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U.S.D.C. - Gainesville

SEP 11 2006

JAMES N. HATTEN, Clerk  
By: *[Signature]* Deputy Clerk

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IN THE UNITED STATES COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
GAINESVILLE DIVISION

J.O.R. and R.R. and D.M. and R.B., :  
individually and on behalf of others :  
similarly situated, :

Plaintiffs, :

-v- :

HIDDEN LAKE ACADEMY, :  
INC., HLA, INC., :  
HIDDEN LAKE FOUNDATION, :  
INC., and DR. LEONARD :  
BUCCELLATO :

Defendants. :

Civil Action No. \_\_\_\_\_  
Complaint - Class Action

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Plaintiffs Demand A  
Trial By Jury On All  
Issues Triable By Jury

COMPLAINT - CLASS ACTION

Plaintiffs J.O.R. and R.R. and D.M. and R.B. (collectively, "Plaintiffs"), individually and on behalf of a class of other similarly situated persons described below, file this Class Action Complaint against defendants Hidden Lake Academy, Inc., HLA, Inc., Hidden Lake Foundation, Inc. and Dr. Leonard Buccellato (collectively, "Defendants"). Unless otherwise indicated, Hidden Lake Academy, Inc., HLA, Inc., and Hidden Lake Foundation, Inc. are collectively referred to as "HLA" or "Hidden Lake."

### NATURE OF ACTION

1. This case is about the tragic mistreatment of troubled teenage students and their families by a private residential boarding school and its founder and principal, Dr. Leonard Buccellato (“Buccellato”).

2. Hidden Lake touts itself as a “therapeutic boarding school” geared to high school-aged students typically between the ages of 12-18 who exhibit oppositional-defiant behavior, low self-esteem, depression, alcoholism, drug addiction, attention deficit disorder, deteriorating family relationships and other social deficits. HLA offers a 17-21 month comprehensive program supposedly blending therapy, counseling and education aimed at modifying its students’ troubled behavior. HLA holds itself out as one of the foremost such programs in the country. The families and other caregivers of these children, in turn, pay HLA thousands of dollars per month -- currently over \$5,900 per month -- in what is represented by HLA to be “an all-inclusive tuition.”

3. To attract such students and their families to the program, HLA has made a number of written representations regarding HLA’s costs, operations and educational and therapeutic offerings. Families were told via HLA’s parent Handbook, website, and other marketing and promotional materials, among other things: that “academic classes are led by state certified teachers who are supported in their work by a certified learning disability specialist”; that “all counseling staff are full time and are clinically

trained, holding a master's degree or higher"; that HLA employs "a full-time nurse on staff seven days a week"; that "prescription medications are distributed by a nurse or another trained staff member four times per day"; and that its "students are not court ordered and do not include violent or severely disturbed children." All of these claims are meant to lend Hidden Lake an air of exclusivity -- *i.e.*, that parents are sending their children to a nurturing and safe "therapeutic" environment which differs fundamentally from other schools meant for troubled teens, and which is commensurate with the high charges parents pay for the program.

4. However, beginning in 2000 and extending through the present (the "Class Period"), the reality of HLA belies those representations. In fact, throughout the Class Period a large number and, at certain times, an overwhelming majority, of HLA's teachers have not been certified, while a sizeable number of the counseling staff lack bachelor's or master's degrees in areas related to social work, counseling, or psychology, and have not been clinically trained in counseling or social work. HLA has also during the Class Period only rarely employed a licensed learning disability specialist, and within the past several months or longer has not even employed a registered or properly licensed nurse. Hidden Lake also provides students with deficient medical supervision, allowing unlicensed staff such as secretaries and pharmaceutical technicians who are unsupervised by a nurse or proper medical authority to dispense prescription medication to students, and even uses students

improperly to do manual labor around HLA's premises to save money on employing sufficient HLA staff.

5. Further, during the Class Period HLA has also enrolled a number of "court-ordered," "violent" or "severely disturbed" students. The enrollment of these children has led, among other things, to several incidents during the Class Period in which students have been violently assaulted by other students -- the precise opposite of the "therapeutic" mission the school tells families it follows. Indeed, an internal HLA email sent in February 2006 by Clarke Poole, HLA's former Director of Admissions during the period January 2000 through March 2006, to HLA's current Director of Admissions (and Public Relations), Nicole Fuglsiang, detailed the exploits of three of these students, including one female student who sexually assaulted another female student, and two male students -- who *both* reportedly were referred to the school by defendant Buccellato himself despite the clear risks these children posed -- who brutally attacked other students. Further, because of the violent and anti-social behavior of some of the students that Hidden Lake accepts, the school has made it a standard practice during the Class Period to strip-search students purportedly as a safety measure, another fact not disclosed sufficiently by HLA to parents prior to the enrolling of their children.

6. HLA has also misrepresented that the monthly tuition it charges, which parents have to pre-pay in full in advance, is "an all-inclusive tuition." In fact,

throughout the Class Period HLA has charged families numerous incidental costs and also imposed big undisclosed profit mark-ups for many other items which in some cases exceeded 100 percent. For example, HLA charges students excessive transportation fees for “off-site” visits to physicians both locally in Dahlonega and in the Atlanta area; assesses a \$10 fee for “processing” students’ prescription medication; imposes shipping surcharges on packages that HLA sends back to parents; levies a graduation fee of \$150 or more (with some families paying \$350) which all students must pay ostensibly to purchase a graduation outfit; obtains large, undisclosed mark-ups on toiletries and supplies that all students must purchase from its internal store; and significantly overcharges on other items, such as SAT/ACT tests, college applications and required vaccinations.

7. During the Class Period alone, these undisclosed overcharges have reportedly totaled some \$800,000-\$1,000,000, all of which amounted to pure profit to HLA. Parents have no choice but to pay these charges not only for fear of reprisal against their children enrolled at HLA, but also because if they were to withdraw their children from HLA before completion of the program, they would have to forfeit the final three months of non-refundable tuition they pre-pay (well over \$15,000), *and* their children would not earn *any* academic credit, which can be earned only upon graduation from the full program. Indeed, HLA has reportedly withheld recently a transcript from at least one family over an outstanding balance of just \$8.95.

Nevertheless, despite the fact that parents incur huge educational and financial costs for pulling out their children before graduation, more than 50% of HLA's students during the Class Period -- nearly 400 families total -- have failed to graduate from HLA, and instead have left the program prematurely.

8. HLA's zeal to cut corners and misrepresent itself stems from the fact that it is run in large part for the personal enrichment of its founder, defendant Buccellato. Buccellato dominates all of the HLA entities, including both the for-profit Hidden Lake Academy, Inc. and the not-for-profit HLA, Inc. and Hidden Lake Foundation, Inc. Buccellato's control over HLA is well-known amongst the HLA community. Hidden Lake Academy, Inc. receives hundreds of thousands of dollars in "management fees" from HLA, Inc., the bulk of which is distributed in turn straight to Buccellato, who is CEO, CFO and Secretary of the for-profit corporation. Buccellato uses HLA, Inc. as his personal bank and employment agency by, among other things: billing to it significant amounts of his personal expenses, including extravagant dinners, gifts to friends and family, and lavish vacations totaling thousands of dollars; using school maintenance staff to maintain and repair personal rental properties; having the school pay his personal taxes and service his loan payments; arranging for present or former school therapists, such as Dr. Steven Taylor and Dr. Brad Carpenter, to work up to four days per week in his private psychology practice; enlisting school employees to work part-time at St. Francis Day School, a school that Buccellato also helps operate; and

getting the school's food service provider to privately cater personal affairs, which he then bills to the school. Buccellato also arranges for HLA to pay hundreds of thousands of dollars each year to Ridge Creek, Inc. ("Ridge Creek"), a for-profit corporation he founded in 2001 which is located adjacent to HLA, and whose property is mostly owned by Hidden Lake Academy, Inc. and HLA, Inc.

9. Buccellato has placed his long-time companion, Kenneth Spooner, as HLA, Inc.'s CEO, CFO and Secretary. Spooner also serves as HLA, Inc.'s Board Chairman, while Spooner's sister, Diane Cooper, and Spooner's father, Robert Spooner, serve as the other two Board directors. In reality, however, Buccellato dominates all aspects of HLA, Inc.'s affairs, making almost every school-related decision unilaterally, with the Board of Directors rarely meeting or, when it does meet, engaging in only perfunctory meetings. Indeed, Buccellato has reportedly even gone to the extent of forging Spooner's signature on certain school-related documents, such as contracts, tax returns, and loan documents between HLA and its lenders, including First Cherokee State Bank, Lumpkin County Bank and Nexity Bank, among other things, as Spooner was not present to sign the documents.

10. In addition to falsely touting its costs and operations, another reason why Hidden Lake has been so successful in recruiting students to the school is because of Buccellato's close -- and, in certain instances ethically questionable -- relationship with education consultants. In general, education consultants are hired by parents to

provide impartial advice as to where parents should send their troubled children to school. Realizing the significant role consultants play in the school selection process, Buccellato showers consultants with gifts and other forms of undisclosed compensation. For example, Buccellato pays the traveling expenses of many consultants *and* even the consultant's family members who happen to visit the Atlanta metropolitan region for personal reasons. In such situations, Buccellato arranges for the consultants to quickly meet him, with Hidden Lake picking up the consultant's traveling and incidental expenses. Each year, Buccellato also gives expensive Christmas gifts, some totaling over \$1,000, to consultants as way of ensuring their fealty.

11. Plaintiffs enrolled their children at HLA during the Class Period, and were injured by the misconduct alleged in this complaint. Plaintiffs bring this action against Buccellato and the HLA Defendants individually and on behalf of a class of similarly situated families whose children were enrolled at HLA during the Class Period. Plaintiffs' claims arise under the Georgia Fair Business Practices Act and Georgia common law. Plaintiffs seek damages, restitution and injunctive relief.



**JURISDICTION AND VENUE**

12. This Court has jurisdiction over the subject matter of this action under 28 U.S.C. § 1332 because the matter in controversy is in excess of \$5 million, exclusive of interest and costs; the matter is a class action in which at least one member of the class is a citizen of a state different from any Defendant; and the aggregate size of the proposed Class is believed to be greater than 100 members.

13. Venue is proper in this District pursuant to 28 U.S.C. § 1391(a) and (c). The misconduct alleged was carried out, in significant part, within the Northern District of Georgia; all of the Defendants conduct business and engage in interstate commerce in the Northern District of Georgia; and all of the Defendants reside in Georgia.

**PARTIES**

14. a. Plaintiffs J.O.R. and R.R. are the parents of T.R. T.R. attended Hidden Lake between November 2004 and May 2005. Plaintiffs J.O.R. and R.R. are residents of Florida. In total, plaintiffs J.O.R. and R.R. paid HLA over \$63,268, including a non-refundable deposit of \$14,550, for the final three months of tuition.

b. Plaintiffs D.M. and R.B. are the parents of C.B. C.B. attended Hidden Lake from February 2005 to August 2006. Plaintiffs D.M. and R.B. are residents of Pennsylvania. In total, plaintiffs D.M. and R.B. paid HLA over \$102,727, including a non-refundable deposit of \$14,709, for the final three months of tuition.

c. In deciding to send their children to Hidden Lake, Plaintiffs directly and indirectly relied on Defendants' representations concerning HLA, including those set forth in Hidden Lake's Handbook, website and other materials. Plaintiffs began learning the truth concerning Hidden Lake in or about February of 2006.

15. Hidden Lake Academy, Inc. is a for-profit corporation that is incorporated in Georgia and has its principal place of business at 830 Hidden Lake Road, Dahlonega, Georgia 30533. Its CEO, CFO and Secretary is Buccellato.

16. HLA, Inc. is a not-for-profit corporation that is incorporated in Georgia and has its principal place of business at 830 Hidden Lake Road, Dahlonega, Georgia 30533. Its CEO, CFO and Secretary is Kenneth Spooner, and its President is

Buccellato. Its Board of Directors consists of Kenneth Spooner, Spooner's father, Robert Spooner, and Spooner's sister, Diane Cooper.

17. Hidden Lake Foundation, Inc. is a not-for-profit corporation that is incorporated in Georgia and has its principal place of business at 830 Hidden Lake Road, Dahlonega, Georgia 30533. Its CEO, CFO and Secretary is Kenneth Spooner, and its primary business purpose is to raise money for HLA, Inc.

18. Buccellato is a resident of the state of Georgia, and currently resides at 3390 Peachtree Road, Atlanta, Georgia 30326, among other properties. He is the founder and President of HLA, Inc., and is the CEO, CFO and Secretary of Hidden Lake Academy, Inc. Buccellato is also the founder and CEO, CFO and Secretary of Ridge Creek, Inc., a for-profit corporation founded in 2001 which operates a "wilderness boot camp" for more severely troubled teens that is a "sister" school to HLA, and the CEO of St. Francis Day School, Inc., a not-for-profit corporation which operates a private school geared towards children with learning disabilities.

### **CLASS ACTION ALLEGATIONS**

19. Plaintiffs bring this action pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of themselves individually and all other persons who, during the Class Period January 1, 2000 through the present, paid money to send their children to Hidden Lake Academy (the "Class"). Excluded from the Class are the Defendants, any entity in which the Defendants have a controlling

interest, any employees, officers, or directors of the Defendants, and their legal representatives, heirs, successors and assignors.

20. The members of the Class are so numerous that joinder is impracticable under Fed. R. Civ. P. 23(a)(1). The Class is believed to include at least hundreds of families. The precise number of Class members and their addresses can be readily determined from records of the Defendants. Class members may be notified of the pendency of this action by mail, supplemented (if deemed necessary by the Court) by published notice.

21. Common questions of law and fact exist and predominate in this action as to all Class members under Fed. R. Civ. P. 23(a)(2) and (b)(3). The common legal or factual questions include, among others:

a. whether Hidden Lake made numerous misrepresentations to Plaintiffs and the other members of the Class during the Class Period, including with respect to HLA's teachers, counselors, supervision of the students, the types of students HLA admits and HLA's costs, among other things;

b. whether Hidden Lake omitted to disclose to Plaintiffs and the members of the Class numerous material facts concerning HLA's education, operations and costs, including but not limited to the fact that students are routinely strip-searched and that Hidden Lake charges and overcharges students for such incidental costs as

prescription medications, graduation fees, vaccinations, toiletries, transportation for visits to physicians, shipping costs and other items;

c. whether Plaintiffs and the members of the Class similarly relied on Defendants' misrepresentations and material omissions;

d. whether defendant Buccellato controlled and dominated the various Hidden Lake entities such that the Court should pierce the corporate veils of those entities and hold Buccellato personally liable;

e. whether Defendants breached their duties to Plaintiffs and the members of the Class;

f. whether the exculpatory, attorney fee shifting and indemnification clauses in Hidden Lake's standard form enrollment contracts with parents should be declared unenforceable;

g. whether Plaintiffs and the members of the Class sustained damages as a result of Defendants' misconduct and the appropriate measure of such damages; and

h. whether Plaintiffs are entitled to damages, restitution and injunctive relief.

22. Plaintiffs are adequate representatives of the Class under Fed. R. Civ. 23(a)(4) because their interests are squarely aligned with the interests of the members of the Class they seek to represent. Plaintiffs have retained counsel competent and

experienced in conducting complex class action litigation. Plaintiffs and their counsel will adequately protect the interests of the Class.

23. A class action is superior to other available means for the fair and efficient adjudication of Plaintiffs' claims under Fed R. Civ. P. 23(b)(3). The damages suffered by individual Class members may be relatively small in view of the burden and expense of individually prosecuting those claims. Accordingly, it would be impracticable for Class members to individually redress the wrongs done to them and would result in a multiplicity of lawsuits related to the same underlying alleged wrongful acts and practices. Individualized litigation would also increase the delay and expense to all parties and the judiciary presented by the complex legal and factual issues of the case. By contrast, the class action device presents far fewer management difficulties, and provides the benefits of a single adjudication, economy of scale and comprehensive supervision by a single court.

24. In addition, the Class should also be certified under the provisions of Fed. R. Civ. P. 23(b)(1) and 23(b)(2) because:

a. the prosecution of separate actions by individual Class members would create a risk of inconsistent or varying adjudications with respect to individual Class members which could establish incompatible standards of conduct for Defendants;

b. the prosecution of separate actions by individual Class members would create a risk of adjudications with respect to them which would, as a practical matter, be dispositive of the interests of other Class members not parties to adjudications, or substantially impair or impede their ability to protect their interests; and

c. Defendants have acted or refused to act on grounds generally applicable to the Class, thereby making appropriate injunctive relief with respect to the Class as a whole.

### **OPERATIVE FACTS**

#### **A. Background Information**

25. Founded in 1994 by Buccellato, Hidden Lake bills itself as a “therapeutic boarding school” geared toward students who exhibit oppositional-defiant behavior, low self-esteem, depression, alcoholism and drug addiction, attention deficit disorder, deteriorating family relationships and other personal problems. The program extends at least 17 or 18 months and more typically 21 months or even longer, usually involving students 12-17 years old.

26. Hidden Lake is actually made up of three corporations all dominated by Buccellato. Two of these corporations, HLA, Inc., and Hidden Lake Foundation, Inc., are not-for-profit corporations, with HLA, Inc. functioning more as the primary corporation that actually runs the boarding school. HLA, Inc. has throughout the Class

Period had substantial assets, while Hidden Lake Foundation, Inc. is a shell corporation whose main purpose is to raise money for HLA, Inc. The third corporation, defendant Hidden Lake Academy, Inc., is a for-profit corporation which owns most of the property that the boarding school is located on and whose CEO, CFO and Secretary is Buccellato. Its main source of revenue comes in the form of lucrative “management fees” paid to it by HLA, Inc., which in 2004 exceeded over \$1.3 million.

27. Although HLA, Inc. has a nominal Board of Directors consisting of Kenneth Spooner and Spooner’s father and sister, Buccellato in actuality dominates all three corporate defendants. Indeed, Buccellato negotiates all contracts with suppliers, and Spooner and the Board have virtually no say in the running of the boarding school. Moreover, Buccellato has forged Spooner’s signature on important documentation, such as contracts, tax returns and loan documents, as set forth fully below. The Board rarely meets, and when it does the meetings are *pro forma* in nature lasting sometimes only a few minutes.

28. According to its website, Hidden Lake purports to offer its students a “detailed, sequential therapeutic program which allows for a high degree of program accountability.” Specifically, HLA breaks down students into “peer counseling groups”, each “consisting of 14 students that are led by 2 to 3 master’s-level counselors,” with the counseling groups meeting three times a week for a total of seven or seven and one-half hours. HLA’s treatment also entails a “wilderness component”



which consists of daily outdoor activities and two-to-seven day wilderness trips that are “carefully integrated into the [therapeutic] program.”

29. The final element of HLA’s treatment program involves a comprehensive system of “agreements and consequences,” or more precisely rules that students must abide by and rewards or punishments they face when consistently following or violating the rules. On enrollment, students must agree that they will abide by HLA’s rules, with three of the most important being: that they will refrain from using or threatening to use any type of violence toward people and property; that they will avoid using or glorifying any kinds of drugs or alcohol; and that they will avoid all physically intimate activity with another person, including holding hands, kissing or touching. Other rules include wearing appropriate clothing, keeping clean living quarters, consistently and timely doing homework and class work assignments and respecting people in positions of authority, among other things.

30. If a student fails to abide by HLA’s myriad rules, they face various punishments, some ranging from the mundane like extra work assignments or routine physical activity, to the more severe which can include the loss of all free time or in some cases being sent to HLA’s more demanding off-campus wilderness program at its “sister” institute, Ridge Creek. HLA calls these punishments “restrictions”, a term well-known around the campus. Even more severe punishments include “interventions,” where HLA might limit food, deprive students of sleep, or force them

to perform heavy physical labor. If students exhibit consistently good behavior, they are to be rewarded with “positive consequences” such as greater free time, participation in the student activity center and attending off-campus trips.

31. Throughout each student’s tenure at the school, Hidden Lake closely monitors how students communicate with their parents, other family members and friends. Specifically, students are allotted 15 minutes per week to call parents, with each phone conversation transpiring in the presence of at least one Hidden Lake employee who then records his or her observations typically in a notebook which then may be shared with other HLA personnel. Hidden Lake employees also read all incoming and outgoing mail to and from students, and all emails which as a general rule can only be sent to pre-approved family members. Hidden Lake claims that it must monitor such communications to ensure that students do not attempt to “manipulate” parents and to ensure the “confidentiality of counseling sessions.” Not surprisingly, this monitoring also ensures that it is very difficult for students to say anything negative about HLA while they are enrolled there, let alone disclose timely to parents the adverse facts concerning the day-to-day reality of their actual HLA experience. Indeed, this monitoring as a practical matter extends even to students’ off-campus visits with family, as HLA dissuades its students from disclosing their experiences with threats of restrictions on students’ return to campus.

32. Despite claiming to be a “therapeutic boarding school” with a comprehensive treatment program, Hidden Lake is not regulated as a mental health facility or a therapeutic residential child care program by the Georgia Department of Human Resources (“DHR”). Indeed, Hidden Lake has fought bitterly attempts by DHR to classify it as a mental health facility or a therapeutic residential child care program, to avoid being subject to appropriate state regulations. If Hidden Lake were classified as a mental health facility or a therapeutic residential child care program, it would face strict policing from DHR and receive far greater scrutiny from state regulators than it does now. For instance, DHR would closely monitor, among other things, that HLA’s teachers and therapeutic staff are properly credentialed.

**B. HLA’s Standard Form Enrollment Contract**

33. Parents or other caregivers must sign a form contract to enroll their children at HLA. Throughout the Class Period, the material terms of HLA’s enrollment contracts have been uniform. For instance, HLA’s standard form enrollment contracts provide that “HLA agrees to: (a) provide an education commensurate with the student’s abilities and capacities; (b) provide adequate room and board facilities; and (c) schedule vacations, holidays, and visits.” HLA’s standard form enrollment agreements also set out the total amount of money parents (or other caregivers) must pay to enroll their child in the program; mandates that all such payments be made in full and that parents must also pre-pay a non-refundable deposit

for the final three months of tuition for the program; provides that the contract “shall be enforced and interpreted under the laws of the State of Georgia”; and, as explained more fully below, contains an unconscionably broad and unenforceable release from *any* potential legal liability (presumably even for grossly negligent or even other egregious misconduct) of not only Hidden Lake, but also HLA’s “officers, directors, shareholders, employees, attorneys and agents.” According to the purported release:

RELEASE

Parent(s)/Guardian(s) and Student hereby voluntarily release and discharge HLA, its officers, directors, shareholders, employees, attorneys and agents from any and all claims, demands, actions suits or proceedings which such Parent(s)/Guardian(s), the Student or any other Parent(s), relatives or next of kin of the Student may have for any and all injuries, damages, and expenses, including, but not limited to, all personal injuries and illnesses and all damages to personal and real property caused by or arising out of, or otherwise related to the Student’s enrollment at HLA and/or the Student’s participation in any activity or program conducted by or on behalf of HLA. Parent(s)/Guardian(s) and Student further hereby voluntarily release and discharge HLA and Ridge Creek, Inc., their officers, directors, shareholders, employees, attorneys and agents from any and all claims, demands, actions, suits or proceedings which such Parent(s)/Guardian(s), the Student(s) or any other Parent(s), relative or next of kin of the student may have for any and all injuries, damages and expenses, including, but not limited to, all personal injuries and illnesses and all damages to personal and real property

caused by or arising out of, or otherwise related to the Student(s) participation in any activity or program conducted or provided by Ridge Creek, Inc.

34. HLA's standard form enrollment contract also contains an unconscionably broad provision purporting to shift to Class member families all of HLA's attorney fees and litigation expenses in "any" litigation between the parties, and another requiring Class member families to indemnify HLA for "any" liabilities. According to those provisions:

MISCELLANEOUS

(a) Should the Student's Parent(s) and/or any third party, including grandparents, not be able to agree on the rights of one or both Parents, or one or more third parties, with regard to communications from the School, access to academic and counseling reports, and communication with, access to, and visitation with the Student, then the School shall retain attorneys to determine these relative rights, and all costs and attorney's fees incurred by the School will be billed to the Parent(s)/Guardian(s) and/or Guarantor(s) responsible for the tuition and fees under the terms of this Agreement and paid immediately upon receipt.

(b) The undersigned agree that if any claims and/or litigation is brought against HLA by the undersigned or by any other party, or if any document, agents or employees of HLA are subpoenaed or otherwise required to be produced as evidence or testimony in any legal proceeding pertaining in any way to the Student or to the Student's attendance at HLA, then the undersigned shall indemnify and hold HLA harmless from any and all damages, judgments, costs and attorney's fees incurred by HLA as a result of said claims and/or litigation. All costs and attorney's fees incurred by the School will be billed to Parent(s)/Guardian(s) and/or Guarantor(s) responsible for the tuition and fees under the terms of this Agreement and paid immediately upon receipt.

(c) The undersigned agree that if HLA chooses to retain counsel as a result of actions taken by the Parent(s)/Guardian(s), by the Student, by the legal representatives of the

Parent(s)/Guardian(s) or the Student, or by any other person or entity in relation to the Student, then the undersigned will be responsible for all costs, expenses and attorney's fees incurred by HLA which shall be billed to the Parent(s)/Guardian(s) and/or Guarantor and become part of the tuition and fees under terms of this Agreement.

35. Currently, Hidden Lake charges students a base price of over \$5,900 per month for its program, and has charged over \$5,000 per month since at least 2001. As the program extends typically for a term of 17-21 months, Class member families typically have paid to HLA at least \$85,000 total to enroll their children there.

**C. HLA's Specific Representations to Parents Concerning HLA**

36. Prior to their child's enrollment at Hidden Lake, parents are given a detailed Handbook, totaling over 60 pages, spelling out specifically Hidden Lake's rules, regulations and academic requirements. Hidden Lake also disseminates information to parents through other avenues, like brochures, form letters, email and via its website.

37. Hidden Lake has throughout the Class Period made a number of representations to families, including Plaintiffs and other Class members, regarding HLA's educational and therapeutic programs, among other things. These representations were made in HLA's Handbook, website and in other documents including form letters to parents, and were intended to give HLA an air of exclusivity,

and to justify Hidden Lake's expensive tuition. For instance, Hidden Lake has represented, among other things, that it:

- a. charges a fixed monthly tuition amount which is "all-inclusive";
- b. offers a comprehensive academic program with classes taught by "state

certified teachers" who are supervised by a "certified learning disability specialist";

- c. provides a "safe environment";
- d. does not accept for enrollment at HLA any "court-ordered," "violent" or

"severely disturbed children";

- e. employs only "clinically trained" counselors who hold "a master's degree or higher";
- f. employs "a full-time nurse on staff seven days a week" who either personally distributes or "supervises trained staff" in distributing prescription medications "four times per day"; and
- g. enlists a pediatrician and a staff psychiatrist, who visit "the campus on a

weekly basis," to evaluate students as necessary, including to dispense prescriptions for psychotropic medications.

**D. The Truth Concerning Hidden Lake**



38. The truth concerning Hidden Lake throughout the Class Period has been far different from what Defendants portrayed. In fact, during the Class Period HLA misrepresented to families significant aspects of its educational offerings, operations and business practices, and omitted to disclose numerous material facts. These misrepresentations and omissions all similarly affected families' decisions to send their children to Hidden Lake, as all such families similarly relied on the veracity of HLA's statements in enrolling their children in the program. Among others, HLA's specific misrepresentations and omissions concern the purported certification of its teachers and counselors, the nature and background of the students it admits, the medical and other supervision it offers its students, and the purported "all-inclusive" nature of the tuition payments it charges families, all as explained more fully below.

**1. Certified Teachers**

39. Despite Hidden Lake's claims that all of its teachers leading classes are state certified, a significant number and, at times during the Class Period, overwhelming majority, of the teachers on Hidden Lake's staff have not been state certified. Indeed, over the past five years the number of certified teachers on Hidden Lake's staff have fluctuated at times between zero and three each year.

40. The reason why Hidden Lake failed during the Class Period to employ consistently certified teachers is twofold. First, because Hidden Lake's program runs all year, teachers are expected to work for 12 months, with no summers off. Second,

Hidden Lake reportedly pays well-below the market rate for teachers in the state of Georgia, with a pay scale ranging from \$30,000 to \$44,000.

41. Because of its difficulty in attracting and employing certified teachers consistent with its representations to families, Hidden Lake instead has employed unqualified teachers with no certification and little, if any, relevant training and insufficient experience.

42. Significantly, moreover, Hidden Lake attempts to address these deficiencies by gaming the Georgia state certification system by having uncertified teachers apply for provisional licenses. Although these applications are usually turned down ultimately by Georgia officials within six months or so, HLA during that time portrays to families that these teachers are certified in accordance with Georgia state law. Further, some of these uncertified teachers who apply for the provisional licenses have no intention of actually following-up on the certification process, but apply only so that Hidden Lake can claim, however misleadingly, that its classes are taught by "certified teachers." In other instances, uncertified teachers do not even bother going through with the charade of applying for provisional licenses.

43. In addition to having few certified teachers, Hidden Lake has during times throughout the Class Period not even employed any certified learning disability specialist. Thus, not only does Hidden Lake employ unqualified teachers, it employs unqualified teachers who are improperly supervised.

**2. Improperly-Titled Counselors**

44. Hidden Lake claims to offer an all-encompassing therapeutic program, the bulwark of which occurs in intimate peer group counseling sessions that are led by counselors who are “clinically trained” and hold “a master’s degree or higher.” However, a significant number of the counselors HLA has employed during the Class Period simply have lacked any clinical training in counseling or social work, while others hold master’s degree in areas completely unrelated to social work, counseling or psychology. Moreover, the overwhelming majority of the counselors HLA has employed throughout the Class Period have not been licensed by the State of Georgia which, among other things, violates O.C.G.A. § 43-10A.

45. The fact that HLA has misrepresented to families the credentials of the teachers and counselors it employs is all the more improper in the circumstances in view of HLA’s overall purported mission to provide an effective therapeutic program for troubled children and because of the significant role that peer group counseling supposedly plays in HLA’s program. In short, the credentials of HLA’s teachers and counselors are indisputably central to HLA’s mission.