

CAREER EDUCATION CORP
Form DEFA14A
May 15, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant ☒ X

Filed by a Party other than the Registrant ☐ O

Check the appropriate box:

- ☐ Preliminary Proxy Statement
☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
☐ Definitive Proxy Statement
☒ Definitive Additional Materials
☐ Soliciting Material Pursuant to §240.14a-12

Career Education Corporation
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- | | |
|-----|---|
| (1) | Title of each class of securities to which transaction applies: |
| (2) | Aggregate number of securities to which transaction applies: |
| (3) | Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): |
| (4) | Proposed maximum aggregate value of transaction: |
| (5) | Total fee paid: |
- ☐ Fee paid previously with preliminary materials.
☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- | | |
|-----|---|
| (1) | Amount Previously Paid: |
| (2) | Form, Schedule or Registration Statement No.: |
| (3) | Filing Party: |
| (4) | Date Filed: |

[The following materials were sent to Career Education Corporation's stockholders on or about May 15, 2006.]

URGENT

Dear Stockholder:

Attached you will find a press release from Career Education Corporation, issued after close of markets on Friday, announcing the dismissal of the shareholder derivative action, McSparran v. Larson, et al, by the United States District Court for the Northern District of Illinois. **We wanted you to be aware of this important event, since it is a critical step forward in effectively addressing Career's Education's legal and regulatory issues.**

As noted in the press release, the court's opinion stated that the only specific allegations are two instances of ex-employees making salacious claims that were repeated in a class action complaint and investigated by the SEC. The court also held that not every lawsuit means a board was negligent in its oversight and not every government investigation means a company's board must relinquish control over litigation on behalf of the corporation. This legal victory follows other significant wins over the past two months, as outlined in our release.

We urge you to vote for Career Education's nominees for the board of directors by signing, dating and returning the WHITE proxy card in support of Career Education's nominees so that we can continue this momentum.

Sincerely,

/s/ John M. Larson
John M. Larson

FOR IMMEDIATE RELEASE

Contact:

Media:

Pattie Overstreet-Miller
847/851-7351
www.careered.com

Lynne Baker
847/851-7006
www.careered.com

Career Education Corporation Announces Dismissal of Shareholder Derivative Suit

HOFFMAN ESTATES, IL, MAY 12, 2006 Career Education Corporation (NASDAQ: CECO) announced today that the United States District Court for the Northern District of Illinois has dismissed *McSparran v. Larson, et al*, a shareholder derivative action against the company and certain of its officers and directors. The court's order terminates this derivative litigation, first filed against the company in January 2004.

According to the court's opinion, the only specific allegations are two instances of ex-employees making salacious claims that were repeated in a class action complaint and investigated by the SEC. The court held that not every lawsuit means a board was negligent in its oversight and not every government investigation means a company's board must relinquish control over litigation on behalf of the corporation.

This latest legal victory follows significant legal and regulatory progress for the company in the past few months. The United States District Court for the Northern District of Illinois recently granted for a second time the company's motion to dismiss a class action against the company and certain of its current officers, holding that the plaintiffs once again failed to plead a violation of securities laws. The court gave the plaintiffs one last opportunity to file a third amended complaint, which was filed on May 1, 2006. As it has in the past, Career Education will continue to vigorously defend this lawsuit.

In early March 2006, a trial judge ruled that the California Bureau for Private Postsecondary and Vocational Education (the Bureau) improperly issued Career Education's Brooks Institute of Photography a Notice of Conditional Approval to Operate, and that the Notice is invalid.

Most significantly, the staff of the Midwest Regional Office of the Securities and Exchange Commission recently notified Career Education that it intends to recommend to the SEC that it terminate its investigation of the company and that no enforcement action be taken.

Recommendations by the SEC staff do not constitute final action by the SEC, as the SEC thereafter makes its own determination as to whether to follow the recommendations of the SEC staff.

The termination of the *McSparran* suit is additional evidence of the considerable progress we have made in addressing legal and regulatory issues, said Janice L. Block, Chief Legal Officer of Career Education. We are committed to setting the record straight and putting these issues behind us, consistent with our commitment to and priority of growing the company's value for our students and our stockholders.

About Career Education Corporation

The colleges, schools and universities that are part of the Career Education Corporation (CEC) family offer high quality education to more than 95,000 students across the world in a variety of career-oriented disciplines. The 80-plus campuses that serve these students are located throughout the U. S., Canada, France, the United Kingdom, and the United Arab Emirates and offer doctoral, master's, bachelor's, and associate degrees and diploma and certificate programs. Approximately one third of students attend the web-based virtual campuses of American InterContinental University Online and Colorado Technical University Online.

Career Education is an industry leader whose gold-standard brands are recognized globally. Those brands include, among others, the Le Cordon Bleu Schools North America; the Harrington College of Design; the Brooks Institute of Photography; the Katharine Gibbs Schools; American InterContinental University; Colorado Technical University and Sanford-Brown Institutes and Colleges. The mission of CEC, through its schools, its educators, and its employees is education their primary goal, to enable students to graduate successfully and pursue rewarding careers.

For more information see www.careered.com. The company's website also has a detailed listing of individual campus locations and web links for its 80-plus colleges, schools and universities.