

DOCKET NO. X06-UWY-CV23-6072103-S	:	SUPERIOR COURT
	:	
STATE OF CONNECTICUT	:	J.D. OF HARTFORD
	:	
V.	:	AT HARTFORD
	:	
CAREER TRAINING SPECIALISTS, LLC	:	
D/B/A STONE ACADEMY;	:	
JOSEPH BIERBAUM; and PAIER	:	
COLLEGE OF ART, INC.	:	OCTOBER 23, 2023

[PROPOSED] AMENDED COMPLAINT

1. This is an action under the Connecticut Unfair Trade Practices Act (“CUTPA”), Chapter 735a of the General Statutes, and more particularly General Statutes § 42-110m, to obtain injunctive relief for Defendants’ violation of General Statutes § 42-110b(a), to appoint a receiver, to obtain such other relief as may be necessary to address the injury to consumers resulting from Defendants’ violations of law, for disgorgement of ill-gotten gains, for an accounting and other appropriate relief pursuant to General Statutes § 42-110m(a), and for civil penalties pursuant to General Statutes § 42-110o.

2. Plaintiff, State of Connecticut, is represented by William Tong, Attorney General, acting at the request of Bryan Cafferelli, Commissioner of Consumer Protection of the State of Connecticut, pursuant to Chapter 735a of the General Statutes.

3. Defendant Career Training Specialists, LLC d/b/a Stone Academy (“Stone Academy” or “Stone”) is a Connecticut limited liability company with a principal place of business at 745 Burnside Avenue, East Hartford, Connecticut 06108. Stone is a closely held, for-profit business owned by Joseph Bierbaum (“Bierbaum”) and Creative Career Trust, established by Mark Scheinberg for his own benefit.

4. Defendant Bierbaum is a natural person residing in Rocky Hill, Connecticut. At all relevant times, Bierbaum was a 25% owner and the managing member of Stone Academy.

5. Defendant Paier College of Art, Inc. ("Paier College") is a domestic corporation with a principal place of business at 84 Iranistan Avenue, Bridgeport, Connecticut 06604, of which Joseph Bierbaum has at all relevant times been President and an owner.

6. Whenever reference is made in this Complaint to any act or practice of Defendants, such reference shall mean that the principals, officers, directors, employees, agents, and representatives of Defendants did, or authorized, such act or practice on behalf of Defendants while actively engaged in the scope of their duties.

7. Defendants have engaged in the conduct described below in the State of Connecticut. This Court has jurisdiction over this matter pursuant to CUTPA.

8. Venue is proper in the Superior Court for the judicial district of Hartford pursuant to General Statutes § 42-110d.

Stone Academy's Promises to Consumers

9. At all relevant times, Stone Academy was engaged in trade or commerce in Connecticut as a private, for-profit career training school focused on the healthcare sector.

10. From some time prior to 2020 until Stone Academy closed its doors in February 2023, Stone offered practical nursing ("PN") training programs to both day and evening students. Stone offered PN curricula at three different campuses, East Hartford,

West Haven, and Waterbury. Stone had six programs in total (i.e., day and evening programs at each campus) until the West Haven Day program closed in 2022.

11. Stone advertised its PN programs on its website, in printed materials, including its Practical Nursing Program Fact Sheet (“PN Fact Sheet”) (Fig. 1) and course catalog, on billboards, in radio, television, and internet advertisements, on social media, and at information sessions conducted by admissions representatives (collectively, the “Marketing Materials”) (see also, e.g., Fig 2).

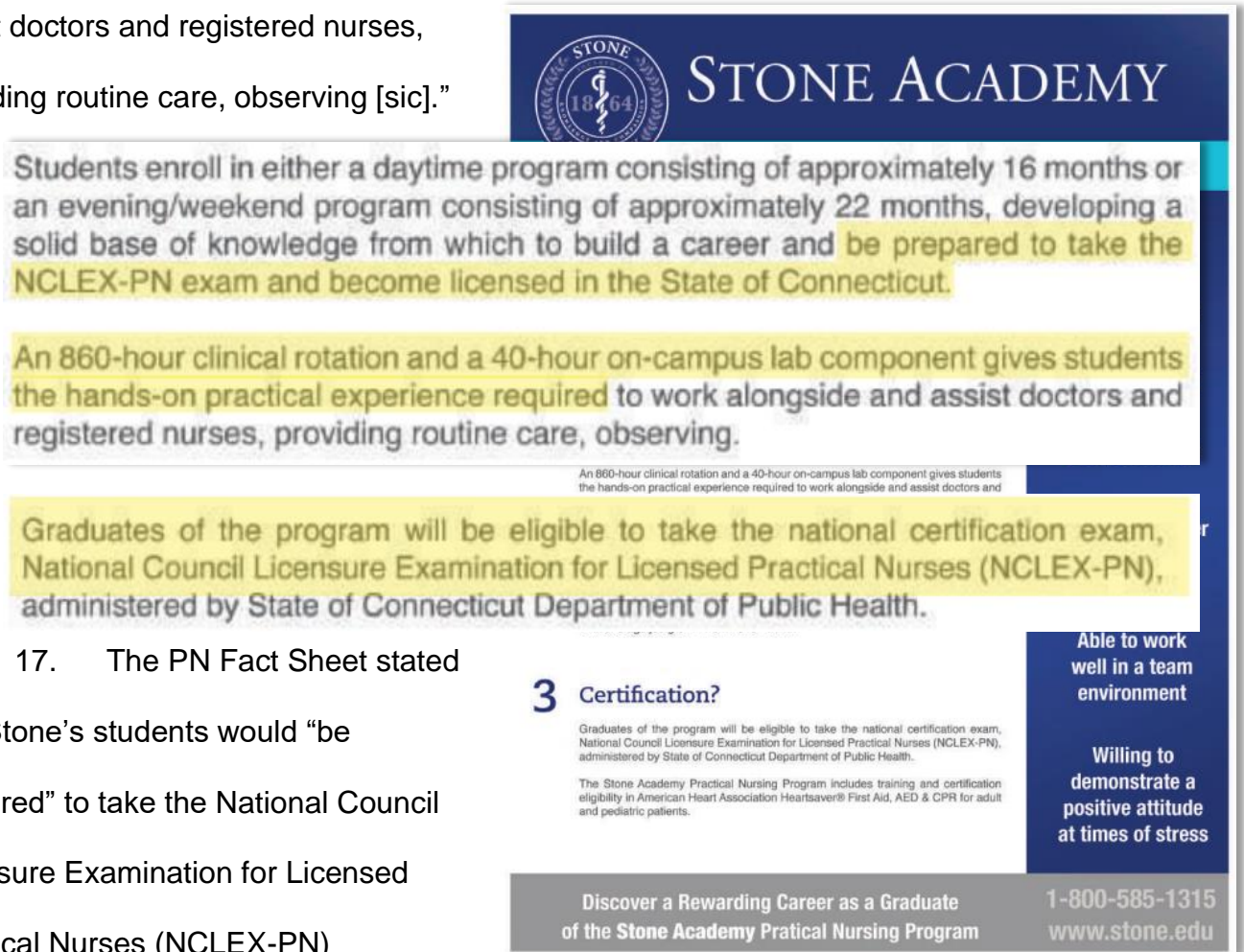
12. In various Marketing Materials, including its website, Stone expressly represented that “Students at all three of Stone Academy’s locations are provided with hands on instruction from a dedicated staff and graduate with the skills and tools that leave them prepared for their career in the ever-growing allied healthcare field.”

13. Stone’s course catalog represented that the practical nursing program would “prepare and assist students in acquiring the basic knowledge and skills necessary to be hired into an entry-level position as a Licensed Practical Nurse,” and that the program “develops the student’s knowledge base and skills by providing a theoretical foundation and by developing the student’s ability to perform clinical procedures.”

14. Stone’s catalog highlighted that its programs were approved by the State of Connecticut Office of Higher Education (“OHE”), State of Connecticut Board of Examiners for Nursing (“BOEN”), and the Accrediting Bureau of Health Education Schools (“ABHES”).

15. In television advertisements, Stone promised that students would be trained by “industry leading professionals.”

16. In the PN Fact Sheet, Stone expressly stated that students would experience an “860-hour clinical rotation and a 40-hour on-campus lab component” which “gives students the hands-on practical experience required to work alongside and assist doctors and registered nurses, providing routine care, observing [sic].”



17. The PN Fact Sheet stated that Stone’s students would “be prepared” to take the National Council Licensure Examination for Licensed Practical Nurses (NCLEX-PN) (“NCLEX”) and become licensed in the State of Connecticut, and it expressly promised that “[g]raduates of the program will be eligible to take the” NCLEX.

Figure 1: Stone's PN Fact Sheet



Figure 2: An example of Stone Marketing Materials featuring Joseph Bierbaum

18. Stone claimed that it trained students quickly, promising nursing careers in less than two years in streamed and televised commercials, and expressly listing, in the PN Fact Sheet, time frames for completion of sixteen months for full-time day students and twenty-two months for part-time night students.

19. At all relevant times, Stone charged its practical nursing students over \$30,000 in tuition, as well as other required fees and expenses.

20. Stone's students, many of whom have limited financial means, incurred student loan debt and/or paid cash for the services that Stone had promised.

21. Students also sacrificed family time, left jobs or cut their working hours, and paid childcare, commuting, and other expenses to pursue educations at Stone.

Stone's Failure to Live Up to its Promises

22. Contrary to Stone's representations, beginning in 2020 or earlier, Stone Academy failed to provide the education and training it promised.

23. Contrary to Stone's representations, it did not have a "dedicated staff" for its students. Instead, multiple individuals on Stone Academy's payroll performed work for Bierbaum's other for-profit school, Paier College, as well as a home improvement company launched by Bierbaum in 2020.

24. Stone provided students with only a fraction of the 860 hours of "hands on" clinical experience that it had promised.

25. Stone failed to provide faculty who were "industry leading professionals," instead knowingly hiring entry level and associate degree nurse instructors who should never have been permitted to teach practical nursing students under applicable regulations.

26. Stone's students could not graduate within the timeframes that Stone had promised because Stone had developed a backlog of over 1,000 students waiting to complete clinical hours by late 2020.

27. Many Stone graduates are currently ineligible to sit for the NCLEX because Stone did not even provide them the 750 clinical hours required to take the exam.

28. As demonstrated by its dismal NCLEX pass rates, Stone failed to adequately prepare its students to take the NCLEX exam, despite promising to do so.

29. Stone enrolled many more students than its campuses could handle, ignoring regulatory requirements and the educational standards that Stone described in its own Marketing Materials.

30. Stone's owners, Bierbaum and Mark Scheinberg, profited greatly from Stone's robust enrollment efforts, receiving many millions of dollars from and through Stone.

Stone's Staffing and Resources

31. In its Marketing Materials, including its course catalogs, Stone represented that it had a robust roster of dedicated staff devoted to its students.

32. In reality, senior Stone Academy administrators were routinely reassigned to work for Paier College after Bierbaum acquired the school in 2019.

33. For example, Stone's Admissions Director simultaneously worked for Paier College and spent over 1.5 years working for Bierbaum's home improvement company while being paid by Stone Academy.

34. Bierbaum's Chief of Staff at Paier College was exclusively on Stone Academy's payroll for the entire time he held a title at Paier College.

35. Other Stone staff members were transferred to Paier College projects at Bierbaum's request.

36. In addition, Stone Academy paid expenses and incurred other obligations on behalf of Paier College, including marketing expenses and charitable contributions.

37. Stone financial data indicates that from 2019 through at least 2021, Stone subsidized nearly \$1 million of Paier College's expenses each year using Stone revenue—in other words, tuition money.

38. Through Bierbaum, Stone diverted these funds to Paier College, even though many of its students lacked books and lab supplies that they paid for, adequate classroom space and even, at times, adequate heat and running water.

Stone's Clinical Hours

39. Stone fell far short of providing students with the hands-on clinical experiences promised in its marketing.

40. Faced with a backlog of students needing clinical hours, rather than stop or slow enrollment to catch up, Stone instead utterly disregarded the regulations of the Department of Public Health ("DPH") pertaining to clinical experience.

41. Under Regulations of Connecticut State Agencies ("Regulations") § 20-90-45 *et seq.*, clinical hours must involve the provision of primary nursing services to clients *off campus* at a cooperating *healthcare* facility with which Stone had a contract.

42. While under a COVID-19 emergency executive order, a limited number of clinical hours could be conducted virtually or on campus, Stone Academy continued to provide on-campus clinical hours long after December 2020, when the BOEN explicitly instructed Stone to end this practice.

43. In addition, Stone unilaterally reduced the number of clinical hours it offered to students (860) by approximately 15%, even after the BOEN denied Stone permission to do so.

44. At Bierbaum's direction, Stone students performed COVID-19 temperature screenings at Paier College and Stone building entrances, and Stone counted the temperature taking as a valid clinical experience even though neither Stone nor Paier qualifies as a cooperating healthcare facility.

45. Stone also exceeded the required 10:1 student-teacher ratio for multiple clinical cohorts established under Regulations § 20-90-45 *et seq.*

46. At Bierbaum's direction, Stone eliminated a requirement in its student handbook that attendance be taken at clinical sites, even though Stone's administrators reported many instances of students either leaving or being dismissed from clinicals early with no academic consequences for this conduct. Bierbaum's "no attendance" policy rendered DPH unable to verify that many Stone students have the 750 hours of clinical experience that is required for licensure.

47. A substantial majority of the clinical hours Stone says it provided in recent years have no supporting documentation whatsoever.

Stone's Faculty

48. Stone Academy kept enrolling new cohorts of students despite shortages of both clinical sites and faculty.

49. Stone Academy's roster of instructors continually fell far short of Stone's promise of "industry leading" instructors—Stone did not even have enough faculty to teach the number of PN students it was enrolling. Internal documents describe a "desperate" need for clinical sites and instructors, as well as last-minute scrambles to find teachers for upcoming classes.

50. Stone Academy attempted to remedy its instructor shortfall by implementing a "net zero" retention program, meaning that Stone would not increase its net spending to address the faculty shortage.

51. Stone also hired PN instructors with associate degrees and/or less than three years of clinical experience in violation of Connecticut law, e.g. Regulations § 20-90-45 *et seq.*

52. In fact, some of Stone’s “industry leading” PN instructors had graduated from nursing school less than one year before Stone hired them.

53. These instructors were assigned to teach labs, theory classes, and clinicals, despite the requirement under Regulations § 20-90-45 *et seq.* that practical nursing instructors have, at a minimum, a bachelor’s degree and three years of clinical experience.

Stone’s NCLEX Pass Rates

54. Stone promised to prepare its students for the NCLEX, yet between May 1, 2018 and April 30, 2019, only 71% of Stone Academy’s West Haven Day program graduates were able to pass the NCLEX on their first attempt.

55. The following year, the West Haven Day students had a much worse 48% pass rate, and the East Hartford Day students’ pass rate was 73%.

56. DPH’s regulations governing nursing education programs define an “acceptable level of a program’s graduates’ performance” as including “demonstrated mastery of nursing principles as evidenced by an average passing rate of at least 80% of students taking the [NCLEX] upon their first attempt after graduation.”

57. Therefore, when the West Haven and East Hartford Day program pass rates fell below this threshold, the BOEN put the programs on “conditional approval.” After two years on conditional status with no improvement—and, in fact, worsening performance—the BOEN voted to revoke both programs’ approval in December 2021 and June 2022, respectively.

58. Before the BOEN issued its final decision on the West Haven Day program, Stone agreed to voluntarily close the program and teach out the affected students.

59. Rather than accurately attributing the closure to West Haven's NCLEX pass rate, Stone told students, regulators, and the public that it was voluntarily "relinquishing" the program to devote resources to a new program with a "shorter graduation timeframe" and a "more rigorous and intensive curriculum."

60. Stone also failed to inform students and prospective students that its East Hartford Day program had NCLEX pass rates so low that the program was in jeopardy of closing. Instead, Stone continued enrolling students in the East Hartford Day program until *at least* November of 2022, long after the BOEN had voted to revoke approval.

Students' Eligibility for Licensure

61. Stone's multiple, blatant failures and regulatory violations described above created a situation that caused many of its graduates to be ineligible to sit for the NCLEX and obtain licensure in the State of Connecticut, thus violating one of Stone's most important promises.

62. This ultimate failure by Stone Academy and its owners has had a devastating financial and emotional impact on its former students.

Bierbaum's Control of Stone Academy

63. At all relevant times, Bierbaum has been an owner and managing member of Stone Academy.

64. Beginning in 2013 and continuing until approximately October 1, 2021, Bierbaum was President and CEO of Stone Academy.

65. As President and CEO, Bierbaum was ultimately responsible for Stone Academy's day-to-day management and operations.

66. After October 1, 2021, Bierbaum continued as the managing member of Stone Academy.

67. In his role as managing member, Bierbaum received regular reports from Stone's senior staff, including its President, Enrollment Director, and CFO, on all aspects of Stone Academy's operations, including data provided to him as due diligence for a potential sale of the school, which he valued at over \$10 million, in 2022.

68. Bierbaum was aware of Stone's condition after he left the President and CEO role, in part because he requested and received detailed information about it in 2022 during his discussions about selling Stone to multiple potential buyers.

69. At all relevant times, Bierbaum helped design Stone's advertising campaigns.

70. Bierbaum directed staff to continue enrolling students, despite a backlog of students waiting for clinical assignments and Stone's "desperate" need of clinical sites and faculty.

71. Bierbaum directed, or was personally aware of, Stone's decision to hire unqualified faculty members to address the clinical backlog.

72. Bierbaum also instructed staff to stop taking attendance, leaving thousands of students with clinical hours that cannot be substantiated, and rendering them ineligible for licensure.

Joseph Bierbaum and Mark Scheinberg Reap Millions

73. Stone's audited financial statements show how its owners earned vast sums from the unfair and deceptive conduct described herein.

74. As Stone enrolled more PN students than it could handle at the height of the COVID-19 pandemic, its revenues swelled. Stone's net income increased from approximately \$660,000 per year in 2019 to well over \$3 million per year in each of 2020 and 2021.

75. These earnings were fueled by federal dollars in the form of student loan revenue and COVID-19 emergency aid. Stone also earned money from extra "books and fees" charges paid by its students. Stone's income from student fees increased from \$1.8 million per year in 2018 to over \$3 million per year in 2021. Yet, in many instances, students did not receive the books they had paid for, struggling to learn from photocopied handouts instead.

76. Despite this and its other conduct that deprived students of essential tools for success, Stone blamed its faltering NCLEX scores on "[s]ocial issues in our student population . . . from food insecurity, childcare, academic struggles, and transportation" and the potential for cheating on remotely proctored exams.

77. Meanwhile, Stone's owners lived in a world far removed from the students' struggles, paying themselves nearly \$5 million in distributions for 2020 and 2021 alone, far exceeding the distributions from 2019. These outsized distributions started during the pandemic, after Stone received over \$18 million in tuition payments (including \$16.3 million in federal loan revenue) and nearly \$1.8 million in federal Payroll Protection Plan funds meant to underwrite the salaries of its instructors and staff.

78. In 2020, Bierbaum bought a \$1.4 million, 9,000 square foot mansion in Rocky Hill with a pool, tennis court, four-car garage, and a koi pond.

79. In addition to outsized member distributions, Stone's owners used Stone as a bank for their other businesses. As of December 31, 2021, Stone was owed over \$2.5 million from a series of loans to a network of affiliated family businesses, including Paier. At the same time, Stone's assets were being used to secure at least \$3.3 million in mortgages by two affiliated entities.

80. Stone also paid nearly \$900,000 per year in rent to companies owned either directly or indirectly by Mr. Scheinberg, despite its campuses' chronic disrepair, and Stone paid over \$100,000 per year for three luxury vehicles—two Teslas and an Audi—driven by insiders.

81. Stone's owners systematically siphoned millions of dollars of value from Stone, even though they knew or should have known this would render the school financially incapable of living up to its promises.

COUNT ONE: CUTPA—DECEPTION AS TO STONE ACADEMY

82. Paragraphs 1 through 81 are incorporated by reference as if fully set forth herein.

83. Stone Academy's acts and practices, as described herein, were deceptive in that Stone Academy made untrue or misleading statements to consumers regarding material facts related to, among other issues, the training its students would receive in its practical nursing program, their preparedness for the NCLEX, and their eligibility for licensure upon graduation.

84. Stone Academy students, reasonably interpreting those misleading representations and material omissions, opted to make enormous personal commitments of time and money to the school and its principals, leaving many of them devastated.

85. Stone Academy's acts and practices, as described herein, therefore constitute deceptive acts or practices in violation of General Statutes § 42-110b(a).

COUNT TWO: CUTPA—UNFAIRNESS AS TO STONE ACADEMY

86. Paragraphs 1 through 85 are incorporated by reference as if fully set forth herein.

87. By engaging in the aforesaid acts and practices, Stone Academy has offended multiple public policies pertaining to the appropriate training of medical professionals and for-profit career schools, including public policies pertaining to the use of tuition payments for the benefit of a school's students, advertising, admissions, faculty and staffing, clinical hours/experiences, and recordkeeping, including those embodied in Regulations §§ 10a-34-1 *et seq.* and § 20-90-45 *et seq.*

88. Stone Academy's acts and practices, as described herein, are oppressive, unethical, immoral, and unscrupulous.

89. Stone's conduct substantially harmed consumers in that Stone students made significant expenditures of money, time, and effort in pursuit of their nursing training at Stone and did not receive the training promised and advertised.

90. Stone Academy's acts and practices, as described herein, therefore constitute unfair acts or practices in violation of General Statutes § 42-110b(a).

COUNT THREE: WILLFULNESS AS TO STONE ACADEMY

91. Paragraphs 1 through 90 are incorporated by reference as if fully set forth herein.

92. Stone Academy knew, or should have known, that its conduct was unfair or deceptive in violation of General Statutes § 42-110b, and as a consequence Stone Academy is subject to civil penalties of not more than \$5,000 per violation pursuant to General Statutes § 42-110o(b).

COUNT FOUR: CUTPA—DECEPTION AS TO JOSEPH BIERBAUM

93. Paragraphs 1 through 81 are incorporated by reference as if fully set forth herein.

94. Bierbaum directly participated in the wrongful conduct alleged or, by virtue of his ownership, leadership, and day-to-day involvement in Stone Academy, had the ability to control it.

95. Stone Academy students, reasonably interpreting those misleading representations and material omissions, opted to make enormous personal commitments of time and money to the school and its principals, leaving many of them devastated.

96. Bierbaum's acts and practices, as described herein, were deceptive in that he made, was responsible for making, or permitted to be made, untrue or misleading statements to consumers and omissions of material facts related to, among other issues, the training Stone's students would receive in Stone's practical nursing program, students' preparedness for the NCLEX, and their eligibility for licensure upon graduation.

97. Bierbaum's acts and practices, as described herein, therefore constitute deceptive acts or practices in violation of General Statutes § 42-110b(a).

COUNT FIVE: CUTPA—UNFAIRNESS AS TO JOSEPH BIERBAUM

98. Paragraphs 1 through 97 are incorporated by reference as if fully set forth herein.

99. Bierbaum's acts and omissions described herein offended multiple public policies pertaining to the appropriate training of medical professionals and for-profit career schools, including public policies pertaining to the use of tuition payments for the benefit of a school's students, advertising, admissions, faculty and staffing, clinical hours/experiences, and recordkeeping, including those evidenced by Regulations §§ 10a-34-1 *et seq.* and § 20-90-45 *et seq.*

100. Bierbaum's acts and practices, as described herein, are oppressive, unethical, immoral, and unscrupulous.

101. Bierbaum's conduct substantially harmed consumers in that Stone students made significant expenditures of money, time, and effort in pursuit of their nursing training at Stone and did not receive the training promised and advertised.

102. Bierbaum's acts and practices, as described herein, therefore constitute unfair acts or practices in violation of General Statutes § 42-110b(a).

COUNT SIX: CUTPA—WILLFULNESS AS TO JOSEPH BIERBAUM

103. The allegations in paragraphs 1 through 102 are incorporated by reference as if fully set forth here.

104. Bierbaum knew, or should have known, that his conduct was unfair or deceptive in violation of General Statutes § 42-110b, and as a consequence he is

subject to civil penalties of not more than \$5,000 per violation pursuant to General Statutes § 42-110o(b).

COUNT SEVEN: CUTPA—AIDING AND ABETTING AS TO PAIER COLLEGE OF ART, INC.

105. The allegations in paragraphs 1 through 92 are incorporated by reference as if fully set forth here.

106. Stone's unfair and deceptive conduct in violation of CUTPA as alleged herein caused injury.

107. Paier College was specifically aware that Stone was engaged in unfair and deceptive conduct that caused injury, including providing illegitimate "clinical" experience at Paier College in violation of Connecticut law and diverting to Paier College both funds and senior full-time administrators, whose salaries were paid by Stone tuition and whom Stone advertised as working at, and for the benefit of Stone's Students.

108. Paier College, through its senior management and ownership, including Bierbaum, was specifically aware of its role in Stone's unfair and deceptive conduct alleged herein, including because Bierbaum, a common owner of Paier College and Stone, was responsible for directing some or all of the unfair and deceptive conduct that Paier College participated in and benefited from.

109. Paier College knowingly and substantially assisted the unfair or deceptive conduct alleged herein, in that it allowed or encouraged Stone students to provide COVID-19 screenings at Paier College, and knowingly used Stone funds and the services of senior full-time Stone administrators for its own purposes, all to Paier College's benefit.

110. As a result, Paier College is liable for aiding and abetting Stone's violations of CUTPA.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff claims the following relief:

1. An order pursuant to General Statutes § 42-110m(a), appointing a receiver for Stone Academy.
2. An order pursuant to General Statutes § 42-110m(a), enjoining Defendants from further violation of General Statutes § 42-110b(a).
3. An order pursuant to General Statutes § 42-110m(a), directing Defendants to pay restitution.
4. An order pursuant to General Statutes § 42-110o(b), directing Defendants to pay civil penalties for each willful violation of General Statutes § 42-110b(a).
5. An order pursuant to General Statutes § 42-110m(a), directing Defendants to disgorge all revenues, profits and gains achieved in whole or in part through the unfair and/or deceptive acts or practices complained of herein.
6. An award of attorneys' fees, pursuant to General Statutes § 42-110m(a).
7. Such other and further relief as the Court deems appropriate at law or in equity.

STATE OF CONNECTICUT

WILLIAM TONG
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STATEMENT OF AMOUNT IN DEMAND

Plaintiff states that the amount in demand is greater than \$15,000, exclusive of interest and costs.

STATE OF CONNECTICUT

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