



VETERANS LEGAL SERVICES CLINIC

YALE LAW SCHOOL

MEMORANDUM

**RE: VETERAN COMPLAINTS ALLEGING ILLEGAL
PRACTICES AT UNIVERSITY OF PHOENIX**

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Prepared For Veterans Education Success
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CONFIDENTIAL ATTORNEY WORK PRODUCT

Introduction and Overview

University of Phoenix is a very large for-profit university with large online enrollment and high GI Bill enrollment. The Department of Veterans Affairs (VA) has received a significant number of student complaints (from veterans, servicemembers, and veterans' dependents using the GI Bill) about University of Phoenix. Several hundred veterans, servicemembers, and veterans' dependents using the GI Bill at University of Phoenix also shared their experience with, and sought free legal assistance from, Veterans Education Success (VES).

These students allege, in short, that University of Phoenix misled veterans and servicemembers about the school's accreditation, the quality of education it provides, and post-graduation job opportunities; pressured students into taking loans and takes out loans for veterans without their consent; changed its program requirements for students already enrolled; and imposed hidden fees on students.

This memorandum, divided into two sections, analyzes the trends in student veteran complaints. It provides federal and state agencies both a roadmap to understanding the veterans' rights at issue as well as contact information for the students who hope federal and state agencies may be able to help them.

First, this memorandum presents the federal and state jurisdictional bases for taking action against University of Phoenix. The second section summarizes the hundreds of complaints veterans and servicemembers have submitted to VES regarding University of Phoenix and provides examples. The unredacted version of this memo given to state and federal agencies also includes each student's contact information and narrative explanation of the harm suffered. A recurring theme of these complaints is that University of Phoenix is not equipped to fulfill the essential function of an institute of higher learning. These complaints are organized according to the categories used by the Departments of Defense and Veterans Affairs, and are ordered as follows from categories with the most complaints to those with the fewest:

- Financial issues and student loans;
- Transfer of credits and accreditation;
- Post-graduation job opportunities;
- Quality of education and grading issues;
- Recruitment/marketing;
- Change in degree plan/requirements;
- Refund issues; and
- Release of transcripts.

Each of these categories is discussed, with a brief overview of the complaints, followed by the complaints themselves, with complainants' contact information.

I. Responsible Agencies

There are many state and federal agencies that bear some responsibility for protecting veterans from predatory universities. Some of these agencies have ongoing investigations into the University of Phoenix. However, most of those investigations have not reached a definitive conclusion and all but one have yet to result in any significant action against University of Phoenix.

A. Department of Education

The Department of Education's enforcement power arises under 34 C.F.R. 668.14(a): "An institution may participate in any Title IV, HEA program, other than the SSIG and NEISP programs, only if the institution enters into a written program participation agreement with the Secretary." All universities that depend on Title IV funds, including University of Phoenix, have signed such a written agreement and are thereby bound by Department of Education regulations. The Department of Education bears responsibility for enforcing these regulations, which exist for the joint purposes of protecting students and ensuring that the Department's funds are well spent.

These regulations impose several requirements on schools relating to deception, fraud and education quality. First, and most importantly, a university is prohibited from making "substantial misrepresentations" about the "nature of its educational program, its financial charges, or the employability of its graduates."¹ The definition of "substantial misrepresentation" is relatively broad: "Any false, erroneous, or misleading statement . . . includ[ing] any statement that has the likelihood or tendency to deceive . . . on which the person to whom it was made could reasonably be expected to rely, or has reasonably relied, to that person's detriment."² Many of the student veterans' allegations against University of Phoenix would fall within the scope of that definition.

Some more specific regulations concern the publication of employment information. Schools receiving Title IV funds are under a positive obligation to keep updated and accurate employment information about their graduates.³ Some separate provisions provide more specific rules for misrepresentation of graduate employability. Although the "false, erroneous, or misleading"⁴ standard is the same as the broader provisions, it does enumerate some specific areas of misrepresentation that may be particularly relevant to the student veteran complaints contained herein, including "[t]he institution's plans to maintain a placement service for graduates"⁵ and "[o]ther requirements that are generally needed to be employed in the fields for which the training is provided."⁶

¹ 34 C.F.R. § 668.71(b).

² 34 C.F.R. § 668.71(c).

³ 34 C.F.R. § 668.14(b)(10).

⁴ 34 C.F.R. § 668.74.

⁵ 34 C.F.R. § 668.74(b).

⁶ 34 C.F.R. § 668.74(f).

Additionally, schools are required to keep students up-to-date on their receipt of federal funds.⁷ Complaints by University of Phoenix students that they were not informed of their loan obligations prior to graduation may allege violations of this provision.

The Department of Education, in addition to imposing these requirements, has several tools to enforce them. Federal regulations specify processes by which the Department of Education can “limit or terminate an institution's participation in a Title IV, HEA program.”⁸ The Department of Education can also impose, through similar processes, a fine of \$27,500 per offense.⁹

B. Department of Veterans Affairs

The Post-9/11 GI Bill covers up to 100% of tuition for public colleges and universities, and offers approximately \$20,000 per year toward tuition at private colleges, as well as additional payments for living and books.¹⁰ VA administers and oversees all decisions regarding individual veterans’ and military dependents’ eligibility to receive education funds.¹¹

Under 38 U.S.C. § 3696, VA is obligated to disapprove VA tuition funds for institutions using deceptive recruiting or marketing toward veterans. Specifically, 38 U.S.C. § 3696(a) states: “The Secretary shall not approve the enrollment of an eligible veteran or eligible person in any course offered by an institution which utilizes advertising, sales, or enrollment practices of any type which are erroneous, deceptive, or misleading either by actual statement, omission, or intimation.” The statute’s plain language dictates that the Secretary *must* deny the enrollment of veterans in education programs engaging in deceptive practices.¹² In addition, as of 2012, the Secretary must not approve programs engaging in “incentive costs,” which reward recruiting and admissions officers based on the number of students they recruit, a practice which has been documented to incentivize recruiters to deceive students.¹³

Almost all of the complaints from student veterans that are contained herein allege deceptive and misleading practices by University of Phoenix, making the institution ripe for VA investigation and enforcement action.

⁷ 34 C.F.R. § 668.165.

⁸ 34 C.F.R. § 668.86.

⁹ 34 C.F.R. § 668.84.

¹⁰ 38 U.S.C. § 3313.

¹¹ See 38 U.S.C. § 3323.

¹² See generally, Erin Baldwin, Corey Meyer, and Rachel Tuchman, *Memorandum: Re: VA's Failure to Protect Veterans from Deceptive Recruiting Practices*, Yale Law School, Veterans Legal Services Clinic, Feb. 26, 2016, https://law.yale.edu/system/files/area/clinic/document/vlsc_ves-memo.pdf; see also *Lexecon, Inc. v. Milberg Weiss Bershad Hynes & Lerach*, 523 U.S. 26, 35 (1998) (“The mandatory ‘shall’ . . . normally creates an obligation impervious to judicial discretion.”).

¹³ “The Secretary shall not approve under this chapter any course offered by an educational institution if the educational institution provides any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any persons or entities engaged in any student recruiting or admission activities or in making decisions regarding the award of student financial assistance.” 38 U.S.C.A. § 3696(d)(1).

Once VA determines that an educational institution has engaged in deceptive practices, VA may take three actions affecting different groupings of G.I. Bill beneficiaries: suspend payments for veterans already enrolled in a course,¹⁴ disapprove new enrollments in a course,¹⁵ or disapprove new enrollments for the institution as a whole.¹⁶ VA must follow certain procedures regardless of which action it decides to take.¹⁷ First, the Secretary must provide both the State Approving Agency and the educational institution with written notice of any failure to meet the approval requirements.¹⁸ Second, VA must provide the institution 60 days to take corrective action.¹⁹ Finally, within 30 days of notice to the institution, the Secretary must provide each eligible veteran and person already enrolled written notice of VA's intent to take action against the educational institution.²⁰

For more details on VA's obligation to disapprove educational programs that engage in deceptive recruiting or marketing, please see Yale Law School, Veterans Legal Services Clinic, *Memorandum: Re: VA's Failure to Protect Veterans From Deceptive Recruiting Practices*, (Feb. 26, 2016), goo.gl/iFgD5c.

C. Federal Trade Commission

The U.S. Federal Trade Commission (FTC) not only has the authority of Congress to prevent persons and corporations from engaging in "unfair or deceptive acts or practices in or affecting commerce"—but it also has a directive to do so when in the interest of the public.²¹

Under Title 15 of the United States Code, an unfair act or practice is one that "causes or is likely to cause substantial injury to consumers which is not reasonably avoidable by consumers themselves and not outweighed by countervailing benefits to consumers or to competition."²² A representation, omission, act or practice is deceptive when it is likely to mislead the consumer; when the consumer's interpretation of the representation, omission, or practice is considered reasonable under the circumstances; and when the misleading representation, omission, or practice is material.²³

Almost all of the complaints from student veterans contained herein allege representations, deceptions, omissions, and practices by University of Phoenix that misled the students in reasonable ways regarding material facts about University of Phoenix, including its accreditation, cost, and other key factors that influence a student's decision to attend. Therefore, FTC has clear jurisdiction over University of Phoenix.

¹⁴ 38 C.F.R. § 21.4210(d)(1)(i).

¹⁵ *Id.* § 21.4210(d)(1)(ii).

¹⁶ *Id.* § 21.4210(d)(4).

¹⁷ 38 U.S.C. § 3690(b)(3)(B); see also 38 C.F.R. § 21.4210(e) (detailing the process that must accompany a mass suspension of funds, and of enrollments or reenrollments at educational institutions).

¹⁸ 38 U.S.C. § 3690(b)(3)(B)(i).

¹⁹ *Id.* § 3690(b)(3)(B)(ii).

²⁰ *Id.* § 3690(b)(3)(B)(iii).

²¹ 15 U.S.C. § 45(a)-(b).

²² 15 U.S.C. § 45(n).

²³ See FTC Policy Statement on Deception, available at https://www.ftc.gov/system/files/documents/public_statements/410531/831014deceptionstmt.pdf.

D. Department of Defense

University of Phoenix is a major recipient of Defense Department tuition assistance (TA) funds.

To be eligible for TA funds, an educational institution must sign a memorandum of understanding (MoU) with the Department of Defense (DoD).²⁴ This MoU imposes several important requirements on educational institutions, which the DoD is responsible for enforcing.²⁵

The MoU both references existing rules, giving DoD enforcement power over those regulations, and creates new obligations. Notably, the MoU incorporates Department of Education regulations concerning marketing and misleading practices (34 C.F.R 668.71-668.75 and 668.14).²⁶ These prohibit universities from making a “substantial misrepresentation about the nature of its educational program, its financial charges, or the employability of its graduates.”²⁷ A misrepresentation includes “[a]ny false, erroneous or misleading statement” by an educational institution to a student, directly or indirectly.²⁸ A “substantial misrepresentation” is “[a]ny misrepresentation on which the person to whom it was made could reasonably be expected to rely, or has reasonably relied, to that person's detriment.”²⁹ Many of the student veterans' allegations against University of Phoenix would fall within the scope of that definition.

The MoU also requires universities that are members of Servicemembers Opportunity Colleges (SOC) to comply with SOC's Principles and Criteria.³⁰ In some respects, these requirements are less detailed than those applicable to schools that are not members of SOC.³¹ Nevertheless, included in SOC's specifications is a requirement that the university “clearly and truthfully presents prospective students with the prospects for academic degree or credit acceptance”³² and “provides prospective students with a clear understanding of the total financial obligation they have undertaken by engaging in specific academic pursuits.”³³

The MoU also addresses some subjects in greater specificity than the rules it incorporates. The MoU requires that schools provide clear information to servicemembers, prior to enrollment, about how to finance their education. Servicemembers must be pointed to specific tools at the U.S. Consumer Financial Protection Bureau and Department of Education

²⁴ Department of Defense Instruction [hereinafter “DoDI”] 1322.25.

²⁵ *Id.*

²⁶ *Id.* at Appendix to Enclosure 3, Template of DoD MoU (3)(j).

²⁷ 34 C.F.R. § 668.71(b).

²⁸ 34 C.F.R. § 668.71(c).

²⁹ *Id.*

³⁰ DoDI 1322.25 Appendix to Enclosure 3, Template of DoD MoU, para 3m; www.soc.aascu.org/docs/default-source/default-document-library/soc-principles-and-criteria.pdf.

³¹ DoDI 1322.25 Appendix to Enclosure 3, Template of DoD MoU, para. 3n.

³² Standards of Good Practice for Servicemembers Opportunity Colleges, (1)(c), www.soc.aascu.org/docs/default-source/default-document-library/soc-principles-and-criteria.pdf.

³³ *Id.* (3)(a).

for comparing educational opportunities.³⁴ Additionally, the MoU sets out that schools must “[r]efrain from high-pressure recruitment tactics.”³⁵

Another area that the MoU treats with greater specificity is changes in degree requirements. Servicemembers must be given accurate degree requirement information upfront,³⁶ and all “[d]egree requirements in effect at the time of each Service member’s enrollment will remain in effect for a period of at least 1 year beyond the program’s standard length.”³⁷

Many servicemember and veteran complaints contained herein make allegations that fall squarely within the MoU’s requirements. Many servicemembers and veterans complain that University of Phoenix misled and deceived students about the cost of their program, engaged in aggressive marketing, and changed program requirements after the respective student was already enrolled in a program. The specific requirements that may have been violated are discussed in more depth in the complaint sections below.

The DoD may take disciplinary action by putting a school on probation or by revoking the school’s MoU and, therefore, its eligibility to participate in TA, “following written notice and an opportunity to respond for the failure to comply with any element.”³⁸ The DoD may also require a school to “[p]articipate in the Third Party Education Assessment process,”³⁹ which would involve scrutiny of the targeted program. This could result in the DoD terminating the MoU or passing the results of the investigation on to other enforcement agencies.

E. Consumer Financial Protection Bureau

The responsibility of the U.S. Consumer Financial Protection Bureau (CFPB) is to “regulate the offering and provision of consumer financial products or services under the Federal consumer financial laws.”⁴⁰ Specifically, the CFPB has congressional authorization to “prevent a covered person or service provider from committing or engaging in an unfair, deceptive, or abusive act or practice under Federal law in connection with any transaction with a consumer for a consumer financial product or service, or the offering of a consumer financial product or service.”⁴¹ A “covered person” includes “any person that engages in offering or providing a consumer financial product or service,” as well as any “affiliate” thereof who “acts as a service provider to such person.”⁴² However, the CFPB is limited to determining whether a covered person or service provider has violated any federal consumer financial laws.⁴³ In the case of institutions of higher education, the CFPB has authority to investigate both their lending and financial-advisory services.

³⁴ DoDI 1322.25 Appendix to Enclosure 3, Template of DoD MoU, para. 3f.

³⁵ *Id.* (3)(j)(3).

³⁶ *Id.* (4)(c)(1).

³⁷ *Id.* (4)(c)(4).

³⁸ DoDI 1322.25 Appendix to Enclosure 3, Template of DoD MoU, para. 1r(1).

³⁹ DoDI 1322.25 Appendix to Enclosure 3, Template of DoD MoU, para. 3e.

⁴⁰ 12 U.S.C. § 5491(a).

⁴¹ *Id.* at § 5531(a).

⁴² *Id.* at § 5481(6).

⁴³ *See id.* at §§ 5561(1), (5).

VES has not received information indicating that University of Phoenix offers its own private student loans. While many students allege that University of Phoenix took out federal loans without their knowledge, for example, or that University of Phoenix pressured them into taking out federal loans unnecessarily, none allege in their original complaint or in electronic responses to VES's follow-up questions, that University of Phoenix did so in connection with private loans. This distinguishes University of Phoenix from ITT Educational Services, Inc., and Corinthian College, both of which the CFPB successfully brought actions against, and both of which either provided financial products to students directly or were affiliates to such a provider.⁴⁴

Although a private loan system does not appear to exist at University of Phoenix, the CFPB may nevertheless assert investigative authority over University of Phoenix for two causes of action. First, University of Phoenix brokers loans to students by serving and representing itself as an intermediary between students and lenders, by arranging those loans (allegedly without students' consent in some cases), and by assisting students in completing loan applications. Second, University of Phoenix provides advisory financial services to students and prospective students regarding the payment of tuition and fees, which includes advice in connection with financial aid and loan programs. Such activity may well constitute offering and providing consumer financial products and services, which would in turn render University of Phoenix a "covered person" under the meaning of the Consumer Financial Protection Act of 2010, 12 U.S.C. § 5481(6).

If University of Phoenix is considered a "covered person," the CFPB has authority to issue a Civil Investigative Demand to University of Phoenix in its capacity as a "person [believed to] be in possession, custody, or control of any documentary material or tangible things, or may have any information, relevant to a violation" of federal consumer financial law.⁴⁵ Consumer financial laws that University of Phoenix may have violated, and which CFPB may bring an enforcement action under include 12 U.S.C. §§ 5531(a), 5536(a), 5564, and 5565, for engaging in unfair, deceptive, and abusive acts and practices. Complaints VES has received suggest that University of Phoenix might have engaged in deceptive practices by materially misrepresenting students' post-graduation job opportunities. The complaints further suggest that University of Phoenix might have engaged in substantially injurious unfair practices by, for example, pressuring students to take out unnecessary loans in order to increase Title IX funds available to the school.

F. State Attorneys General

In general, a particular state's attorney general is responsible for enforcing that particular state's consumer protection laws. However, state law determines whether a particular practice is illegal and, if so, what available remedies are available. Although there

⁴⁴ See Complaint for Injunctive Relief and Damages, *Consumer Financial Protection Bureau v. ITT Educational Services, Inc.*, No. 1:14-cv-292 (S.D. Ind. Feb. 26, 2014); Complaint for Permanent Injunction and Other Relief, *Consumer Financial Protection Bureau v. Corinthian Colleges, Inc.*, No. 14-7194 (N.D. Ill. Sept. 16, 2014).

⁴⁵ 12 U.S.C. § 5562(c)(1).

are some commonalities in state consumer protection law, such laws vary greatly from state to state.⁴⁶

This variation is due, in part, to the absence of any single inspiration for state consumer protection laws.⁴⁷ State laws are based on the Uniform Deceptive Trade Practices Act, the Uniform Consumer Sales Practices Act, the Federal Trade Commission Act, or some combination of the three.⁴⁸

All states prohibit deception, although not always in the same way. Forty-three states prohibit deception broadly, while seven only prohibit particular types of deceptive acts.⁴⁹ Some states, in line with the Uniform Consumer Sales Practices Act, use both approaches to prohibit deception. The heart of a deception claim in states with broad deception statutes is an act or practice that tends to deceive, or is capable of deceiving, a reasonable consumer.⁵⁰ States differ, though, on whether proof of intent is a required and whether actual consumer deception needs to have occurred for there to be a violation of state law.⁵¹

Although consumer protection law varies, lawsuits against institutions of higher education tend to focus on deception claims, often concerning job opportunities. One such complaint filed by the Colorado Attorney General focused on colleges that allegedly exaggerated job opportunities and claimed to offer programs that they did not actually offer.⁵² Some lawsuits, such as those in Iowa and Massachusetts, alleged misrepresentation of “urgency of enrollment” or high pressure sales tactics although both paired that with more straightforward claims about employment opportunities, quality of education, and transferability of credits.⁵³ Many of these are similar to the complaints by students against University of Phoenix, contained herein.

⁴⁶ Brown, Alan and Hepler, Lee, Comparison of Consumer Statutes Across the Fifty States, 55 FDCC Q. 263 (2005), 266-67.

⁴⁷ National Policy & Legal Analysis Center to Prevent Obesity, Consumer Protection: An Overview of State Laws and Enforcement (2010), <http://www.publichealthlawcenter.org/sites/default/files/resources/phlc-fs-agconsumer-2010.pdf>.

⁴⁸ Brown & Hepler, *supra*, at 266.

⁴⁹ UDAP Report, 11.

⁵⁰ National Policy & Legal Analysis Center to Prevent Obesity, Consumer Protection: An Overview of State Laws and Enforcement (2010), <http://www.publichealthlawcenter.org/sites/default/files/resources/phlc-fs-agconsumer-2010.pdf>.

⁵¹ Brown & Hepler, *supra*, at 270.

⁵² Complaint, Colorado v. Center for Excellence in Higher Education (2015), <http://republicreport.wpengine.com/wp-content/uploads/2015/02/Complaint-2014-12-01-17-42-24-.pdf>.

⁵³ Massachusetts v. Corinthian, Inc. (2014) <http://www.mass.gov/ago/docs/press/2014/everest-complaint.pdf>; Iowa Assurance of Voluntary Compliance with Ashford, https://www.iowaattorneygeneral.gov/media/cms/Bridgepoint_Ashford_Iowa_Attorney_G_F0271005A595B.pdf

II. Complaints Submitted to VES

A. Financial Issues/Student Loans

The most common complaint about University of Phoenix that veterans brought to Veterans Education Success is that students were misled about the cost of their education. Nearly three hundred veterans and servicemembers made complaints along these lines.

Numerous veterans told VES they wound up with thousands—often tens of thousands—of dollars in student loan debt from University of Phoenix. Many students describe being convinced to enroll at University of Phoenix based on promises that the GI Bill would cover their tuition and that they would not need to take out loans, promises which turned out to be false or misleading.

C.B. reports, *“I was recruited to [University of Phoenix] with a degree plan that would allow me to complete my degree with about 6 months to spare on my GI Bill. After my first semester I was informed that the information I was given was inaccurate and that I'd actually have to pay out of pocket for a semester.”*

Other students were encouraged to take out loans, even when these loans seemed unnecessary. B.S. reports, *“Even though I had my GI bill and post 9-11 funding they told me I was still required to get a personal loan because it did not cover everything. Upon speaking with the VA they stated I shouldn't have had to pay anything as it should've been fully covered. Now I'm in debt for 80k and can barely make the payments let alone the high interest rate.”*

In other, more extreme cases, students report that University of Phoenix took out loans on their behalf without their consent. C.L. told VES *“I told the school that I wanted to use my GI bill and that if for some reason it was denied to cancel everything because I couldn't afford it and that I didn't want no student loans. They waited until I finished my first semester to tell me that my GI bill was denied and that they had signed me up for Sallie Mae.”*

Along the same lines, J.G. reports *“I was enrolled into a loan for the first month of the programs and I wasn't aware until I started getting the letters after I had graduated from [University of Phoenix]. The loan was used to pay of the beginning class and the whole time I thought it was taken care of through my GI bill.”*

Additionally, many students report that University of Phoenix repeatedly raised tuition costs over the time that they were enrolled, leaving them with a choice between incurring unexpected debt and completing their original degree plan. T.M. alleges, *“I was signed up by [University of Phoenix] because they offered special pricing for Vets. Then when I spent two years they said that I no longer qualified for the special rates and classes doubled in price. I looked into other schools at that time and they wouldn't take the credits. I had to stay at U of P to finish my degree at twice the price.”*

C.H. told VES that *“Course requirements change[d] to the point that costs continually increased and now my GI Bill was not enough to cover the costs. I have \$17000 in student loans due and only an Associates degree to show for it.”*

Many other students report irregularities with their housing stipends, hidden fees, and misinformation about the financial consequences of withdrawing from courses.

Although this public version of the memo does not list student complaints, the full complaints, along with contact information, were given to law enforcement agencies in the unredacted version of this memo.

B. Transfer of Credits/Accreditation

Well over one hundred students have reported difficulty getting University of Phoenix's credits and degrees accepted by other educational institutions, employers, and state certification agencies, contrary to University of Phoenix's promises. For example, M.M. reports, *“Halfway through my degree we were informed that the degree in psychology did not lead to accreditation for licensure in the state for counseling.”*

In addition to deceptions about the job market's acceptance of University of Phoenix's degrees, University of Phoenix also apparently deceived students about their ability to transfer University of Phoenix credits to more respectable public and private colleges.

For example, C.E. told VES, *“I was told these credits would transfer anywhere nationwide but as I begin my translation from active duty I found out they will not transfer to the schools in my home state. I wasted my time and 15 credits for nothing.”*

M.R. represents a typical experience when he reports, *“I went to switch schools and they wouldn't transfer any of my credits.”*

University of Phoenix's alleged misrepresentations about the transferability of its credits harms students by diminishing the value of their work and leaving them holding worthless credits. It also prevents them from moving to another institution if they are dissatisfied with University of Phoenix, leaving students feeling imprisoned at University of Phoenix because of a lack of credit transferability.

J.P. highlights this dilemma: *“So now I am half way through a Masters Program and cannot finish it unless I come up with 3K. I cannot go to any other school because supposedly my credits won't transfer. I would have to start all over again.”*

Other students were misled about whether University of Phoenix would accept credits that they wanted to transfer from other institutions, particularly credits that they had earned in the military. G.R. reports, *“I chose [University of Phoenix] initially because they started I would get 28 credits from my military time. 2 classes in, I was told that 28 credits was really 11.”*

Although this public version of the memo does not list student complaints, the full complaints, along with contact information, were given to law enforcement agencies in the unredacted version of this memo.

C. Job Opportunities

VES received over one hundred complaints from students alleging that their degrees from University of Phoenix did not give them a competitive edge in the job market. On the contrary, many students claim that their University of Phoenix degrees *disadvantage* them, because employers do not trust the quality of education that University of Phoenix provides or recognize the legitimacy of a University of Phoenix degree. In even more troubling complaints, students allege that University of Phoenix actively misled them regarding the value of a University of Phoenix degree on the job market, falsely promising career support and job opportunities and that never materialized.

Representative of such complaints is J.C.'s: *"No job seems to even consider this degree or sees it and passes over... No assistance with job placement or contact from anyone after degree. Seems like kicked to curb soon as your done [sic]."*

Many students suggest that the reason for their being passed over on the job market is because employers perceive a degree from University of Phoenix as a "joke," a word that appears in the complaints below frequently. A.F.M., for example, claims, *"The expensive education I paid for is seen as a joke and I now owe \$50k for two degrees that seem useless."*

However, many students allege that, despite a dearth of job opportunities for its students, University of Phoenix made high promises for the marketability of its degrees *ex ante*. Students relied on these promises when they enrolled and committed to taking out student loans, to their detriment.

S.C.'s experience resonates with many of the complaints VES received on this point: *"Counsellors made it sound like this degree was going to help me get hired faster, promote faster, in the criminal justice field! Had to find out the hard way, I'm making the same amount of money with it or with out it!! Feel like it was a waste of time and money! On top of all of this I'm paying over \$ 500 a month in student loans!"*

In some cases, students allege that University of Phoenix's deception was even more blatant. D.M., for example, wanted to join the burgeoning IT industry, and he claims that University of Phoenix targeted and exploited this desire with false promises: *"[University of Phoenix] had stated, very publicly, that [t]hey had job placement opportunities and that their education was the gateway to the IT industry. There was NO job placement assistance and the education that I received was barely entry level based on further interviews with IT human resource managers."*

Another common field where students feel especially misled by University of Phoenix is law enforcement. *"I was initially recruited at a job fair,"* says B.H., *"and was told that*

[University of Phoenix] was fully accredited and all law enforcement agencies accept this is a viable degree. I have applied for over a hundred probation officer jobs and rarely ever get a call back. I spoke with a recruiter once that told me I would have a very difficult time finding a job in probation with that degree and he was right. I owe over \$40K in student loans and can't get a job in the career field I trained so long to do."

There are many more complaints below that center specifically on promised job opportunities in IT and law enforcement, fields which are especially attractive in today's information economy and to people with military skill sets, respectively. Ironically, it would seem that University of Phoenix students have unique disadvantages breaking into these fields.

Ultimately, the harm students claim they've suffered is both monetary drain and demoralization. N.D.N. speaks for many when she characterizes the situation as follows: *"My student loans are insane and my job prospects are low."*

And this situation takes a heavy toll on men and women who both served their country and attempted to better themselves through an education. D.T. states, *"I am a 12 year US Navy Veteran with a Bachelor's Degree as well as a Master's Degree yet I earn less than before I enlisted in college."* He goes on to say that he cannot understand how this absurdity has come to pass.

Although this public version of the memo does not list student complaints, the full complaints, along with contact information, were given to law enforcement agencies in the unredacted version of this memo.

D. Quality of Education and Grading Issues

Complaints about the quality of University of Phoenix's education paint a disturbing picture of ongoing recruiting misrepresentations that do not stop once a student initially enrolls. Students have filed complaints relating to nearly every conceivable aspect of the educational quality at University of Phoenix, from course offerings to curricula to instructors themselves to a lack of academic support.

Many students complained that the courses that they were enrolled in were too easy—that too little was expected of them. J.C. reported to VES that *"I knew after starting with [University of Phoenix] that anyone could pass and that the courses were a joke."* His complaint, like many others drives home the point by noting that other University of Phoenix students who put in no effort at all nevertheless managed to pass.

C.B. noticed that *"As I progressed through the classes, I noticed people who did very little to contribute were also passing, often admitting to getting better grades than me on team assignments. It was very clear there was a problem with the grading practices when I saw people giving powerpoint presentations that they couldn't even pronounce the words on their slides that they put there, let alone know what they were talking about."*

J.N. speaks for many veterans when he reports that *“after over a year of classes, I haven't felt like I have learned a single thing, more than the fact [University of Phoenix] is not for me.”*

Other students buttress these observations by noting the poor quality of instruction and apathy of instructors. R.H. told VES that *“The instructors were only there half the time and impossible to get a hold if you needed them quickly. I regret every second I went to that school.”*

K.V. accuses University of Phoenix of *“Using instructors whom teach nothing to the student, we all learn by ourselves.”* Along similar lines, J.B. reports, *“You have students posting and receiving credit for things that are completely off topic. The instructors say that they lead the discussions and all they do is post the initial question. There is no guidance from there for the discussions that have to be participated in.”*

Another frequent issue is academic advisors playing a smaller role than was promised. J.B. described to VES an effort to get help from his advisor: *“when I needed help trouble disputing a disagreement with an instructor my academic counselor in a nutshell told me that she couldn't advocate for me and that I'd essentially had to fail the course and she'd try to appeal a final failing grade should that be the grade I get. She also mentioned that she's never seen an appealed grade actually be over turned which threw me for a loop (what's the point of appealing then). Everyone with the exception of a hand full of people doesn't know what the hell they're doing, it's like a call center with nothing but new hires. You can call in multiple times about the same issue and get a different answer each time.”*

Although this public version of the memo does not list student complaints, the full complaints, along with contact information, were given to law enforcement agencies in the unredacted version of this memo.

E. Recruitment/Marketing

Nearly one hundred students submitted complaints to VES alleging that University of Phoenix misled or deceived them during its aggressive, high-speech recruitment process or through its marketing materials. Allegations that University of Phoenix misrepresented the cost of tuition and modes of payment, transferability of credits, and post-graduate job opportunities to recruits appear especially often.

Several whistleblowers who are longtime recruiters for the University, including several high-ranking current recruiters, report (and provide documentation showing) intense pressure on recruiters to meet minimum enrollment numbers. They also report they are often pushed to mislead prospective students about graduates' job prospects, educational quality and the specifics of degree and program offerings. Some of these whistleblowers report they have spoken up to their supervisors to complain that they are not comfortable with the level of deceit, but they are severely reprimanded for doing so. Some of the misleading statements are public and accessible to law enforcement. For example, an IT degree is advertised on

the website in a way that implies the degree will lead to many high level IT jobs, even though the University and its recruiters know the degree is not sufficient for those jobs.

Many students allege that the University of Phoenix recruitment process proceeds so rapidly as to be disorienting. *"The onboarding process moved so fast I wasn't really aware of what was happening,"* recalls C.W.

K.S. had a similar experience: *"When I was recruited to go to [University of Phoenix] I [sic] was not given the chance to fully read the contract, I was 'lead' [sic] through it and told where to sign. Little did I know he wasn't explaining everything and obviously did not have my best intentions in mind."* University of Phoenix recruiters are also aggressive, several complaints allege, especially by phone, and so much so as to prove harassing to students.

R.D. tells an especially disconcerting story in this connection. *"These people are crooked. I used my post 9/11 benefits and tuition assistants [sic] and the school made me take a student loan out because that did not pay for all of my classes. They still call me and want me to come back but I [sic] can not afford it [sic] any more since I am disable [sic] now."*

More substantively, students also allege that University of Phoenix recruitment practices involve both misrepresentations and deceptions. L.L. is representative in claiming that University of Phoenix deceived him about how far his G.I. Bill funds would stretch in paying for his education: *"Originally they told me I would be able to finish my degree without having to take student loans out but that quickly changed. The money the government gave me was not enough to pay for [University of Phoenix] because classes were so expensive."*

Recruiters also allegedly mislead students about transferability of credits. For example, K.Z. reports, *"When talking to a recruiter for [University of Phoenix] I was advised that they were accredited and that most traditional 4 year colleges and universities would accept transfer credits from them. This has been proven to be a fallacy."*

Perhaps the complaints in this category are best summarized by S.W., when she writes, *"Promises made during recruitment...were bogus."*

Although this public version of the memo does not list student complaints, the full complaints, along with contact information, were given to law enforcement agencies in the unredacted version of this memo.

F. Change in Degree Plan/Requirements

Some University of Phoenix students report sudden changes in their degree plan, course requirements, and course availability that seriously affected their educational opportunities and outcomes.

A number of students report that, while attending University of Phoenix, additional courses were added to their degree requirements, lengthening the time and increasing the

amount of money they spent at the school. C.W. told VES that this had happened to him three times.

D.Z. similarly reports, *"[University of Phoenix] kept adding classes to my degree stating that the course had changed."*

B.D. described a similar experience: *"I enrolled at [University of Phoenix] Small Business and Entrepreneurship Degree. It was the only degree I could find that was accredited and my GI Bill would cover. Half way through my degree [University of Phoenix] 'lost their accreditation' for the class. I couldn't transfer my credits to a local university and was forced to finish my degree at [University of Phoenix] in Business Management."*

Many University of Phoenix students describe taking a brief amount of time away from school and returning to find that their degree program was no longer available or that the previous credits they had earned no longer counted toward it. G.E. told VES, *"I spent a year plugging away at the latter half of my bachelors degree and made substantial progress before I got sent on a combat deployment. When I returned I attempted re-engage and continue my degree pursuit when the school unequivocally told me that my program had been terminated. I was offered another 'similar' program to enroll in but several of my classes somehow wouldn't count because they weren't 'quite right' for the new program."*

P.C. describes a similar experience after returning from an absence of two years: *"I called to re enroll and the lady on the phone was really snotty and said the curriculum has changed and they added some classes to the program. I asked if I can complete what I originally signed up for and she said no, that I should have come back sooner. I got discouraged and left it alone."*

Other students describe feeling misled about the amount of time it would take them to earn a degree. M.D. learned toward the end of his program that he was required to take a number of additional classes. He told VES, *"I feel as if they lied to me initially, hid it from me, or at least cheated me of my credits or proper explanation. During my time with them I have had three different academic advisors and financial advisors neither of which took the time to explain to me I actually have more classes to take besides the ones that are showing on my program plan."*

Although this public version of the memo does not list student complaints, the full complaints, along with contact information, were given to law enforcement agencies in the unredacted version of this memo.

G. Refund Issues

Over twenty students complained about University of Phoenix's refusal to provide refunds of various kinds. In about a third of these complaints, students allege that University of Phoenix refused to refund money that VA paid the school before a given student withdrew his or her enrollment. Two complaints allege the same regarding Title IV funds.

In J.M.'s case, University of Phoenix wrongfully retained the money paid by VA and even displaced the burden of refunding VA onto the student: *"Withdrew, but [University of Phoenix] never returned VA money. Had to repay VA myself,"* she writes.

In other complaints, University of Phoenix's refund practices range from forcing students to bear the costs of institutional errors to charging students for classes the students did not take. For example, M.C. informed his University of Phoenix adviser that he needed to stop taking classes for financial reasons. *"A month and half later,"* he writes, *"I was told by the VA that I owe money because [University of Phoenix] never stopped my notice of discontinuing my education and now I have to pay back over \$1200... My wife is on kemo [sic] and is ill, I have 4 kids and now this! Wish the university would of [sic] done their part."* Thus far, University of Phoenix has failed to acknowledge its error in M.C.'s case.

In another troubling case, University of Phoenix did provide a refund to the student, E.E., but the check University of Phoenix sent bounced, resulting in banking fees which University of Phoenix did not pay.

These complaints, taken collectively, suggest that University of Phoenix provides refunds only when under high pressure, as when exerted by VA, and that, when its errors are profitable, it tends not to correct them at all. Although this public version of the memo does not list student complaints, the full complaints, along with contact information, were given to law enforcement agencies in the unredacted version of this memo.

H. Release of Transcripts

Fifteen students claim that University of Phoenix refused to send them their transcripts upon request, which obstructs both future educational and career-related opportunities. D.B.'s complaint is representative of this category: *"Thy will not release my transcripts and I cannot go to a local college until I pay them."*

Other complaints similarly suggest that University of Phoenix holds the transcripts, demanding payment for new, unexplained charges. M.G. tells an especially troubling story about how University of Phoenix refused to issue her transcript to her due to an error self-admittedly committed by the institution itself:

While attending the [University of Phoenix] online, I was in my last semester before graduating and my financial advisor assured me that my last student loan disbursement completely covered all remaining classes and fees, with even a little bit of funds left over. A few weeks before graduation, I was told that I owed the school just shy of \$3500 and that I would not receive my diploma until paid in full. I argued this with my financial advisor and he said it was a mistake by the school but there was nothing he could do about it. I was able to attend graduation ceremonies but was not issued my diploma. The school also refused to give me an official copy of my transcripts to prove completion of my program. Because of this, I have been unable to obtain a teaching position anywhere. I worked hard for my degree and graduated with

honors, but cannot even get an official copy of my transcripts so that I can teach...even though the debt is entirely the schools fault.

The following veterans, servicemembers, and dependents complained to VES that University of Phoenix withheld their transcripts on the condition that new charges be paid or in error. All these students previously agreed that their contact information and story may be shared with state and federal agencies that may be able to help them.

III. Conclusion

These several hundred complaints by veterans and service members raise concern about potentially illegal recruiting practices by University of Phoenix that fall squarely within the jurisdiction of the federal agencies listed herein. They deserve serious attention and review by those agencies.