

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

Human Resource Development Services, Inc., a  
corporation, also d/b/a Saint James School of  
Medicine and HRDS,

Delta Financial Solutions, Inc., a corporation, and

KAUSHIK GUHA, individually and as an officer  
of Human Resource Development Services, Inc.  
also d/b/a Saint James School of Medicine,

Defendants.

**Case No. 1:22-cv-1919**

**COMPLAINT FOR PERMANENT  
INJUNCTION, MONETARY  
RELIEF, AND OTHER RELIEF**

Plaintiff, the Federal Trade Commission (“FTC”), for its Complaint alleges:

1. The FTC brings this action under Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b), 57b, Section 6 of the Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing Act”), 15 U.S.C. § 6105; the Trade Regulation Rule Concerning Preservation of Consumers’ Claims and Defenses (“Holder Rule”), 16 C.F.R. Part 433; and the FTC’s Trade Regulation Rule Concerning Credit Practices (“Credit Practices Rule”), 16 C.F.R. § 444, which authorize the FTC to seek, and the Court to order, permanent injunctive relief, monetary relief, and other relief for Defendants’ acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), the FTC’s Telemarketing Sales Rule

(“TSR”), 16 C.F.R. Part 310, the Holder Rule, and the Credit Practices Rule, in connection with their deceptive marketing and sale of educational services.

### **SUMMARY OF CASE**

2. Defendants operate a for-profit medical school in the Caribbean called Saint James School of Medicine (“SJSM”) from their offices in Illinois. Defendants market enrollment at their Caribbean medical schools primarily to consumers from the United States; they state that 68.64% of the student body are American citizens. SJSM brochures provide a demographic breakdown of the student body and state that 60% of SJSM students are African American, Asian, or Hispanic or Latino.

3. Since at least April 1, 2018, Defendants have convinced consumers to enroll in SJSM with phony assurances regarding success on a standardized test and students’ job prospects. Namely, Defendants lure consumers with false guarantees of student success at passing a critical medical school standardized test, the USMLE Step 1 Exam (“USMLE”). Defendants also make false or unsubstantiated representations regarding potential students’ likelihood of matching into residency programs upon graduation from SJSM.

4. Defendants also market financing for their tuition and living expenses used for attending Defendants’ classes. Defendants’ financing contracts contain language attempting to waive consumers’ rights under federal law and omit legally-mandated disclosures.

### **JURISDICTION AND VENUE**

5. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345.

6. Venue is proper in this District under 28 U.S.C. § 1391(b)(2), (c)(1), and (c)(2), and 15 U.S.C. § 53(b).

**PLAINTIFF**

7. The FTC is an independent agency of the United States Government created by the FTC Act, which authorizes the FTC to commence this district court civil action by its own attorneys. 15 U.S.C. §§ 41–58. The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC also enforces the TSR, which prohibits abusive and deceptive telemarketing acts or practices, as well as the Holder Rule and Credit Practices Rule, which prohibit certain practices in connection with extending credit to consumers.

**DEFENDANTS**

8. Human Resource Development Services, Inc., also d/b/a Saint James School of Medicine and HRDS (“HRDS”) is an Illinois corporation with a principal address of 1480 Renaissance Drive, Suite 300, Park Ridge, Illinois 60068. HRDS transacts or has transacted business in this District and throughout the United States. At all times relevant to this Complaint, acting alone or in concert with others, HRDS has advertised, marketed, distributed, or sold education services including enrollment in medical school to consumers throughout the United States.

9. Delta Financial Solutions, Inc. (“Delta”) is an Illinois corporation with a principal address of 1480 Renaissance Drive, Suite 300, Park Ridge, Illinois 60068. Delta transacts or has transacted business in this District and throughout the United States. Delta provides financing exclusively for Saint James Medical School students. At all times relevant to this

Complaint, acting alone or in concert with others, Delta has advertised, marketed, distributed, or sold education services including enrollment in medical school to consumers throughout the United States.

10. Defendant Kaushik Guha is the Executive Vice President of Operations of HRDS. At all times relevant to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of HRDS and Delta, set forth in this Complaint. Defendant Guha is responsible for strategic direction and marketing approvals for HRDS advertising campaigns. Defendant Guha oversees the daily operations of the Renaissance Drive offices and the Caribbean medical school campuses. He is responsible for the school's accreditation and finance departments. He resides in this District and, in connection with the matters alleged herein, transacts or has transacted business in this District and throughout the United States.

#### **COMMON ENTERPRISE**

11. Defendants HRDS and Delta (collectively, "Corporate Defendants") have operated as a common enterprise while engaging in the deceptive acts and practices and other violations of law alleged below. Corporate Defendants have conducted the business practices described below through interrelated companies that have common ownership, officers, employees, and office locations. Because these Corporate Defendants have operated as a common enterprise, each of them is liable for the acts and practices alleged below.

## COMMERCE

12. At all times relevant to this Complaint, Defendants have maintained a substantial course of trade in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

## DEFENDANTS’ BUSINESS ACTIVITIES

13. Defendants operate Saint James School of Medicine (“SJSM”), a private, for-profit medical school, which has two campuses in the Caribbean – one in Anguilla and one in St. Vincent. Defendants describe themselves as a lower-cost alternative to American medical schools: “Receive the same high-quality medical education and opportunities as US and Canadian medical schools.”

14. Defendants’ curriculum is comprised of ten trimesters over the course of four years for each student. Defendants charge consumers tuition ranging from about \$6,650 to \$9,859 per trimester (depending on campus and course study). Between 2016 and 2020, Defendants have had approximately 1,300 students enrolled in their schools each year.

15. Defendants advertise SJSM via the Internet and email marketing. They have also advertised via radio and television. Defendants have purchased lead contact information for consumers who have taken the MCAT examination. Defendants both respond to incoming calls and place outgoing telephone calls to contact potential students and conduct a sales pitch for SJSM enrollment. Defendants utilize high-pressure sales tactics to persuade consumers to pay a \$55 application fee, a \$1,000 reservation fee, and enroll. SJSM telemarketers are instructed to try to collect the reservation fee during the telemarketing call itself, even telling consumers that they have 48 hours to pay the fee or risk losing their spot at the school. SJSM telemarketers are

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