



Durbin, Takano: VA Must Protect Veteran Students in Wake of FTC Settlement with For-Profit Colleges

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WASHINGTON – U.S. Senator Dick Durbin (D-IL) and U.S. Representative Mark Takano (D-CA-41), along with several of their colleagues, today sent a letter to Secretary of Veteran Affairs Robert Wilkie urging the Department of Veteran Affairs to protect veteran students in the wake of Federal Trade Commission (FTC) settlements with for-profit Career Education Corporation (CEC) and University of Phoenix (UOP) for unfair, deceptive, and abusive practices.

In August, the FTC announced a \$30 million settlement with CEC, which enrolls more than 7,500 veterans using Post-9/11 GI Bill benefits at its American Intercontinental and Colorado Technical University brands and took in more than \$60 million in GI Bill funds in Fiscal Year (FY) 2018. The FTC found that CEC and its subsidiaries used “an illegal and deceptive telemarketing scheme”—wrongfully obtaining consumer information and “falsely representing that its schools were affiliated with or recommended by the military.”

This week, the FTC announced a \$191 million settlement with University of Phoenix over “deceptive advertising.” The FTC found that UOP “falsely touted their relationships and job opportunities with companies such as AT&T, Yahoo!, Microsoft, Twitter, and the American Red Cross” in an effort to attract students. According to VA,

University of Phoenix—the largest recipient of Post-9/11 GI Bill benefits since the program’s creation—enrolls 22,365 veterans and took in more than \$150 million in GI Bill funds in FY18.

Federal law, specifically 38 U.S.C. § 3696(a), states that “the Secretary shall not approve 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 also specifically provides authority for VA to rely on FTC for purposes of making determinations under section 3696(a).

“What steps will VA take to fulfill its statutory responsibilities under 38 U.S.C. § 3696(a) based on FTC’s investigation and findings of wrongdoing against Career Education Corporation and University of Phoenix?” the members wrote.

Today’s letter was also signed by: U.S. Senators Jack Reed (D-RI), Richard Blumenthal (D-CT), and Sherrod Brown (D-OH), and U.S. Representatives Susan Davis (D-CA-53), Mike Levin (D-CA-49), and Katie Porter (D-CA-45).

Full text of today’s letter is available [here](#) and below:

December 20, 2019

Dear Secretary Wilkie:

We write today in the wake of Federal Trade Commission (FTC) settlements with for-profit Career Education Corporation (CEC) and University of Phoenix (UOP) for unfair, deceptive, and abusive practices. We urge you to take action to protect student veterans.

In August, the FTC announced a \$30 million settlement with Career Education Corporation. According to the Department of Veterans Affairs (VA), CEC enrolls more than 7,500 veterans using Post-9/11 GI Bill benefits at its American Intercontinental and Colorado Technical University brands and took in more than \$60 million in GI Bill funds in FY18. The FTC found that CEC and its subsidiaries used “an illegal and deceptive telemarketing scheme”—wrongfully obtaining consumer information and “falsely representing that its schools were affiliated with or recommended by the military.”

Just this week, the FTC announced a \$191 million settlement with University of Phoenix over “deceptive advertising.” The FTC found that UOP “falsely touted their relationships and job opportunities with companies such as AT&T, Yahoo!, Microsoft, Twitter, and the American Red Cross” in an effort to attract students. Specifically, FTC

found that the deceptive advertising “targeted active duty servicemembers, veterans, and military spouses...” According to VA, University of Phoenix—the largest recipient of Post-9/11 GI Bill benefits since the program’s creation—enrolls 22,365 veterans and took in more than \$150 million in GI Bill funds in FY18.

38 U.S.C. § 3696(a) states that “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 provides authority for VA to rely on the FTC’s investigatory expertise and findings in making determinations under this provision. In these cases, the FTC found evidence of wrongdoing against both CEC and UOP that would violate 38 U.S.C. § 3696(a). Though 38 U.S.C. § 3696(a) does not require misconduct to be specific to veterans in order to be covered, the fact that veterans and military students were the target in both of these cases makes it even more critical for VA to act. What steps will VA take to fulfill its statutory responsibilities under 38 U.S.C. § 3696(a) based on FTC’s investigation and findings of wrongdoing against Career Education Corporation and University of Phoenix?

We ask for your response no later than January 10, 2020. Thank you for your consideration.

Sincerely,

