

# *In re Grand Canyon Education, Inc. Securities Litigation*

**COURT:** United States District Court for the District of Delaware  
**CASE NUMBER:** 1:20-cv-00639-MN-CJB  
**CLASS PERIOD:** 01/05/2018 - 01/27/2020  
**CASE LEADERS:** Katherine M. Sinderson, Gregory V. Varallo  
**CASE TEAM:** Robert Kravetz, Michael Mathai

On May 12, 2020, Bernstein Litowitz Berger & Grossmann filed a class action lawsuit on behalf of its client, Fire and Police Pension Association of Colorado ("Lead Plaintiff") for violations of the federal securities laws in the U.S. District Court for the District of Delaware against Grand Canyon Education, Inc. ("Grand Canyon") and certain of Grand Canyon's senior executives (collectively, "Defendants") on behalf of investors in Grand Canyon common stock between January 5, 2018, and January 27, 2020, inclusive (the "Class Period"). The case is captioned *In re Grand Canyon Education, Inc. Securities Litigation*, No. 1:20-cv-00639-MN-CJB (D. Del.).

## **Lead Plaintiffs Have Settled the Action for \$25.5 Million**

Lead Plaintiffs Fire and Police Pension Association of Colorado, Oakland County Employees' Retirement System, and Oakland County Voluntary Employees' Beneficiary Association Trust (together, "Lead Plaintiffs"), on behalf of themselves and the Settlement Class, have settled the Action for **\$25,500,000** in cash (the "Settlement").

On August 22, 2024, the Court held a hearing to consider final approval of the Settlement and other matters. The same day, the Court entered a final Judgment approving the Settlement, an order approving the Plan of Allocation, and an order approving Lead Counsel's motion for attorney's fees and litigation expenses.

If you are a member of the Settlement Class, your rights will be affected and you may be eligible for a payment from the Settlement. The Settlement Class consists of:

all persons and entities who purchased Grand Canyon common stock during the period from January 5, 2018 through January 27, 2020, inclusive, and who were damaged thereby

Certain persons and entities are excluded from the Settlement Class by definition (see paragraph 26 of the Notice) or if they requested exclusion pursuant to the instructions set forth in the Notice.

Please read the Notice to fully understand your rights and options. Copies of the Notice and Claim Form can be found in the Case Documents list on the right of this page. You may also visit the case website, [www.GrandCanyonSecuritiesLitigation.com](http://www.GrandCanyonSecuritiesLitigation.com), for more information about the Settlement.

To be eligible to receive a payment under the Settlement, you must submit a Claim Form postmarked (if mailed) or submitted on-line by no later than **September 19, 2024**.

Payments to eligible claimants will be made only after the completion of all claims processing. Please be patient, as this process will take some time to complete.

## **IMPORTANT DEADLINE**

September 19, 2024

**Claim Filing Deadline.** Claim Forms must be postmarked (if mailed) or submitted on-line no later than September 19, 2024.

### **Background and History of the Litigation**

As alleged in the complaint, Defendants inflated Grand Canyon's financial results by spinning off its formerly for-profit university, Grand Canyon University, ("GCU") as a purportedly non-profit university, New GCU, which it used as an off-balance-sheet entity to which Grand Canyon was able to funnel expenses and costs in exchange for a disproportionate amount of revenue. Defendants repeatedly made false and misleading statements to investors describing New GCU as a "non-profit" and "independent" institution, misstating Grand Canyon's role as a third-party provider of education services, and misstating the Company's financial results. In addition, the Company failed to disclose to investors that it had received repeated communications from the U.S. Department of Education ("DOE") putting the agency's approval of the spinoff in doubt.

Lead Plaintiff alleged that the truth emerged through a series of disclosures beginning on November 6, 2019, when Grand Canyon announced that it had received a letter from the DOE denying its application for designation of New GCU as a non-profit. That denial was based on the DOE's finding, through an examination of several confidential analyses of the transaction commissioned by Grand Canyon's Board of Directors, that New GCU was Grand Canyon's "captive client" and that New GCU "is not the entity actually operating [GCU]." The DOE concluded that the relationship between Grand Canyon and New GCU violated "the most basic tenet of nonprofit status—that the nonprofit be primarily operated for a tax-exempt purpose and not substantially for the benefit of any other purpose or entity." Then, on January 28, 2020, financial analyst Citron Research published a second report expanding on the DOE's findings, citing hundreds of pages of non-public supporting documentation from Grand Canyon that Citron obtained through a Freedom of Information Act request. That report described Grand Canyon as the "educational Enron," using a "captive non-reporting subsidiary" to "dump expenses and liabilities, while receiving a disproportionate amount of revenue at inflated margins in order to artificially inflate the stock price." Lead Plaintiffs alleged that, as a result of these disclosures, the price of Grand Canyon common stock declined precipitously.

On December 21, 2020, Defendants moved to dismiss the Complaint. Lead Plaintiffs opposed that motion on February 19, 2021. Defendants filed their reply on March 22, 2021. The Court held oral argument on the motion to dismiss on May 26, 2021, and dismissed Lead Plaintiffs' complaint on August 9, 2021. Plaintiffs filed an amended complaint on January 21, 2022. Defendants filed their motion to dismiss the amended complaint on March 15, 2022. Lead Plaintiffs filed their opposition to that motion on May 6, 2022, and Defendants filed their reply in further support of their motion on June 3, 2022. Oral argument on the motion was held on October 25, 2022.

On February 17, 2023, Magistrate Judge Christopher J. Burke issued a Report and Recommendation to deny Defendants' motion to dismiss the Complaint. On February 27, 2023, Defendants filed objections to the Report and Recommendation and, on March 9, 2023, Plaintiffs filed their response to Defendants' objections. On March 28, 2023, after oral argument, the Court overruled Defendants' objections and adopted the Report and Recommendation, denying Defendants' motion to dismiss the Complaint.

Discovery in the Action commenced in April 2023. In response to Lead Plaintiffs' requests for production of documents, Defendants produced thousands of documents to Lead Plaintiffs. The Parties subpoenaed more than

ten third parties and received additional documents from them. In addition, the Parties met and conferred and exchanged numerous letters concerning disputed discovery issues over several months.

The Parties began exploring the possibility of a settlement in the fall of 2023. The Parties agreed to engage in private mediation and retained Michelle Yoshida of Phillips ADR Enterprises to act as mediator in the Action (the “Mediator”). On November 14, 2023, counsel for the Parties participated in a full-day mediation session before the Mediator. In advance of that session, the Parties exchanged and submitted detailed confidential mediation statements to the Mediator. The session ended without any agreement being reached.

On January 5, 2024, Lead Plaintiffs filed their motion for class certification and appointment of class representatives and class counsel, which was accompanied by a report from Lead Plaintiffs’ expert on market efficiency and common damages methodologies.

On February 21, 2024, the Parties participated in a second full-day mediation session before the Mediator. In advance of the mediation session, the Parties again exchanged and submitted confidential mediation statements to the Mediator. At the conclusion of this second mediation session, the Mediator made a recommendation that the Action be settled for \$25.5 million, which the Parties accepted.

On March 25, 2024, the Parties entered into a Stipulation and Agreement of Settlement, which sets forth the terms and conditions of the Settlement.

On May 1, 2024, the Court preliminarily approved the Settlement, authorized notice of the Settlement to be sent to potential Settlement Class Members, and scheduled the final Settlement Hearing for August 22, 2024 to consider whether to grant final approval to the Settlement.

At the final Settlement Hearing on August 22, 2024, the Court approved the Settlement and related motions. The same day, the Court entered a final Judgment approving the Settlement, an order approving the Plan of Allocation, and an order approving Lead Counsel’s motion for attorney’s fees and litigation expenses.

## Case Documents

- Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Hearing; and (III) Motion for Attorneys’ Fees and Litigation Expenses (“Notice”)
- Proof of Claim and Release Form (“Claim Form”)
- August 22, 2024 - Judgment Approving Class Action Settlement
- August 22, 2024 - Order Approving Plan of Allocation of Net Settlement Fund
- August 22, 2024 - Order Awarding Attorneys’ Fees and Litigation Expenses
- August 15, 2024 - Reply Memorandum of Law in Further Support of (I) Lead Plaintiffs’ Motion for Final Approval of Class Action Settlement and Plan of Allocation and (II) Lead Counsel’s Motion for Attorneys’ Fees and Litigation Expenses
- July 18, 2024 - Lead Plaintiffs’ Motion for Final Approval of Class Action Settlement and Plan of Allocation
- July 18, 2024 - Memorandum of Law in Support of Lead Plaintiffs’ Motion for Final Approval of Class Action Settlement and Plan of Allocation

- July 18, 2024 - Lead Counsel's Motion for Attorneys' Fees and Litigation Expenses
- July 18, 2024 - Memorandum of Law in Support of Lead Counsel's Motion for Attorneys' Fees and Litigation Expenses
- July 18, 2024 - Joint Declaration of Jeffrey W. Golan and Katherine M. Sinderson in Support of (1) Lead Plaintiffs' Motion for Final Approval of Class Action Settlement and Plan of Allocation; and (2) Lead Counsel's Motion for Attorneys' Fees and Litigation Expenses
- May 1, 2024 - Order Preliminarily Approving Settlement and Authorizing Dissemination of Notice of Settlement
- March 25, 2024 - Stipulation and Agreement of Settlement
- January 21, 2022 - Second Amended Consolidated Class Action Complaint
- May 12, 2020 - Grand Canyon Education - Initial Complaint
- May 12, 2020 - Grand Canyon Education - PSLRA Notice