



October 13, 2017

Ethics Office
U.S. Department of Veterans Affairs
810 Vermont Ave, NW
Washington, DC 20420
RE: Docket VA-2017-V ACO-0001-0227 (82 FR 43288)

Dear Sir/Madam:

We understand the Department of Veterans Affairs (VA) plans to amend its recent proposal to waive a federal ethics statute (38 USC 3683) in order to specifically allow “all VA employees” to “receive any wages, salary, dividends, profits, gratuities, or services from, or own any interest in, a for-profit educational institution.”

We thank you for considering a much more narrow exemption. Common sense suggests veterans would not be served by allowing financial entanglements between VA employees and colleges that have consistently defrauded veterans to enrich themselves with GI Bill benefits earned by these soldiers in defense of our country.

Since the passage of the [Post 9/11 GI Bill in 2008](#), tens of thousands of veterans of the conflicts in Iraq and Afghanistan have used their federal education benefits to get college degrees or technical training at colleges and universities across the country.

Unfortunately, for-profit institutions have lured veterans into signing away their GI Bill education benefits and signing up for tens of thousands of dollars in student loans to pay for the exorbitant tuitions they charge. For-profit institutions typically promise a quality education and “guaranteed jobs,” neither of which is delivered. Since many of these colleges, or their degree programs, are not properly accredited, students are unable to work in the fields in which they have studied. Instead, student vets exhaust their federal education benefits and build mountains of student loan debt, while receiving non-transferable credits, worthless degrees or no degrees at all.

The Veterans’ Student Loan Relief Fund was created by Jerome Kohlberg, a World War II veteran and early champion of the Post-9/11 GI Bill. The fund, which is administered by Scholarship America, provides grants of up to \$5,000 to qualified active-duty military, veterans and family members who were defrauded by for-profit educational companies.

We have heard from thousands of veterans. Here are just a few stories we’ve verified.

Marc Alliotta, 26, Los Angeles, CA, Army, served in Iraq

Marc's dream was to make documentaries. The Los Angeles Film School, a for-profit company, appeared to be the place to go. It catered to soldiers and offered a technical filmmaking program that the school's recruiter said would lead to a job. The school's aggressive sales tactics included offering him a \$4,000 "scholarship." Marc worked toward his associate's degree until he found out that it was worthless and that he couldn't transfer his credits to other schools. Marc now shoulders \$100,000 in student debt, but he is working hard to make a new life for himself. With a 3.85 GPA, he is finishing his bachelor's degree at Loyola Marymount University (a degree he started at New Jersey's Rutgers University) and is planning to go to law school next fall.

Bryan Babcock, 34, Bellevue, WA, Marine Infantry and National Guard, served in Iraq

In 2004, Bryan was a Marine on the front lines in the Second Battle of Fallujah. When he returned to the U.S., his goal was to earn a degree in law enforcement. He enrolled in a for-profit college, ITT Tech, which offered a bachelor's degree in that field. ITT specifically promised him that its accreditation was the same as every other school and that his credits would be transferable to state university and would secure him a job in law enforcement. But his dreams were dashed when he learned that, despite the school's promises, virtually no police force would accept the criminal justice degree he was working toward. On his own dime, he traveled to 24 different police departments in search of employment, and every single one of them told him the ITT degree was worthless. He had drained his hard-earned GI Bill benefits and was left more than \$80,000 in debt for worthless credits. His only recourse was to return to Iraq, this time in the National Guard. Today, he and his family are getting by paycheck to paycheck, still paying off his exorbitant student loans.

Paul Belk, 39, Charlotte, NC, Sergeant in the National Guard, served in Iraq

After active duty in Iraq, Paul set his sights on a career in marketing. The for-profit DeVry University's online program, which aggressively recruited students on his base, offered a degree in business marketing that would lead to a job in that field. DeVry's recruiter promised that his GI Bill and other federal benefits would "more than cover" the costs. But, tuition was far more than Paul's benefits. In the end, he did not receive a degree from DeVry, was unable to work in his chosen field and was in more than \$25,000 in debt. Since then he has suffered combat-related health problems, including PTSD, but he is still planning to enter a cardiac technician training program at Central Piedmont Community College in Charlotte.

Anselm Caddell, 32, Fairfield, OH, Marine Corps, served in Iraq and Afghanistan

Anselm saw a degree in criminal justice as a great foundation for a career in the private and public sector security, an area where he could apply his military experience as an infantryman, team leader, and company casualty evacuation driver. A recruiter for the for-profit Brown Mackie College in Caddell's native Ohio, sold him on the college. Instead of working toward a brighter future, he found himself in high school level courses and facing a financial services department that seemed determined to drive him into debt. Worst of all, when he'd had enough and tried to transfer to a California community college to finish his degree, he found Brown Mackie had misrepresented its accreditation: he was unable to transfer any of the

credits he had earned and needed to start from scratch. Caddell's expensive—and useless—Brown Mackie education exhausted his eligibility for student loans. As a result, he is now struggling to make ends meet as he repays those loans and continues his education at a California community college, working toward a degree that he feels will offer him a much better chance at the future he envisions.

Steven Dickie, 40, Tucson/Phoenix, AZ, Army, served in Iraq

Steve's goal was to become a teacher. When he left the service, he enrolled full-time in a community college to get first an associate's degree and then a bachelor's. He was using his savings to pay his living expenses and realized that he would run out of money before he received his degree. So, he transferred to the for-profit University of Phoenix, which offered an accelerated online program. After talking to the Phoenix's advisors, he estimated that he would need \$20,000 to complete his bachelor's degree, most of which would be covered by federal benefits. But his tuition began rising and the school began processing loans on his behalf. It was able to do this because, when he enrolled, Phoenix advisers pressured him into signing a promissory note, which they said was required for him to enroll. The loans seemed to be small but, ultimately, added up to \$30,000.

Your federal register notice states that VA believes the federal ethics law is "outdated," but these personal stories and federal and state investigations show there is ample recent evidence of veterans being defrauded by for-profit colleges that want their GI Bill. A 2012 [US Senate Committee investigation](#) uncovered rampant fraud by for-profit colleges targeting veterans,¹ including internal corporate documents in which many for-profit colleges literally taught their salesmen to emotionally manipulate potential students and "[dig for the pain](#)" because "[pain is the greatest motivator](#)"² in making the sale. A [2014 Senate Committee report](#) found 7 of the 10 schools receiving the most GI Bill funds were under law enforcement investigation for deceiving students (all of them for-profit).³ Similarly, the US Government Accountability Office in 2010

¹ U.S. Senate Committee on Health, Education, Labor and Pensions: "For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success" (2012), available at:

<https://static1.squarespace.com/static/556718b2e4b02e470eb1b186/t/56112384e4b0521c793b0c4d/1443963780937/harkins-full-report.pdf>

² Available at

<https://static1.squarespace.com/static/556718b2e4b02e470eb1b186/t/56100a9be4b00e2783b34ecf/1443891867795/Top-Recruiting.pdf>

³ U.S. Senate Committee on Health, Education, Labor and Pensions: "Is the New GI Bill Working?: For-Profit Colleges Increasing Veteran Enrollment and Federal Funds" (2014), available at

<https://static1.squarespace.com/static/556718b2e4b02e470eb1b186/t/56100b87e4b0147725a71e86/1443892103628/GI-Bill-data-July-2014-HELP-report.pdf>

reported that every single one of the largest 15 for-profit college companies deceived and defrauded undercover GAO investigators posing as students.⁴

Ethics matter. As recently as July of this year, the US Senate Appropriations Committee Report directed VA to look for ways to **strengthen** 38 USC 3683 because the Committee feared the statute was potentially “inadequate to identify conflicts of interest that can develop through the provision of meals or de minimus gifts.”⁵

I urge you to consult various veterans organization as you consider rewriting your original proposal to ensure it does not provide these colleges with unwarranted access to our vets.

Thank you for your consideration.

Matthew Boulay
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⁴ U.S. Government Accountability Office: “For-Profit Colleges: Undercover Testing Finds Colleges Encouraged Fraud and Engaged in Deceptive and Questionable Marketing Practices,” available at <http://www.gao.gov/products/GAO-10-948T>

⁵ U.S. Senate Committee on Appropriations: “Report: MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATION BILL, 2018,” S.Rep. 115-130 (2017), available at <https://www.congress.gov/115/crpt/srpt130/CRPT-115srpt130.pdf>