminated, it will refund the excess amount to you.

CHANGE OF STATUS

Withdrawing Early

If after the cancellation period has passed you withdraw from your program or are dismissed from the program, under your enrollment agreement you might be required to pay Lambda School an amount up to the maximum total amount you are required to pay under this agreement. You must notify Lambda School if you wish to withdraw from the program.

Disability

If you die or become disabled, as determined by the U.S. Social Security Administration or any other federal or state government agency, due to a condition that began or deteriorated after the date of this agreement, you will no longer be required to pay Lambda School what you owe under this agreement, including any past due amounts and fees.

If you die or become disabled, as determined by the U.S. Social Security Administration or any other federal or state government agency, due to a condition that began or deteriorated after the date of this agreement, you will no longer be required to pay Lambda School what you owe under this agreement, including any past due amounts and fees.

DEFAULT

Except as provided by law, you will be in default under this agreement if any of the following occurs:

- you do not pay a monthly payment in full when due or otherwise don't do something you promise to do in this agreement or your enrollment agreement
- you make an inaccurate statement of fact in this agreement or your enrollment agreement
- you provide inaccurate or incomplete information in your Lambda School application, your enrollment agreement, or any other written communication with Lambda School
- you begin a voluntary bankruptcy case under title 11 of the United States Code
- anyone begins an involuntary bankruptcy case against you under title 11 of the United States Code and either (1) the case is not dismissed by midnight at the end of the 60th day after it is begun or (2) the court hearing the case issues an order approving the case
- you fail generally to pay your debts as they become due (other than any debts for which you dispute in good faith your liability or the amount) or you acknowledge in writing that you are unable to do so

Remedies

If you are in default under this agreement, at Lambda School's request you must pay Lambda School the entire amount you owe under this agreement. Lambda School will also have all other remedies available by law.

DISPUTES

Arbitration

As the exclusive means of initiating adversarial proceedings to resolve any dispute arising out of this agreement, your Lambda School tuition, or your payments to Lambda School (other than any proceeding commenced by either party seeking an injunction, a restraining order, or any other equitable remedy or a proceeding commenced by either party in small claims court), either party may demand that the dispute be resolved by binding arbitration administered by the American Arbitration Association in accordance with its Consumer Arbitration Rules available at www.adr.org. If AAA is completely unavailable, and if you and Lambda School cannot agree on a substitute, then either you or Lambda School may request that a court appoint a substitute. The rules in this arbitration agreement will be followed if there is disagreement between the agreement and the arbitration forum's procedures. Judgment on any award rendered in any such arbitration may be entered in any court having jurisdiction. This arbitration agreement is governed by the Federal Arbitration Act (FAA).

Any such arbitration must be conducted by one arbitrator and must be conducted in San Francisco, California, the county with a major commercial airport nearest to where you live, or another mutually agreed location. If the claim is for \$25,000 or less, you may choose whether the arbitration will be conducted (1) solely on the basis of documents submitted to the arbitrator or (2) by means of a hearing conducted by telephone.

No Class Action

YOU AND LAMBDA SCHOOL MAY EACH BRING CLAIMS AGAINST THE OTHER ONLY IN AN INDIVIDUAL CAPACITY AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING. CLAIMS OF TWO OR MORE PERSONS MAY NOT BE JOINED OR CONSOLIDATED IN THE SAME ARBITRATION UNLESS THEY ARISE FROM THE SAME TRANSACTION.

Jury Trial

You and Lambda School hereby waive your respective right to a trial by jury in any proceedings arising out of this agreement, your Lambda School tuition, or your payments to Lambda School.

YOUR INFORMATION AND YOUR PRIVACY

Lambda School may use information you provide Lambda School under this agreement to improve its administration of income share agreements with its students and for its other operations, including working with its partners in performing under this agreement. Otherwise, Lambda School may disclose information you provide Lambda School under this agreement only if it is aggregated with information from other students or has removed from it all information that identifies it as originating with you. Lambda School owns any information derived from or based on the information you provide Lambda School. Lambda School maintains a privacy notice at www.lambdaschool.com/privacy. If you have any concerns about how Lambda School treats

your information, please contact Lambda School through its website.

CONTACTING EACH OTHER

Valid Notice

For a notice under this agreement to be valid, it must be in writing and delivered by email to the email address stated at the top of this agreement (in the case of an email message from you to Lambda School) or to the most current email address in Lambda School's records (in the case of an email message from Lambda School to you), or submitted to the income-sharing manager's online portal (in the case of an email to the income-sharing manager). It will be deemed to have been received when sent, even if the sender receives a machine-generated message that delivery has failed.

If a party sending an email notice under this agreement receives a machine-generated message that delivery has failed, for that notice to be valid the sender must deliver to the intended recipient a tangible copy of that notice with end-to-end tracking and all fees prepaid to the address stated at the top of this agreement (in the case of delivery by you to Lambda School) or to the most current address in Lambda School's records (in the case of notice from Lambda School to you).

Other Communications

For any reason related to this agreement, including any amounts you owe, Lambda School may contact you at any physical or electronic addresses or numbers (including wireless cellular telephone numbers, ported landline numbers, VOIP, or other services) you have provided Lambda School or provide Lambda School in the future. Lambda School may use any means of communication, including postal mail, electronic mail, voice calls, text messaging, and recorded message using automatic-dialing devices. You may ask that Lambda School not contact you using one or more of these means of contacting you, and the law might impose restrictions on how Lambda School contacts you.

Changing Your Contact Information

You must notify Lambda School no later than 30 days after change in your primary residence, your phone number, email address, or any other contact information you previously provided Lambda School.

OTHER TERMS

Governing Law

New York law governs all adversarial proceedings arising out of this agreement, your Lambda School tuition, or your payments to Lambda School.

Transfers

You may not transfer (1) any discretion granted under this agreement, (2) any right to satisfy a condition under this agreement, (3) any remedy under this agreement, or (4) any obligation imposed under this agreement. Any purported transfer in violation of the previous sentence will be void.

Lambda School might transfer all or part of its interest in this agreement. If Lambda School transfers its entire interest in this agreement to someone else and by mistake you pay Lambda School or its income-sharing manager after that transfer, Lambda School has the choice of forwarding your payment to the transferee or its project manager, returning the payment to you, or handle it in any other way Lambda School thinks reasonable.

Your Application

You state that all information you provided in your Lambda School application was complete and accurate when you submitted your application.

Your Age

You state that you are the age of majority or older in the state where you currently reside. (The age of majority is the age at which you are considered an adult and responsible for your actions in the legal sense.)

Citizenship

You state that you are a citizen of the United States, a permanent resident of the United States, or a Deferred Action for Childhood Arrivals (DACA) recipient.

No Other Income Share Agreements

You state that you are not currently party to any other income share agreements with Lambda School or anyone else. You must not enter into another income share agreement with anyone else during the term of this agreement.

Lambda School's Liability Is Limited

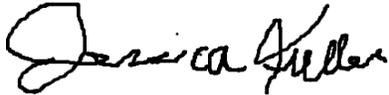
The liability of Lambda School under this agreement is limited to the aggregate of all payments you make to Lambda School under this agreement.

Modifying Unenforceable Provisions

You acknowledge that if a dispute between the parties arises out of this agreement, your Lambda School tuition, or your payments to Lambda School, you would want the court to interpret this agreement as follows:

- with respect to any provision that it holds to be unenforceable, by modifying that provision to the minimum extent necessary to make it enforceable or, if that modification is not permitted by law, by disregarding that provision
- if an unenforceable provision is modified or disregarded in accordance with this section, by holding that the rest of the agreement will remain in effect as written
- by holding that any unenforceable provision will remain as written in any circumstances other than those in which the provision is held to be unenforceable
- if modifying or disregarding the unenforceable provision would result in failure of an essential purpose of this agreement, by holding the entire agreement unenforceable

By signing below, you acknowledge that you have read all of this agreement carefully and agree to its terms.

Signature: 		Date: 04/22/2020
Mailing Address: [REDACTED]	City, State: Lakewood, WA	Zip Code: [REDACTED]

I acknowledge that by providing my e-signature below, I will be legally bound to the above Income Share Agreement

I consent to the [Income Verification Consent Form](#).

To help me better manage my ISA payments, I consent to the [Electronic Funds Transfer Authorization](#). I understand that I may revoke this consent at any time.

Recipient IP: [REDACTED]

EXHIBIT B

Student: Alexander Goncalves

Address: [REDACTED]

Email Address: [REDACTED]

APL_12669

INCOME SHARE AGREEMENT

This income share agreement is between Lambda Inc. ("Lambda School") and a student ("you"). You have previously completed an application to become a Lambda School student. Prior to or concurrently with signing this agreement, you and Lambda School are signing an enrollment agreement in which Lambda School accepts you as a student. Your entering into the enrollment agreement is a condition to Lambda School admitting you to the program of educational services outlined in your enrollment agreement. If you sign this agreement before signing an enrollment agreement, you are agreeing to Lambda School's standard enrollment agreement currently in effect until such time as you sign an enrollment agreement.

Lambda School charges tuition, but instead of paying tuition directly, a student may elect to have Lambda School provide tuition funding on behalf of that student. That student commits to paying Lambda School a fixed percentage of their income each month toward the cost of attending Lambda School, up to a maximum number of payments and a maximum amount, on condition that the student's income is above the monthly equivalent of \$50,000.00 annually.

In this agreement, you commit to reporting your income and to making a number of monthly payments in return for Lambda School providing tuition funding on your behalf.

IF YOU CANCEL

If you terminate this agreement during the allowable full cancellation period specified in your enrollment agreement, you will not owe Lambda School anything under this agreement.

YOUR PAYMENTS

Here's a summary of the key details of your monthly payments under this agreement. More information is provided elsewhere in this agreement.

Tuition funding provided to Lambda School on your behalf	\$30,000.00
Percentage of your monthly earned income you must pay Lambda School	17%
Minimum monthly earned income required for monthly payments	\$4,166.67
Equivalent annual earned income	\$50,000.00
Maximum number of monthly payments	24
Maximum term of this agreement	60 months
Maximum total amount you are required to pay (excluding fees for late or failed payments)	\$30,000.00

FEEES FOR LATE OR FAILED PAYMENTS

Here are the fees you might have to pay.

if Lambda School doesn't receive a monthly payment by the 15th of the month it is due	\$50.00
if Lambda School receives a monthly payment but that payment fails because you don't have	

enough money in your account, or for any other reason

\$35.00

THIS IS NOT A LOAN

In making monthly payments to Lambda School, you will not be repaying a student loan. In the case of a student loan, a student borrows a set amount and repays the principal amount of the loan plus interest or a finance charge, or both. Under this agreement, you will instead pay a fixed percentage of your income each month for up to a maximum number of payments.

You acknowledge that the income-tax consequences of this agreement are uncertain and that Lambda School has not provided you with any tax advice and has not assured you of specific tax consequences. You acknowledge that you have had an opportunity to consult with your own advisors about the tax implications of entering into this agreement.

EXAMPLES OF WHAT YOU MIGHT HAVE TO PAY

This table shows some examples of monthly and total payments under this agreement at different income levels.

Monthly Income	Equivalent Annual Income	Monthly Payment	Total Amount Paid	Number of Payments
Less than \$4,166.67	Less than \$50,000	Not applicable	\$0	None
\$4,166.67	\$50,000	\$708.33	\$17,000	24
\$5,000.00	\$60,000	\$850.00	\$20,400	24
\$5,833.33	\$70,000	\$991.67	\$23,800	24
\$6,666.67	\$80,000	\$1,133.33	\$27,200	24
\$7,500.00	\$90,000	\$1,275.00	\$30,000	24
\$8,333.33	\$100,000	\$1,416.67	\$30,000	22
\$10,000.00	\$120,000	\$1,700.00	\$30,000	18

DETERMINING YOUR MONTHLY PAYMENTS

The amount of each of your monthly payments is equal to 17% of your earned income in the previous month from all your qualified positions, plus any fees you owe under this agreement. You are not required

to make a monthly payment if your earned income for the previous month is less than \$4,166.67.

What “Earned Income” Means

For purposes of this agreement, “earned income” means all you are paid or that you earn in all your qualified positions. Earned income is your gross income—your income before taxes or any other withholdings (including contributions to retirement plans and savings plans). For example, the US Internal Revenue Service for the 2019 reporting year defines income to include on an annual basis (a) the sum of Line 1 (Wages, salaries, tips, etc.), Line 7a (Other income), and Line 8a (Business income or loss) of IRS Form 1040, as reported or required to be reported on U.S. federal income Tax returns. All of those are examples of “earned income.”

Earned Income does not include (1) income earned by your children or spouse (if any), (2) any money you inherit, (3) any amounts paid to you under the Social Security disability insurance program (title II of the Social Security Act) or the Supplemental Security Income program (title XVI of the Social Security Act), or (4) any amounts paid to you under the Child Nutrition Act of 1966.

For purposes of this agreement, “qualified position” means work as an employee, independent contractor, or business owner in a field related to, or position requiring knowledge of, one or more of software, data science, full-stack web, iOS/Android development, cybersecurity, information technology, UX, and web and app development and design and any other field or position for which you would not have been qualified, or not have been considered or promoted into, but for your participation in your Lambda School program or the job placement efforts of Lambda School.

If a position would otherwise be a qualified position, it will not be relevant that your Lambda School program was in a discipline not directly related to that position.

Examples of titles for positions that would qualify include software engineer, data scientist, web developer, and app developer. Positions in quality assurance, sales, product management, or other fields that may seem unrelated to your Lambda School program might nevertheless qualify if your work actually calls on skills related to your Lambda School program. A position at a company that doesn’t sell technology products or offer technology services might also qualify—for example, a web-developer position for any kind of company.

It will be up to Lambda School to decide whether income you earned can be attributed to a qualified position. You must provide Lambda School any information it asks for to allow it to decide whether income you earned should be attributed to a qualified position.

Establishing Your Earned Income

You must inform Lambda School no later than five days after starting work in a qualified position paying you at least the minimum amount required for you to be required to make monthly payments under this agreement. Every three months or as requested by Lambda School thereafter you must inform Lambda

School of the name of your employer, your job title, and your earned income.

You must submit to Lambda School via Lambda School's online portal the following documentation evidencing your earned income:

- before your first monthly payment and every time your earned income increases or decreases, a pay stub, letter from your employer, independent-contractor agreement, or other evidence of your monthly income
- by 30 April each year, a year-end pay stub, form W-2, form 1099, schedule K-1, or other official documentation showing your sources of earned income and the dates of your employment for the previous calendar year
- if Lambda School requests, it, a completed and signed IRS form 4506-T (or any successor form) designating Lambda School as the recipient of your tax return information for returns covering any months for which you are required to make a monthly payment, dated no earlier than 30 days before the date you provide it Lambda School

You authorize Lambda School to verify your earned income and your credit history by checking with your employer (for example through the employer's verification line), credit reporting agencies, payroll providers, or other services. You acknowledge that Lambda School may adjust your monthly payments to reflect any information so discovered. And Lambda School might review public information about your employment and income, such as your profile on social media or job sites. Lambda School will act reasonably in verifying your earned income but ultimately it will be up to Lambda School to decide whether your documentation or other materials sufficiently prove your earned income.

You must notify Lambda School no later than 30 days if you change your tax filing status from single filing to joint filing (or vice-versa), so Lambda School knows whether to exclude earnings of your spouse when calculating your earned income.

Setting Your Monthly Payments

Based on the information you provide, Lambda School will determine the amount of your monthly payments.

Lambda School may estimate one or more of your monthly payments for any period during which you fail to submit to Lambda School documentation evidencing your earned income as required under this agreement. In making such an estimate, Lambda school may assume that your earned income is equivalent to the average full-time income for occupations related to your Lambda School program.

At any time you may ask Lambda School to confirm the amount of your next monthly payment.

You may not pay more than your monthly payment without Lambda School's consent.

WHEN YOU MUST START MAKING MONTHLY PAYMENTS

After you have completed, withdraw from, or are withdrawn from (for any reason) your Lambda School program, you are required to begin making payments. You will have a one-month grace period before your first payment is due. The first month for which you are required to make a monthly payment is the second full month in which your earned income exceeds the minimum. Here are two examples:

- if you graduate from Lambda School on 15 May and on 5 June you start a job for which you are paid monthly \$4,166.67 or more and in June you are paid \$4,166.67 or more, the first month for which you must make a monthly payment is August
- if you graduate from Lambda School on 15 May and on 20 June you start a job for which you are paid monthly at least \$4,166.67 but in June you are paid less than \$4,166.67, the first month for which you must make a monthly payment is August

For purposes of this agreement only, you have completed your Lambda School program upon the earlier of (1) the date for completing your program specified in your enrollment agreement and (2) your accepting a qualified position after the date specified in your enrollment agreement on which you are responsible for the entire amount of tuition funding allocated to your program.

Your monthly payment for a given month is due on the first business day of the following month.

You will not be required to make further monthly payments under this agreement if (1) you have made 24 monthly payments, (2) you have paid the maximum amount of \$30,000 (excluding fees), or (3) you have not been required to make a monthly payment for a total of 60 months, whichever is the earliest to occur. The maximum term of this agreement is 83 months. That would happen if you have made 24 monthly payments and you have not been required to make a monthly payment for a total of 59 months.

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Lambda School has appointed an income-sharing manager to administer students' monthly payments and this agreement generally. Lambda School might on one or more occasions replace the income-sharing manager, or itself act as or serve some functions of the income-sharing manager. You acknowledge that any income-sharing manager and its or Lambda School's partners will be authorized to act on behalf of Lambda School for all purposes relating to this agreement. You may also need to accept or be subject to terms, policies, or other practices of the income-sharing manager or other partners.

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At the request of the income-sharing manager, you must establish and maintain through the online portal during the term of this agreement a bank account with a financial institution designated by the income-sharing manager. The income-sharing manager will be permitted to view your transactions on that account. That information will help determine the amount of your monthly payments. You may maintain other bank accounts too, but you must deposit all of your earned income after taxes or any other withholdings (including contributions to retirement plans and savings plans) into your designated bank account. It would violate this agreement for you to deposit some of your earned income after taxes or any other withholdings (including contributions to retirement plans and savings plans) in a bank account other than your designated bank account.

The income-sharing manager sends or calls with payment reminders and account statements by email, phone, or SMS, or all of these—do whatever is necessary to make sure you receive them. If you don't receive a reminder to make a monthly payment, that will not affect the due date of that monthly payment.

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- you do not pay a monthly payment in full when due or otherwise don't do something you promise to do in this agreement or your enrollment agreement
- you make an inaccurate statement of fact in this agreement or your enrollment agreement
- you provide inaccurate or incomplete information in your Lambda School application, your enrollment agreement, or any other written communication with Lambda School
- you begin a voluntary bankruptcy case under title 11 of the United States Code
- anyone begins an involuntary bankruptcy case against you under title 11 of the United States Code and either (1) the case is not dismissed by midnight at the end of the 60th day after it is begun or (2) the court hearing the case issues an order approving the case

- you fail generally to pay your debts as they become due (other than any debts for which you dispute in good faith your liability or the amount) or you acknowledge in writing that you are unable to do so

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Any such arbitration must be conducted by one arbitrator and must be conducted in San Francisco, California, the county with a major commercial airport nearest to where you live, or another mutually agreed location. If the claim is for \$25,000 or less, you may choose whether the arbitration will be conducted (1) solely on the basis of documents submitted to the arbitrator or (2) by means of a hearing conducted by telephone.

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For a notice under this agreement to be valid, it must be in writing and delivered by email to the email address stated at the top of this agreement (in the case of an email message from you to Lambda School) or to the most current email address in Lambda School's records (in the case of an email message from Lambda School to you), or submitted to the income-sharing manager's online portal (in the case of an email to the income-sharing manager). It will be deemed to have been received when sent, even if the sender receives a machine-generated message that delivery has failed.

If a party sending an email notice under this agreement receives a machine-generated message that delivery has failed, for that notice to be valid the sender must deliver to the intended recipient a tangible copy of that notice with end-to-end tracking and all fees prepaid to the address stated at the top of this agreement (in the case of delivery by you to Lambda School) or to the most current address in Lambda School's records (in the case of notice from Lambda School to you).

Other Communications

For any reason related to this agreement, including any amounts you owe, Lambda School may contact you at any physical or electronic addresses or numbers (including wireless cellular telephone numbers, ported landline numbers, VOIP, or other services) you have provided Lambda School or provide Lambda School in the future. Lambda School may use any means of communication, including postal mail, electronic mail, voice calls, text messaging, and recorded message using automatic-dialing devices. You may ask that Lambda School not contact you using one or more of these means of contacting you, and the law might impose restrictions on how Lambda School contacts you.

Changing Your Contact Information

You must notify Lambda School no later than 30 days after change in your primary residence, your phone number, email address, or any other contact information you previously provided Lambda School.

OTHER TERMS

Governing Law

New York law governs all adversarial proceedings arising out of this agreement, your Lambda School tuition, or your payments to Lambda School.

Transfers

You may not transfer (1) any discretion granted under this agreement, (2) any right to satisfy a condition under this agreement, (3) any remedy under this agreement, or (4) any obligation imposed under this agreement. Any purported transfer in violation of the previous sentence will be void.

Lambda School might transfer all or part of its interest in this agreement. If Lambda School transfers its entire interest in this agreement to someone else and by mistake you pay Lambda School or its income-sharing manager after that transfer, Lambda School has the choice of forwarding your payment to the transferee or its project manager, returning the payment to you, or handle it in any other way Lambda School thinks reasonable.

Your Application

You state that all information you provided in your Lambda School application was complete and accurate when you submitted your application.

Your Age

You state that you are the age of majority or older in the state where you currently reside. (The age of majority is the age at which you are considered an adult and responsible for your actions in the legal sense.)

Citizenship

You state that you are a citizen of the United States, a permanent resident of the United States, or a Deferred Action for Childhood Arrivals (DACA) recipient.

No Other Income Share Agreements

You state that you are not currently party to any other income share agreements with Lambda School or anyone else. You must not enter into another income share agreement with anyone else during the term of this agreement.

Lambda School's Liability Is Limited

The liability of Lambda School under this agreement is limited to the aggregate of all payments you make to Lambda School under this agreement.

Modifying Unenforceable Provisions

You acknowledge that if a dispute between the parties arises out of this agreement, your Lambda School tuition, or your payments to Lambda School, you would want the court to interpret this agreement as follows:

- with respect to any provision that it holds to be unenforceable, by modifying that provision to the minimum extent necessary to make it enforceable or, if that modification is not permitted by law, by disregarding that provision
- if an unenforceable provision is modified or disregarded in accordance with this section, by holding that the rest of the agreement will remain in effect as written
- by holding that any unenforceable provision will remain as written in any circumstances other than those in which the provision is held to be unenforceable
- if modifying or disregarding the unenforceable provision would result in failure of an essential purpose of this agreement, by holding the entire agreement unenforceable

By signing below, you acknowledge that you have read all of this agreement carefully and agree to its terms.

Signature: 	Date: 05/20/2020
--	----------------------------

Mailing Address:

██████████

City, State:

State College, PA

Zip Code:

██████████

I acknowledge that by providing my e-signature below, I will be legally bound to the above **Income Share Agreement**

I consent to the [Income Verification Consent Form](#).

To help me better manage my ISA payments, I consent to the [Electronic Funds Transfer Authorization](#). I understand that I may revoke this consent at any time.

Recipient IP:

██████████

EXHIBIT C

Student: Brett McAdams

Address: [REDACTED]

Email Address: [REDACTED]

APL_12928

INCOME SHARE AGREEMENT

This income share agreement is between Lambda Inc. ("Lambda School") and a student ("you"). You have previously completed an application to become a Lambda School student. Prior to or concurrently with signing this agreement, you and Lambda School are signing an enrollment agreement in which Lambda School accepts you as a student. Your entering into the enrollment agreement is a condition to Lambda School admitting you to the program of educational services outlined in your enrollment agreement. If you sign this agreement before signing an enrollment agreement, you are agreeing to Lambda School's standard enrollment agreement currently in effect until such time as you sign an enrollment agreement.

Lambda School charges tuition, but instead of paying tuition directly, a student may elect to have Lambda School provide tuition funding on behalf of that student. That student commits to paying Lambda School a fixed percentage of their income each month toward the cost of attending Lambda School, up to a maximum number of payments and a maximum amount, on condition that the student's income is above the monthly equivalent of \$50,000.00 annually.

In this agreement, you commit to reporting your income and to making a number of monthly payments in return for Lambda School providing tuition funding on your behalf.

IF YOU CANCEL

If you terminate this agreement during the allowable full cancellation period specified in your enrollment agreement, you will not owe Lambda School anything under this agreement.

YOUR PAYMENTS

Here's a summary of the key details of your monthly payments under this agreement. More information is provided elsewhere in this agreement.

Tuition funding provided to Lambda School on your behalf	\$30,000.00
Percentage of your monthly earned income you must pay Lambda School	17%
Minimum monthly earned income required for monthly payments	\$4,166.67
Equivalent annual earned income	\$50,000.00
Maximum number of monthly payments	24
Maximum term of this agreement	60 months
Maximum total amount you are required to pay (excluding fees for late or failed payments)	\$30,000.00

FEEES FOR LATE OR FAILED PAYMENTS

Here are the fees you might have to pay.

if Lambda School doesn't receive a monthly payment by the 15th of the month it is due	\$50.00
if Lambda School receives a monthly payment but that payment fails because you don't have	

enough money in your account, or for any other reason

\$35.00

THIS IS NOT A LOAN

In making monthly payments to Lambda School, you will not be repaying a student loan. In the case of a student loan, a student borrows a set amount and repays the principal amount of the loan plus interest or a finance charge, or both. Under this agreement, you will instead pay a fixed percentage of your income each month for up to a maximum number of payments.

You acknowledge that the income-tax consequences of this agreement are uncertain and that Lambda School has not provided you with any tax advice and has not assured you of specific tax consequences. You acknowledge that you have had an opportunity to consult with your own advisors about the tax implications of entering into this agreement.

EXAMPLES OF WHAT YOU MIGHT HAVE TO PAY

This table shows some examples of monthly and total payments under this agreement at different income levels.

Monthly Income	Equivalent Annual Income	Monthly Payment	Total Amount Paid	Number of Payments
Less than \$4,166.67	Less than \$50,000	Not applicable	\$0	None
\$4,166.67	\$50,000	\$708.33	\$17,000	24
\$5,000.00	\$60,000	\$850.00	\$20,400	24
\$5,833.33	\$70,000	\$991.67	\$23,800	24
\$6,666.67	\$80,000	\$1,133.33	\$27,200	24
\$7,500.00	\$90,000	\$1,275.00	\$30,000	24
\$8,333.33	\$100,000	\$1,416.67	\$30,000	22
\$10,000.00	\$120,000	\$1,700.00	\$30,000	18

DETERMINING YOUR MONTHLY PAYMENTS

The amount of each of your monthly payments is equal to 17% of your earned income in the previous month from all your qualified positions, plus any fees you owe under this agreement. You are not required

to make a monthly payment if your earned income for the previous month is less than \$4,166.67.

What “Earned Income” Means

For purposes of this agreement, “earned income” means all you are paid or that you earn in all your qualified positions. Earned income is your gross income—your income before taxes or any other withholdings (including contributions to retirement plans and savings plans). For example, the US Internal Revenue Service for the 2019 reporting year defines income to include on an annual basis (a) the sum of Line 1 (Wages, salaries, tips, etc.), Line 7a (Other income), and Line 8a (Business income or loss) of IRS Form 1040, as reported or required to be reported on U.S. federal income Tax returns. All of those are examples of “earned income.”

Earned Income does not include (1) income earned by your children or spouse (if any), (2) any money you inherit, (3) any amounts paid to you under the Social Security disability insurance program (title II of the Social Security Act) or the Supplemental Security Income program (title XVI of the Social Security Act), or (4) any amounts paid to you under the Child Nutrition Act of 1966.

For purposes of this agreement, “qualified position” means work as an employee, independent contractor, or business owner in a field related to, or position requiring knowledge of, one or more of software, data science, full-stack web, iOS/Android development, cybersecurity, information technology, UX, and web and app development and design and any other field or position for which you would not have been qualified, or not have been considered or promoted into, but for your participation in your Lambda School program or the job placement efforts of Lambda School.

If a position would otherwise be a qualified position, it will not be relevant that your Lambda School program was in a discipline not directly related to that position.

Examples of titles for positions that would qualify include software engineer, data scientist, web developer, and app developer. Positions in quality assurance, sales, product management, or other fields that may seem unrelated to your Lambda School program might nevertheless qualify if your work actually calls on skills related to your Lambda School program. A position at a company that doesn’t sell technology products or offer technology services might also qualify—for example, a web-developer position for any kind of company.

It will be up to Lambda School to decide whether income you earned can be attributed to a qualified position. You must provide Lambda School any information it asks for to allow it to decide whether income you earned should be attributed to a qualified position.

Establishing Your Earned Income

You must inform Lambda School no later than five days after starting work in a qualified position paying you at least the minimum amount required for you to be required to make monthly payments under this agreement. Every three months or as requested by Lambda School thereafter you must inform Lambda

School of the name of your employer, your job title, and your earned income.

You must submit to Lambda School via Lambda School's online portal the following documentation evidencing your earned income:

- before your first monthly payment and every time your earned income increases or decreases, a pay stub, letter from your employer, independent-contractor agreement, or other evidence of your monthly income
- by 30 April each year, a year-end pay stub, form W-2, form 1099, schedule K-1, or other official documentation showing your sources of earned income and the dates of your employment for the previous calendar year
- if Lambda School requests, it, a completed and signed IRS form 4506-T (or any successor form) designating Lambda School as the recipient of your tax return information for returns covering any months for which you are required to make a monthly payment, dated no earlier than 30 days before the date you provide it Lambda School

You authorize Lambda School to verify your earned income and your credit history by checking with your employer (for example through the employer's verification line), credit reporting agencies, payroll providers, or other services. You acknowledge that Lambda School may adjust your monthly payments to reflect any information so discovered. And Lambda School might review public information about your employment and income, such as your profile on social media or job sites. Lambda School will act reasonably in verifying your earned income but ultimately it will be up to Lambda School to decide whether your documentation or other materials sufficiently prove your earned income.

You must notify Lambda School no later than 30 days if you change your tax filing status from single filing to joint filing (or vice-versa), so Lambda School knows whether to exclude earnings of your spouse when calculating your earned income.

Setting Your Monthly Payments

Based on the information you provide, Lambda School will determine the amount of your monthly payments.

Lambda School may estimate one or more of your monthly payments for any period during which you fail to submit to Lambda School documentation evidencing your earned income as required under this agreement. In making such an estimate, Lambda school may assume that your earned income is equivalent to the average full-time income for occupations related to your Lambda School program.

At any time you may ask Lambda School to confirm the amount of your next monthly payment.

You may not pay more than your monthly payment without Lambda School's consent.

WHEN YOU MUST START MAKING MONTHLY PAYMENTS

After you have completed, withdraw from, or are withdrawn from (for any reason) your Lambda School program, you are required to begin making payments. You will have a one-month grace period before your first payment is due. The first month for which you are required to make a monthly payment is the second full month in which your earned income exceeds the minimum. Here are two examples:

- if you graduate from Lambda School on 15 May and on 5 June you start a job for which you are paid monthly \$4,166.67 or more and in June you are paid \$4,166.67 or more, the first month for which you must make a monthly payment is August
- if you graduate from Lambda School on 15 May and on 20 June you start a job for which you are paid monthly at least \$4,166.67 but in June you are paid less than \$4,166.67, the first month for which you must make a monthly payment is August

For purposes of this agreement only, you have completed your Lambda School program upon the earlier of (1) the date for completing your program specified in your enrollment agreement and (2) your accepting a qualified position after the date specified in your enrollment agreement on which you are responsible for the entire amount of tuition funding allocated to your program.

Your monthly payment for a given month is due on the first business day of the following month.

You will not be required to make further monthly payments under this agreement if (1) you have made 24 monthly payments, (2) you have paid the maximum amount of \$30,000 (excluding fees), or (3) you have not been required to make a monthly payment for a total of 60 months, whichever is the earliest to occur. The maximum term of this agreement is 83 months. That would happen if you have made 24 monthly payments and you have not been required to make a monthly payment for a total of 59 months.

HOW TO MAKE MONTHLY PAYMENTS

Income-Sharing Manager and Other Lambda School Partners

Lambda School has appointed an income-sharing manager to administer students' monthly payments and this agreement generally. Lambda School might on one or more occasions replace the income-sharing manager, or itself act as or serve some functions of the income-sharing manager. You acknowledge that any income-sharing manager and its or Lambda School's partners will be authorized to act on behalf of Lambda School for all purposes relating to this agreement. You may also need to accept or be subject to terms, policies, or other practices of the income-sharing manager or other partners.

Payment Options

The income-sharing manager will offer you the option of making your monthly payments by automated clearing house (ACH) payment—you would authorize the income-sharing manager to deduct from the designated account, as it comes due, the amount of each monthly payment, until such time as you withdraw your authorization. Or you could instead elect to pay by another method approved by Lambda School or the income-sharing manager. Lambda School or the income-sharing manager might in the future provide additional payment options or programs, but you might not be eligible for any such programs.

Your Designated Bank Account

At the request of the income-sharing manager, you must establish and maintain through the online portal during the term of this agreement a bank account with a financial institution designated by the income-sharing manager. The income-sharing manager will be permitted to view your transactions on that account. That information will help determine the amount of your monthly payments. You may maintain other bank accounts too, but you must deposit all of your earned income after taxes or any other withholdings (including contributions to retirement plans and savings plans) into your designated bank account. It would violate this agreement for you to deposit some of your earned income after taxes or any other withholdings (including contributions to retirement plans and savings plans) in a bank account other than your designated bank account.

The income-sharing manager sends or calls with payment reminders and account statements by email, phone, or SMS, or all of these—do whatever is necessary to make sure you receive them. If you don't receive a reminder to make a monthly payment, that will not affect the due date of that monthly payment.

Online Portal

The income-sharing manager maintains an online portal that will allow you to access a copy of this agreement, documentation relating to your account, and information about your payment terms, including the amount of your next monthly payment and when it's due and any past due amounts. Through this portal you will be able to update your information, upload documents, and change how you authorize payment of monthly amounts.

Account Reconciliation

Lambda School might review your account at any time to ensure that your monthly payments accurately reflect your earned income.

If you underpaid or failed to pay one or more monthly payments, Lambda School will notify you in writing of what you owe and any late charges. At Lambda School's discretion, any amount you owe will be added to one of your future monthly payments, will be spread evenly over up to six future monthly payments, or, if you are not required to make a monthly payment or if this agreement has been terminated, will be billed to you separately.

If you overpaid, Lambda School will notify you of the overpayment and reduce your next one or more monthly payments by the amount of the overpayment. If Lambda School discovers an overpayment after this agreement has terminated, it will refund the excess amount to you.

CHANGE OF STATUS

Withdrawing Early

If after the cancellation period has passed you withdraw from your program or are dismissed from the program, under your enrollment agreement you might be required to pay Lambda School an amount up to the maximum total amount you are required to pay under this agreement. You must notify Lambda School if you wish to withdraw from the program.

Disability

If you die or become disabled, as determined by the U.S. Social Security Administration or any other federal or state government agency, due to a condition that began or deteriorated after the date of this agreement, you will no longer be required to pay Lambda School what you owe under this agreement, including any past due amounts and fees.

If you die or become disabled, as determined by the U.S. Social Security Administration or any other federal or state government agency, due to a condition that began or deteriorated after the date of this agreement, you will no longer be required to pay Lambda School what you owe under this agreement, including any past due amounts and fees.

DEFAULT

Except as provided by law, you will be in default under this agreement if any of the following occurs:

- you do not pay a monthly payment in full when due or otherwise don't do something you promise to do in this agreement or your enrollment agreement
- you make an inaccurate statement of fact in this agreement or your enrollment agreement
- you provide inaccurate or incomplete information in your Lambda School application, your enrollment agreement, or any other written communication with Lambda School
- you begin a voluntary bankruptcy case under title 11 of the United States Code
- anyone begins an involuntary bankruptcy case against you under title 11 of the United States Code and either (1) the case is not dismissed by midnight at the end of the 60th day after it is begun or (2) the court hearing the case issues an order approving the case

- you fail generally to pay your debts as they become due (other than any debts for which you dispute in good faith your liability or the amount) or you acknowledge in writing that you are unable to do so

Remedies

If you are in default under this agreement, at Lambda School's request you must pay Lambda School the entire amount you owe under this agreement. Lambda School will also have all other remedies available by law.

DISPUTES

Arbitration

As the exclusive means of initiating adversarial proceedings to resolve any dispute arising out of this agreement, your Lambda School tuition, or your payments to Lambda School (other than any proceeding commenced by either party seeking an injunction, a restraining order, or any other equitable remedy or a proceeding commenced by either party in small claims court), either party may demand that the dispute be resolved by binding arbitration administered by the American Arbitration Association in accordance with its Consumer Arbitration Rules available at www.adr.org. If AAA is completely unavailable, and if you and Lambda School cannot agree on a substitute, then either you or Lambda School may request that a court appoint a substitute. The rules in this arbitration agreement will be followed if there is disagreement between the agreement and the arbitration forum's procedures. Judgment on any award rendered in any such arbitration may be entered in any court having jurisdiction. This arbitration agreement is governed by the Federal Arbitration Act (FAA).

Any such arbitration must be conducted by one arbitrator and must be conducted in San Francisco, California, the county with a major commercial airport nearest to where you live, or another mutually agreed location. If the claim is for \$25,000 or less, you may choose whether the arbitration will be conducted (1) solely on the basis of documents submitted to the arbitrator or (2) by means of a hearing conducted by telephone.

No Class Action

YOU AND LAMBDA SCHOOL MAY EACH BRING CLAIMS AGAINST THE OTHER ONLY IN AN INDIVIDUAL CAPACITY AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING. CLAIMS OF TWO OR MORE PERSONS MAY NOT BE JOINED OR CONSOLIDATED IN THE SAME ARBITRATION UNLESS THEY ARISE FROM THE SAME TRANSACTION.

Jury Trial

You and Lambda School hereby waive your respective right to a trial by jury in any proceedings arising

out of this agreement, your Lambda School tuition, or your payments to Lambda School.

YOUR INFORMATION AND YOUR PRIVACY

Lambda School may use information you provide Lambda School under this agreement to improve its administration of income share agreements with its students and for its other operations, including working with its partners in performing under this agreement. Otherwise, Lambda School may disclose information you provide Lambda School under this agreement only if it is aggregated with information from other students or has removed from it all information that identifies it as originating with you. Lambda School owns any information derived from or based on the information you provide Lambda School. Lambda School maintains a privacy notice at www.lambdaschool.com/privacy. If you have any concerns about how Lambda School treats your information, please contact Lambda School through its website.

CONTACTING EACH OTHER

Valid Notice

For a notice under this agreement to be valid, it must be in writing and delivered by email to the email address stated at the top of this agreement (in the case of an email message from you to Lambda School) or to the most current email address in Lambda School's records (in the case of an email message from Lambda School to you), or submitted to the income-sharing manager's online portal (in the case of an email to the income-sharing manager). It will be deemed to have been received when sent, even if the sender receives a machine-generated message that delivery has failed.

If a party sending an email notice under this agreement receives a machine-generated message that delivery has failed, for that notice to be valid the sender must deliver to the intended recipient a tangible copy of that notice with end-to-end tracking and all fees prepaid to the address stated at the top of this agreement (in the case of delivery by you to Lambda School) or to the most current address in Lambda School's records (in the case of notice from Lambda School to you).

Other Communications

For any reason related to this agreement, including any amounts you owe, Lambda School may contact you at any physical or electronic addresses or numbers (including wireless cellular telephone numbers, ported landline numbers, VOIP, or other services) you have provided Lambda School or provide Lambda School in the future. Lambda School may use any means of communication, including postal mail, electronic mail, voice calls, text messaging, and recorded message using automatic-dialing devices. You may ask that Lambda School not contact you using one or more of these means of contacting you, and the law might impose restrictions on how Lambda School contacts you.

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You may not transfer (1) any discretion granted under this agreement, (2) any right to satisfy a condition under this agreement, (3) any remedy under this agreement, or (4) any obligation imposed under this agreement. Any purported transfer in violation of the previous sentence will be void.

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You state that all information you provided in your Lambda School application was complete and accurate when you submitted your application.

Your Age

You state that you are the age of majority or older in the state where you currently reside. (The age of majority is the age at which you are considered an adult and responsible for your actions in the legal sense.)

Citizenship

You state that you are a citizen of the United States, a permanent resident of the United States, or a Deferred Action for Childhood Arrivals (DACA) recipient.

No Other Income Share Agreements

You state that you are not currently party to any other income share agreements with Lambda School or anyone else. You must not enter into another income share agreement with anyone else during the term of this agreement.

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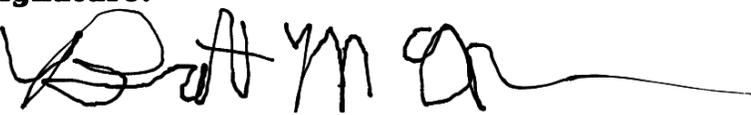
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You acknowledge that if a dispute between the parties arises out of this agreement, your Lambda School tuition, or your payments to Lambda School, you would want the court to interpret this agreement as follows:

- with respect to any provision that it holds to be unenforceable, by modifying that provision to the minimum extent necessary to make it enforceable or, if that modification is not permitted by law, by disregarding that provision
- if an unenforceable provision is modified or disregarded in accordance with this section, by holding that the rest of the agreement will remain in effect as written
- by holding that any unenforceable provision will remain as written in any circumstances other than those in which the provision is held to be unenforceable
- if modifying or disregarding the unenforceable provision would result in failure of an essential purpose of this agreement, by holding the entire agreement unenforceable

By signing below, you acknowledge that you have read all of this agreement carefully and agree to its terms.

<p>Signature:</p> 	<p>Date:</p> <p>06/15/2020</p>
--	---------------------------------------

Mailing Address:

██████████

City, State:

Apopka, FL

Zip Code:

██████████

I acknowledge that by providing my e-signature below, I will be legally bound to the above **Income Share Agreement**

I consent to the [Income Verification Consent Form](#).

To help me better manage my ISA payments, I consent to the [Electronic Funds Transfer Authorization](#). I understand that I may revoke this consent at any time.

Recipient IP: ██████████

Funder IP: ██████████

EXHIBIT D

Student: Quinn Molina

Address: [REDACTED]

Email Address: [REDACTED]

APL_15899

INCOME SHARE AGREEMENT

This income share agreement is between Lambda Inc. (“Lambda School”) and a student (“you”). You have previously completed an application to become a Lambda School student. Prior to or concurrently with signing this agreement, you and Lambda School are signing an enrollment agreement in which Lambda School accepts you as a student. Your entering into the enrollment agreement is a condition to Lambda School admitting you to the program of educational services outlined in your enrollment agreement. If you sign this agreement before signing an enrollment agreement, you are agreeing to Lambda School’s standard enrollment agreement currently in effect until such time as you sign an enrollment agreement.

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Maximum number of monthly payments	24
Maximum term of this agreement	60 months
Maximum total amount you are required to pay (excluding fees for late or failed payments)	\$30,000.00

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Here are the fees you might have to pay.

if Lambda School doesn’t receive a monthly payment by the 15th of the month it is due	\$50.00
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\$35.00

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You acknowledge that the income-tax consequences of this agreement are uncertain and that Lambda School has not provided you with any tax advice and has not assured you of specific tax consequences. You acknowledge that you have had an opportunity to consult with your own advisors about the tax implications of entering into this agreement.

EXAMPLES OF WHAT YOU MIGHT HAVE TO PAY

This table shows some examples of monthly and total payments under this agreement at different income levels.

Monthly Income	Equivalent Annual Income	Monthly Payment	Total Amount Paid	Number of Payments
Less than \$4,166.67	Less than \$50,000	Not applicable	\$0	None
\$4,166.67	\$50,000	\$708.33	\$17,000	24
\$5,000.00	\$60,000	\$850.00	\$20,400	24
\$5,833.33	\$70,000	\$991.67	\$23,800	24
\$6,666.67	\$80,000	\$1,133.33	\$27,200	24
\$7,500.00	\$90,000	\$1,275.00	\$30,000	24
\$8,333.33	\$100,000	\$1,416.67	\$30,000	22
\$10,000.00	\$120,000	\$1,700.00	\$30,000	18

DETERMINING YOUR MONTHLY PAYMENTS

The amount of each of your monthly payments is equal to 17% of your earned income in the previous

month from all your qualified positions, plus any fees you owe under this agreement. You are not required to make a monthly payment if your earned income for the previous month is less than \$4,166.67.

What “Earned Income” Means

For purposes of this agreement, “earned income” means all you are paid or that you earn in all your qualified positions. Earned income is your gross income—your income before taxes or any other withholdings (including contributions to retirement plans and savings plans). For example, the US Internal Revenue Service for the 2019 reporting year defines income to include on an annual basis (a) the sum of Line 1 (Wages, salaries, tips, etc.), Line 7a (Other income), and Line 8a (Business income or loss) of IRS Form 1040, as reported or required to be reported on U.S. federal income Tax returns. All of those are examples of “earned income.”

Earned Income does not include (1) income earned by your children or spouse (if any), (2) any money you inherit, (3) any amounts paid to you under the Social Security disability insurance program (title II of the Social Security Act) or the Supplemental Security Income program (title XVI of the Social Security Act), or (4) any amounts paid to you under the Child Nutrition Act of 1966.

For purposes of this agreement, “qualified position” means work as an employee, independent contractor, or business owner in a field related to, or position requiring knowledge of, one or more of software, data science, full-stack web, iOS/Android development, cybersecurity, information technology, UX, and web and app development and design and any other field or position for which you would not have been qualified, or not have been considered or promoted into, but for your participation in your Lambda School program or the job placement efforts of Lambda School.

If a position would otherwise be a qualified position, it will not be relevant that your Lambda School program was in a discipline not directly related to that position.

Examples of titles for positions that would qualify include software engineer, data scientist, web developer, and app developer. Positions in quality assurance, sales, product management, or other fields that may seem unrelated to your Lambda School program might nevertheless qualify if your work actually calls on skills related to your Lambda School program. A position at a company that doesn’t sell technology products or offer technology services might also qualify—for example, a web-developer position for any kind of company.

It will be up to Lambda School to decide whether income you earned can be attributed to a qualified position. You must provide Lambda School any information it asks for to allow it to decide whether income you earned should be attributed to a qualified position.

Establishing Your Earned Income

You must inform Lambda School no later than five days after starting work in a qualified position paying you at least the minimum amount required for you to be required to make monthly payments under this

agreement. Every three months or as requested by Lambda School thereafter you must inform Lambda School of the name of your employer, your job title, and your earned income.

You must submit to Lambda School via Lambda School's online portal the following documentation evidencing your earned income:

- before your first monthly payment and every time your earned income increases or decreases, a pay stub, letter from your employer, independent-contractor agreement, or other evidence of your monthly income
- by 30 April each year, a year-end pay stub, form W-2, form 1099, schedule K-1, or other official documentation showing your sources of earned income and the dates of your employment for the previous calendar year
- if Lambda School requests, it, a completed and signed IRS form 4506-T (or any successor form) designating Lambda School as the recipient of your tax return information for returns covering any months for which you are required to make a monthly payment, dated no earlier than 30 days before the date you provide it Lambda School

You authorize Lambda School to verify your earned income and your credit history by checking with your employer (for example through the employer's verification line), credit reporting agencies, payroll providers, or other services. You acknowledge that Lambda School may adjust your monthly payments to reflect any information so discovered. And Lambda School might review public information about your employment and income, such as your profile on social media or job sites. Lambda School will act reasonably in verifying your earned income but ultimately it will be up to Lambda School to decide whether your documentation or other materials sufficiently prove your earned income.

You must notify Lambda School no later than 30 days if you change your tax filing status from single filing to joint filing (or vice-versa), so Lambda School knows whether to exclude earnings of your spouse when calculating your earned income.

Setting Your Monthly Payments

Based on the information you provide, Lambda School will determine the amount of your monthly payments.

Lambda School may estimate one or more of your monthly payments for any period during which you fail to submit to Lambda School documentation evidencing your earned income as required under this agreement. In making such an estimate, Lambda school may assume that your earned income is equivalent to the average full-time income for occupations related to your Lambda School program.

At any time you may ask Lambda School to confirm the amount of your next monthly payment.

You may not pay more than your monthly payment without Lambda School's consent.

WHEN YOU MUST START MAKING MONTHLY PAYMENTS

After you have completed, withdraw from, or are withdrawn from (for any reason) your Lambda School program, you are required to begin making payments. You will have a one-month grace period before your first payment is due. The first month for which you are required to make a monthly payment is the second full month in which your earned income exceeds the minimum. Here are two examples:

- if you graduate from Lambda School on 15 May and on 5 June you start a job for which you are paid monthly \$4,166.67 or more and in June you are paid \$4,166.67 or more, the first month for which you must make a monthly payment is August
- if you graduate from Lambda School on 15 May and on 20 June you start a job for which you are paid monthly at least \$4,166.67 but in June you are paid less than \$4,166.67, the first month for which you must make a monthly payment is August

For purposes of this agreement only, you have completed your Lambda School program upon the earlier of (1) the date for completing your program specified in your enrollment agreement and (2) your accepting a qualified position after the date specified in your enrollment agreement on which you are responsible for the entire amount of tuition funding allocated to your program.

Your monthly payment for a given month is due on the first business day of the following month.

You will not be required to make further monthly payments under this agreement if (1) you have made 24 monthly payments, (2) you have paid the maximum amount of \$30,000 (excluding fees), or (3) you have not been required to make a monthly payment for a total of 60 months, whichever is the earliest to occur. The maximum term of this agreement is 83 months. That would happen if you have made 24 monthly payments and you have not been required to make a monthly payment for a total of 59 months.

HOW TO MAKE MONTHLY PAYMENTS

Income-Sharing Manager and Other Lambda School Partners

Lambda School has appointed an income-sharing manager to administer students' monthly payments and this agreement generally. Lambda School might on one or more occasions replace the income-sharing manager, or itself act as or serve some functions of the income-sharing manager. You acknowledge that any income-sharing manager and its or Lambda School's partners will be authorized to act on behalf of Lambda School for all purposes relating to this agreement. You may also need to accept or be subject to terms, policies, or other practices of the income-sharing manager or other partners.

Payment Options

The income-sharing manager will offer you the option of making your monthly payments by automated clearing house (ACH) payment—you would authorize the income-sharing manager to deduct from the designated account, as it comes due, the amount of each monthly payment, until such time as you withdraw your authorization. Or you could instead elect to pay by another method approved by Lambda School or the income-sharing manager. Lambda School or the income-sharing manager might in the future provide additional payment options or programs, but you might not be eligible for any such programs.

Your Designated Bank Account

At the request of the income-sharing manager, you must establish and maintain through the online portal during the term of this agreement a bank account with a financial institution designated by the income-sharing manager. The income-sharing manager will be permitted to view your transactions on that account. That information will help determine the amount of your monthly payments. You may maintain other bank accounts too, but you must deposit all of your earned income after taxes or any other withholdings (including contributions to retirement plans and savings plans) into your designated bank account. It would violate this agreement for you to deposit some of your earned income after taxes or any other withholdings (including contributions to retirement plans and savings plans) in a bank account other than your designated bank account.

The income-sharing manager sends or calls with payment reminders and account statements by email, phone, or SMS, or all of these—do whatever is necessary to make sure you receive them. If you don't receive a reminder to make a monthly payment, that will not affect the due date of that monthly payment.

Online Portal

The income-sharing manager maintains an online portal that will allow you to access a copy of this agreement, documentation relating to your account, and information about your payment terms, including the amount of your next monthly payment and when it's due and any past due amounts. Through this portal you will be able to update your information, upload documents, and change how you authorize payment of monthly amounts.

Account Reconciliation

Lambda School might review your account at any time to ensure that your monthly payments accurately reflect your earned income.

If you underpaid or failed to pay one or more monthly payments, Lambda School will notify you in writing of what you owe and any late charges. At Lambda School's discretion, any amount you owe will be added to one of your future monthly payments, will be spread evenly over up to six future monthly payments, or, if you are not required to make a monthly payment or if this agreement has been terminated, will be billed to you separately.

If you overpaid, Lambda School will notify you of the overpayment and reduce your next one or more monthly payments by the amount of the overpayment. If Lambda School discovers an overpayment after this agreement has terminated, it will refund the excess amount to you.

CHANGE OF STATUS

Withdrawing Early

If after the cancellation period has passed you withdraw from your program or are dismissed from the program, under your enrollment agreement you might be required to pay Lambda School an amount up to the maximum total amount you are required to pay under this agreement. You must notify Lambda School if you wish to withdraw from the program.

Disability

If you die or become disabled, as determined by the U.S. Social Security Administration or any other federal or state government agency, due to a condition that began or deteriorated after the date of this agreement, you will no longer be required to pay Lambda School what you owe under this agreement, including any past due amounts and fees.

If you die or become disabled, as determined by the U.S. Social Security Administration or any other federal or state government agency, due to a condition that began or deteriorated after the date of this agreement, you will no longer be required to pay Lambda School what you owe under this agreement, including any past due amounts and fees.

DEFAULT

Except as provided by law, you will be in default under this agreement if any of the following occurs:

- you do not pay a monthly payment in full when due or otherwise don't do something you promise to do in this agreement or your enrollment agreement
- you make an inaccurate statement of fact in this agreement or your enrollment agreement
- you provide inaccurate or incomplete information in your Lambda School application, your enrollment agreement, or any other written communication with Lambda School
- you begin a voluntary bankruptcy case under title 11 of the United States Code
- anyone begins an involuntary bankruptcy case against you under title 11 of the United States Code and either (1) the case is not dismissed by midnight at the end of the 60th day after it is begun or (2) the court hearing the case issues an order approving the case

- you fail generally to pay your debts as they become due (other than any debts for which you dispute in good faith your liability or the amount) or you acknowledge in writing that you are unable to do so

Remedies

If you are in default under this agreement, at Lambda School's request you must pay Lambda School the entire amount you owe under this agreement. Lambda School will also have all other remedies available by law.

DISPUTES

Arbitration

As the exclusive means of initiating adversarial proceedings to resolve any dispute arising out of this agreement, your Lambda School tuition, or your payments to Lambda School (other than any proceeding commenced by either party seeking an injunction, a restraining order, or any other equitable remedy or a proceeding commenced by either party in small claims court), either party may demand that the dispute be resolved by binding arbitration administered by the American Arbitration Association in accordance with its Consumer Arbitration Rules available at www.adr.org. If AAA is completely unavailable, and if you and Lambda School cannot agree on a substitute, then either you or Lambda School may request that a court appoint a substitute. The rules in this arbitration agreement will be followed if there is disagreement between the agreement and the arbitration forum's procedures. Judgment on any award rendered in any such arbitration may be entered in any court having jurisdiction. This arbitration agreement is governed by the Federal Arbitration Act (FAA).

Any such arbitration must be conducted by one arbitrator and must be conducted in San Francisco, California, the county with a major commercial airport nearest to where you live, or another mutually agreed location. If the claim is for \$25,000 or less, you may choose whether the arbitration will be conducted (1) solely on the basis of documents submitted to the arbitrator or (2) by means of a hearing conducted by telephone.

No Class Action

YOU AND LAMBDA SCHOOL MAY EACH BRING CLAIMS AGAINST THE OTHER ONLY IN AN INDIVIDUAL CAPACITY AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING. CLAIMS OF TWO OR MORE PERSONS MAY NOT BE JOINED OR CONSOLIDATED IN THE SAME ARBITRATION UNLESS THEY ARISE FROM THE SAME TRANSACTION.

Jury Trial

You and Lambda School hereby waive your respective right to a trial by jury in any proceedings arising

out of this agreement, your Lambda School tuition, or your payments to Lambda School.

YOUR INFORMATION AND YOUR PRIVACY

Lambda School may use information you provide Lambda School under this agreement to improve its administration of income share agreements with its students and for its other operations, including working with its partners in performing under this agreement. Otherwise, Lambda School may disclose information you provide Lambda School under this agreement only if it is aggregated with information from other students or has removed from it all information that identifies it as originating with you. Lambda School owns any information derived from or based on the information you provide Lambda School. Lambda School maintains a privacy notice at www.lambdaschool.com/privacy. If you have any concerns about how Lambda School treats your information, please contact Lambda School through its website.

CONTACTING EACH OTHER

Valid Notice

For a notice under this agreement to be valid, it must be in writing and delivered by email to the email address stated at the top of this agreement (in the case of an email message from you to Lambda School) or to the most current email address in Lambda School's records (in the case of an email message from Lambda School to you), or submitted to the income-sharing manager's online portal (in the case of an email to the income-sharing manager). It will be deemed to have been received when sent, even if the sender receives a machine-generated message that delivery has failed.

If a party sending an email notice under this agreement receives a machine-generated message that delivery has failed, for that notice to be valid the sender must deliver to the intended recipient a tangible copy of that notice with end-to-end tracking and all fees prepaid to the address stated at the top of this agreement (in the case of delivery by you to Lambda School) or to the most current address in Lambda School's records (in the case of notice from Lambda School to you).

Other Communications

For any reason related to this agreement, including any amounts you owe, Lambda School may contact you at any physical or electronic addresses or numbers (including wireless cellular telephone numbers, ported landline numbers, VOIP, or other services) you have provided Lambda School or provide Lambda School in the future. Lambda School may use any means of communication, including postal mail, electronic mail, voice calls, text messaging, and recorded message using automatic-dialing devices. You may ask that Lambda School not contact you using one or more of these means of contacting you, and the law might impose restrictions on how Lambda School contacts you.

Changing Your Contact Information

You must notify Lambda School no later than 30 days after change in your primary residence, your phone number, email address, or any other contact information you previously provided Lambda School.

OTHER TERMS

Governing Law

New York law governs all adversarial proceedings arising out of this agreement, your Lambda School tuition, or your payments to Lambda School.

Transfers

You may not transfer (1) any discretion granted under this agreement, (2) any right to satisfy a condition under this agreement, (3) any remedy under this agreement, or (4) any obligation imposed under this agreement. Any purported transfer in violation of the previous sentence will be void.

Lambda School might transfer all or part of its interest in this agreement. If Lambda School transfers its entire interest in this agreement to someone else and by mistake you pay Lambda School or its income-sharing manager after that transfer, Lambda School has the choice of forwarding your payment to the transferee or its project manager, returning the payment to you, or handle it in any other way Lambda School thinks reasonable.

Your Application

You state that all information you provided in your Lambda School application was complete and accurate when you submitted your application.

Your Age

You state that you are the age of majority or older in the state where you currently reside. (The age of majority is the age at which you are considered an adult and responsible for your actions in the legal sense.)

Citizenship

You state that you are a citizen of the United States, a permanent resident of the United States, or a Deferred Action for Childhood Arrivals (DACA) recipient.

No Other Income Share Agreements

You state that you are not currently party to any other income share agreements with Lambda School or anyone else. You must not enter into another income share agreement with anyone else during the term of this agreement.

Lambda School's Liability Is Limited

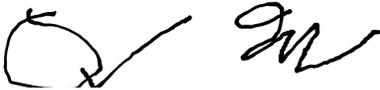
The liability of Lambda School under this agreement is limited to the aggregate of all payments you make to Lambda School under this agreement.

Modifying Unenforceable Provisions

You acknowledge that if a dispute between the parties arises out of this agreement, your Lambda School tuition, or your payments to Lambda School, you would want the court to interpret this agreement as follows:

- with respect to any provision that it holds to be unenforceable, by modifying that provision to the minimum extent necessary to make it enforceable or, if that modification is not permitted by law, by disregarding that provision
- if an unenforceable provision is modified or disregarded in accordance with this section, by holding that the rest of the agreement will remain in effect as written
- by holding that any unenforceable provision will remain as written in any circumstances other than those in which the provision is held to be unenforceable
- if modifying or disregarding the unenforceable provision would result in failure of an essential purpose of this agreement, by holding the entire agreement unenforceable

By signing below, you acknowledge that you have read all of this agreement carefully and agree to its terms.

Signature: 	Date: 01/08/2021
--	----------------------------

Mailing Address:

██████████

City, State:

Olympia, WA

Zip Code:

██████

I acknowledge that by providing my e-signature below, I will be legally bound to the above **Income Share Agreement**

I consent to the **Income Verification Consent Form**.

To help me better manage my ISA payments, I consent to the **Electronic Funds Transfer Authorization**. I understand that I may revoke this consent at any time.

Recipient IP:

██████████

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.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.	<u>Violation:</u> 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."

94858. Private Postsecondary Educational Institution

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

CEC Section 94817.5. Approved to Operate or Approved

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

CEC Section 94868. To Offer to the Public

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

CEC Section 94869. To Operate

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

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

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

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

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

Order of Abatement:

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

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

Assessment of Fine

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

TOTAL ADMINISTRATIVE FINE DUE: \$75,000.00

ASSESSMENT OF A FINE

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

COMPLIANCE WITH ORDER OF ABATEMENT

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

APPEAL OF CITATION

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

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

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

EFFECTIVE DATE OF CITATION

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

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

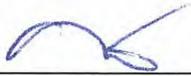
Payment of the administrative fine and/or written request for appeal must be mailed to:

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

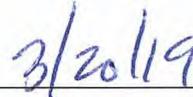
Failure for an applicant or institution to abate the violation(s) listed above or to pay the administrative fine within the time allowed may result in denial of an application for an approval or renewal to operate; disciplinary action, and/or collection action. The Bureau will promptly take all appropriate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

CONTACT INFORMATION

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



Christina Villanueva
Discipline Manager



Date

Enclosures

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

EXHIBIT F



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**.

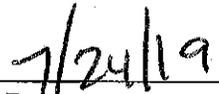
Failure to abate the violation or to pay the administrative fine within the time allowed is grounds for denial of an application for an approval to operate or discipline. The Bureau will promptly take all appropriate action to enforce the Affirmed Citation and recover the civil penalties prescribed therein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



August 21, 2019

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

RE: Application for Approval to Operate for an Institution Not Accredited, #32274

Dear Ms. Tarca:

The Bureau for Private Postsecondary Education (Bureau) is in receipt of your Application for Approval to Operate for an Institution Non-Accredited, received May 14, 2019. The Bureau makes every effort to be as complete and thorough as possible in our initial review of all documents.

Unfortunately, at this time the Bureau is unable to grant approval, based on the requirements of the California Education Code (CEC) and Title 5 of the California Code of Regulations (CCR), in the Sections outlined below (The Educational Programs may be subject to a further in-depth review once we have corrected all of these deficiencies listed). Prior to approval, the Bureau must receive the following information:

Application Section	Issue	Current Law Code
5	Organization and Management <ul style="list-style-type: none"> • Various positions listed in the organizational chart, do not have descriptions and/or are not consistent with the titles within the description section. <i>(See comparison chart on next page – larger version of the chart enclosed).</i> • The Director of Community position listed within the description for the Sales Development Representative is not shown in the organizational chart. • Various positions described in the description of job duties and responsibilities section are not listed in the organizational chart. <i>(See comparison chart on next page – larger version of the chart enclosed).</i> • The Director of Community position listed within the description for the Sales Development Representative is not part of the description of the job duties and responsibilities documents. Please provide. Please be sure that you maintain consistency in all areas. <i>(See comparison chart on next page – larger version of the chart enclosed).</i> 	CCR 71140 CCR 71720 CCR 71730

	<table border="1"> <thead> <tr> <th data-bbox="386 285 418 317">A</th> <th data-bbox="418 285 1040 317">B</th> <th data-bbox="1040 285 1247 317">C</th> </tr> </thead> <tbody> <tr> <td data-bbox="386 317 418 338">1</td> <td data-bbox="418 317 1040 338">Organizational Chart</td> <td data-bbox="1040 317 1247 338">Listed within a Description</td> </tr> <tr> <td data-bbox="386 338 418 359">2</td> <td data-bbox="418 338 1040 359">Not Listed</td> <td data-bbox="1040 338 1247 359">Student Success Manager</td> </tr> <tr> <td data-bbox="386 359 418 380">3</td> <td data-bbox="418 359 1040 380">Not Listed</td> <td data-bbox="1040 359 1247 380">Web Program Manager</td> </tr> <tr> <td data-bbox="386 380 418 401">4</td> <td data-bbox="418 380 1040 401">Not Listed</td> <td data-bbox="1040 380 1247 401">Sales Development Representative</td> </tr> <tr> <td data-bbox="386 401 418 422">5</td> <td data-bbox="418 401 1040 422">Not Listed</td> <td data-bbox="1040 401 1247 422">Admissions Manager</td> </tr> <tr> <td data-bbox="386 422 418 443">6</td> <td data-bbox="418 422 1040 443">Not Listed</td> <td data-bbox="1040 422 1247 443">Director of Community</td> </tr> <tr> <td data-bbox="386 443 418 464">7</td> <td data-bbox="418 443 1040 464">Not Listed</td> <td data-bbox="1040 443 1247 464">Career Coach Program Manager</td> </tr> <tr> <td data-bbox="386 464 418 485">8</td> <td data-bbox="418 464 1040 485">Not Listed</td> <td data-bbox="1040 464 1247 485">Build Week Program Manager</td> </tr> <tr> <td data-bbox="386 485 418 506">9</td> <td data-bbox="418 485 1040 506">Not Listed</td> <td data-bbox="1040 485 1247 506">User Experience Design (UX) Program Manager</td> </tr> <tr> <td data-bbox="386 506 418 527">10</td> <td data-bbox="418 506 1040 527">Not Listed</td> <td data-bbox="1040 506 1247 527">Sr. Program Manager - Admissions</td> </tr> <tr> <td data-bbox="386 527 418 548">11</td> <td data-bbox="418 527 1040 548">Not Listed</td> <td data-bbox="1040 527 1247 548">Data Science Program Manager</td> </tr> <tr> <td data-bbox="386 548 418 569">12</td> <td data-bbox="418 548 1040 569">Not Listed</td> <td data-bbox="1040 548 1247 569">Computer Science Program Manager</td> </tr> <tr> <td data-bbox="386 569 418 590">13</td> <td data-bbox="418 569 1040 590">Not Listed</td> <td data-bbox="1040 569 1247 590">Manager - Outcomes Operations</td> </tr> <tr> <td data-bbox="386 590 418 611">14</td> <td data-bbox="418 590 1040 611">Not Listed</td> <td data-bbox="1040 590 1247 611">Lambda Labs Program Manager</td> </tr> <tr> <td data-bbox="386 611 418 632">15</td> <td data-bbox="418 611 1040 632">Not Listed</td> <td data-bbox="1040 611 1247 632">Career and Professional Development - Program Manager</td> </tr> <tr> <td data-bbox="386 632 418 653">16</td> <td data-bbox="418 632 1040 653">Not Listed</td> <td data-bbox="1040 632 1247 653">Build Weeks Coordinator</td> </tr> <tr> <td data-bbox="386 653 418 674">17</td> <td data-bbox="418 653 1040 674">Not Listed</td> <td data-bbox="1040 653 1247 674">Director - Lambda X</td> </tr> <tr> <td data-bbox="386 674 418 695">18</td> <td data-bbox="418 674 1040 695">Not Listed</td> <td data-bbox="1040 674 1247 695">Front Desk Coordinator</td> </tr> <tr> <td data-bbox="386 695 418 716">19</td> <td data-bbox="418 695 1040 716">Not Listed</td> <td data-bbox="1040 695 1247 716">Student Success Coordinator</td> </tr> <tr> <td data-bbox="386 716 418 737">20</td> <td data-bbox="418 716 1040 737">Faculty: User Experience</td> <td data-bbox="1040 716 1247 737">UX Instructor (if the same, please maintain consistency in program titles)</td> </tr> <tr> <td data-bbox="386 737 418 758">21</td> <td data-bbox="418 737 1040 758">Faculty: Career and Professional Development</td> <td data-bbox="1040 737 1247 758">Not Provided</td> </tr> <tr> <td data-bbox="386 758 418 779">22</td> <td data-bbox="418 758 1040 779">Employees: Business Development</td> <td data-bbox="1040 758 1247 779">Not Provided</td> </tr> <tr> <td data-bbox="386 779 418 800">23</td> <td data-bbox="418 779 1040 800">Employees: Sales Development</td> <td data-bbox="1040 779 1247 800">Not Provided</td> </tr> <tr> <td data-bbox="386 800 418 821">24</td> <td data-bbox="418 800 1040 821">Employees: Student Success</td> <td data-bbox="1040 800 1247 821">Not Provided</td> </tr> <tr> <td data-bbox="386 821 418 842">25</td> <td data-bbox="418 821 1040 842">Employees: Admissions</td> <td data-bbox="1040 821 1247 842">Not Provided</td> </tr> <tr> <td data-bbox="386 842 418 863">26</td> <td data-bbox="418 842 1040 863">Employees: Front Desk</td> <td data-bbox="1040 842 1247 863">Not Provided</td> </tr> <tr> <td data-bbox="386 863 418 884">27</td> <td data-bbox="418 863 1040 884">Employees: Career Coach</td> <td data-bbox="1040 863 1247 884">Not Provided</td> </tr> <tr> <td data-bbox="386 884 418 905">28</td> <td data-bbox="418 884 1040 905">Employees: Outcomes Operations</td> <td data-bbox="1040 884 1247 905">Not Provided</td> </tr> <tr> <td data-bbox="386 905 418 926">29</td> <td data-bbox="418 905 1040 926">Co-Founder/Director - Engineering</td> <td data-bbox="1040 905 1247 926">Not Provided</td> </tr> <tr> <td data-bbox="386 926 418 947">30</td> <td data-bbox="418 926 1040 947">Program Manager - Labs</td> <td data-bbox="1040 926 1247 947">Not Provided</td> </tr> <tr> <td data-bbox="386 947 418 968"></td> <td data-bbox="418 947 1040 968">Not Listed</td> <td data-bbox="1040 947 1247 968">Director of Community</td> </tr> </tbody> </table>	A	B	C	1	Organizational Chart	Listed within a Description	2	Not Listed	Student Success Manager	3	Not Listed	Web Program Manager	4	Not Listed	Sales Development Representative	5	Not Listed	Admissions Manager	6	Not Listed	Director of Community	7	Not Listed	Career Coach Program Manager	8	Not Listed	Build Week Program Manager	9	Not Listed	User Experience Design (UX) Program Manager	10	Not Listed	Sr. Program Manager - Admissions	11	Not Listed	Data Science Program Manager	12	Not Listed	Computer Science Program Manager	13	Not Listed	Manager - Outcomes Operations	14	Not Listed	Lambda Labs Program Manager	15	Not Listed	Career and Professional Development - 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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																																																																																																

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 H



November 25, 2019

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

RE: Application for Approval to Operate for an Institution Not Accredited, #32274

Dear Ms. Tarca:

The Bureau for Private Postsecondary Education (Bureau) is in receipt of your Application for Approval to Operate for an Institution Non Accredited, received May 14, 2019. The Bureau makes every effort to be as complete and thorough as possible in our initial review of all documents.

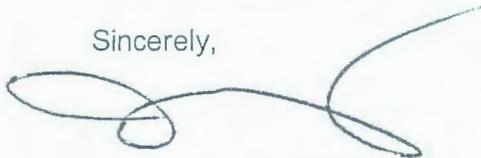
Unfortunately, at this time the Bureau is unable to grant approval, based on the requirements of the California Education Code (CEC) and Title 5 of the California Code of Regulations (CCR), in the Sections outlined below (The Educational Programs may be subject to a further in-depth review once we have corrected all of these deficiencies listed). Prior to approval, the Bureau must receive the following information:

Application Section	Issue	Current Law Code
9	<p>Exemplars of Student Agreements</p> <ul style="list-style-type: none"> Income Sharing Agreements typically negate the institution's ability to disclose the true cost of a program. If the amount owed is subject to change, it cannot be satisfactorily disclosed to the public and enrolling students. Please explain if and how your ISA model circumnavigates this issue. Please provide copies of all enrollment documents beyond the required enrollment agreement, including ISA agreements. Please be aware, your enrollment agreement cannot be finally approved until a determination has been made by the Bureau Chief regarding your request for an alternative refund calculation. Please be prepared to provide a final draft enrollment agreement if requested (after the request for alternative refund calculations has been addressed).p 	<p>CCR 71180 CEC 94902</p>
12	<p>Instruction and Degrees Offered</p> <ul style="list-style-type: none"> Please schedule a demonstration of Zoom (and possibly Slack) with assigned Senior Education Specialist Joanna Murray. 	<p>CCR 71210 CCR 71710 CCR 71715 CCR 71716 CCR 71850 CCR 71865</p>

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 I



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

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.)

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 Collegeed. 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.

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 2, 2010
Page 6

Very truly yours,

Douglas L. Smith

Douglas L. Smith

EXHIBIT J



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



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.

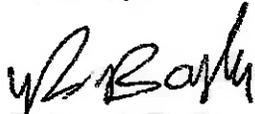
Juli Tarca
Lambda School
August 17, 2020
Page 2 of 2

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)



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 K



Lambda School

CATALOG

June 1, 2019 – May 31, 2020 ■

Volume I

250 Montgomery Street, 16th floor, San Francisco, CA 94102
(800) 833-1943 | www.lambdaschool.com

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Published: MM, DD, 2019
Effective: MM, DD, 2019

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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.



Lambda School CATALOG

6 June 1, 2019 – May 31, 2020

Volume I

250 Montgomery Street, 16th floor, San Francisco, CA 94102
(800) 833-1943 | www.lambdaschool.com 4

Published: September 16, 2019
Effective: September 16, 2019

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WELCOME MESSAGE

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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

MISSION

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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.

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/shrEHS8dPFyhcYBMI>

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

January 1, 2020 – December 31, 2020

Volume I

2000 Ashton BLVD, Suite 400, Lehi, UT 84043
250 Montgomery ST, 16th floor, San Francisco, CA 94104
415.262.4219 | www.lambdaschool.com

Published: MM/DD/YY
Effective: MM/DD/YY

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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

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.

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.

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.

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 requires no upfront tuition. Tuition payments do not begin until students find a job providing an annual salary of at least \$50,000. This commitment from Lambda School supports its mission of finding untapped or underutilized talent and training that talent for in-demand jobs in technology. The school has offices in Lehi, UT and San Francisco, CA, and students attend remotely. The school has raised funds

EXHIBIT L

Human Capital: The Last Unoptimized Asset Class

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

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

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

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

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

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

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

Full Stack

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

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

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

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

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

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

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

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

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

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

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

Flywheel

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

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

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

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

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

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

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

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

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

Product Overview

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

This is possible because of the following:

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

Lambda School offers multiple courses:

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

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

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

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

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

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

Competition

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

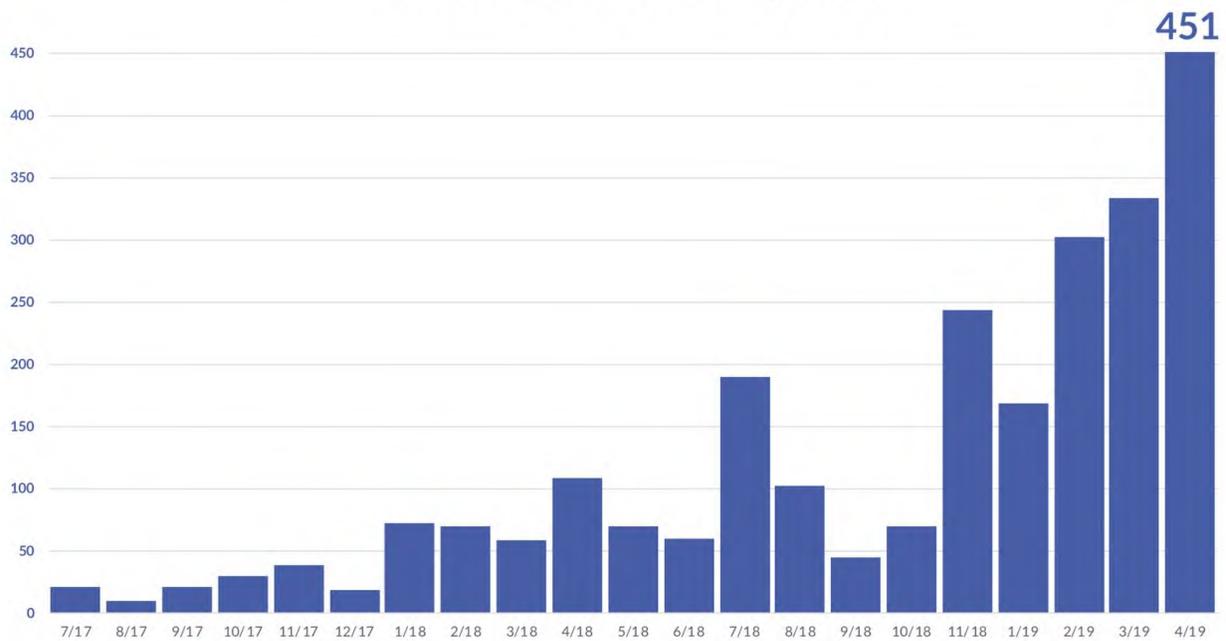
Relative to **4-year universities**, Lambda offers students a faster, risk-free way of getting training and ultimately getting a job. 4 years is a *long time* that potential students are now beginning to recognize comes with significant opportunity costs. And the entire country is obsessing over the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

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

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

Performance

New Students Enrolled



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

Management Outlook

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

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

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

International

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

Other Fields

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

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

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

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

Strenghts

Alumni Community Creates a Powerful Moat

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

Higher NPS as Class Sizes Increase

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

Organic growth taking share from bootcamp competitors

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

Retention

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

Placement that Scales

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

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

Market Leader in ISAs

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

Unbundling Universities

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

Risks & Mitigants

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

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

Mitigants:

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

ISAs are made illegal or significantly limited

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

Mitigants:

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

Collections could be too low

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

Mitigants:

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

We're unable to place students at scale

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

Mitigants:

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

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

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

Mitigants:

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

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