



DEPARTMENT OF VETERANS AFFAIRS
Veterans Benefits Administration
Washington DC 20420

[REDACTED]
Bureau of Consumer Protection
Federal Trade Commission
600 Pennsylvania Ave NW
Washington, D.C. 20580

Re: Request for investigation into Minnesota School of Business, Inc. d/b/a Minnesota School of Business and Globe University, Inc. d/b/a Globe University for unfair and deceptive practices in connection with their advertising and marketing practices.

Dear [REDACTED]

The Department of Veterans Affairs (VA) requests that the Federal Trade Commission (FTC) investigate whether Globe University and the Minnesota School of Business (which are currently approved for the enrollment of eligible veterans) violated Section 5 of the FTC Act, 15 U.S.C. § 45(a) which prohibits unfair and deceptive marketing practices. This request is in accordance with 38 U.S.C. § 3696 which mandates an agreement between VA and FTC to help ensure that VA does not approve enrollment of an eligible veteran or eligible person in a course offered by an institution which uses advertising, sales, or enrollment practices of any type which are erroneous, deceptive, or misleading either by actual statement, omission, or intimation. VA was informed that:

- A Minnesota State Court concluded that Globe University and the Minnesota School of Business violated the Minnesota Consumer Fraud Act (Minn.Stat. § 325F.69) ("CFA") and the Uniform Deceptive Trade Practices Act (Minn. Stat. § 325D.44) ("DTPA") by fraudulently and deceptively advertising and marketing their criminal justice program.
- Department of Education (ED) denied Globe University and the Minnesota School of Business recertification of approval for participation in title IV Federal Student Aid programs.

Therefore, we ask the FTC to investigate these and any other deceptive or unfair practices in which Globe University and/or the Minnesota School of Business may have engaged.

Background

State Alleged Complaints

This case involved claims of purported consumer fraud and deceptive trade practices brought by the Minnesota Attorney General on behalf of the State of Minnesota and the affected residents of the State. The suit alleged that various practices of the Globe University and the Minnesota School of Business – two for-profit universities with common ownership – were fraudulent or deceptive and therefore actionable under Minnesota Statutes. The State of Minnesota further alleged that Globe University and the Minnesota School of Business violated the CFA and DTPA by making false, deceptive and/or misleading statements, including omissions of material fact, in the following areas:

- (1) Recommending their criminal justice program to students who wanted to be police and probation officers in Minnesota;
- (2) Globe University and the Minnesota School of Business accreditation and the transferability of their credits to other schools;
- (3) Representing that Globe University and the Minnesota School of Business admissions representatives were educational counselors or advisors who would only recommend enrollment in a particular program if it was in the best interests of the prospective student and his or her career goals during the admissions process; and
- (4) Globe University and the Minnesota School of Business graduate job-placement rates and services.

Court Findings

On September 8, 2016, the Fourth Judicial District of Minnesota (Court File No. 27-CV-14-12558 (2016)) concluded that Globe University and the Minnesota School of Business violated the CFA and the DTPA by advertising and marketing their criminal justice program as providing all or some portion of the education and training necessary to become a Minnesota police or probation officer.

The Court further concluded that Globe University and the Minnesota School of Business program was not in fact certified by the Minnesota Peace Officer Standards and Training board to permit a graduate to become a police officer, nor was it a regionally accredited program that permitted its graduates to attend a Professional Peace Officers Education program or “skills training” course to become a licensed Minnesota police officer. Yet, Globe University and the Minnesota School of Business targeted their criminal justice program to students interested in careers as Minnesota

police officers; advertised that their program could make graduates eligible to become police officers or participate in additional training to do so; had recruiters recommend the program to students who expressed an interest in becoming police officers in Minnesota; and told prospective students that they could become police officers or would only need "additional training" to become police officers. Additionally, the Court concluded that Globe University and the Minnesota School of Business violated the CFA and DTPA by marketing their criminal-justice associate's degree program as a means for becoming a probation officer in Minnesota, despite the schools' knowledge that probation officer jobs in Minnesota at a minimum require a bachelor's degree.

The court concluded that these representations were false and misleading and in violation of the CFA and DTPA. In addition, the court concluded that Globe University and the Minnesota School of Business failed to disclose material facts.

Department of Education Takes Action

On December 6, 2016, ED informed Globe University and the Minnesota School of Business that ED was denying recertification of approval for participation in title IV Federal Student Aid programs.

Additional Facts

From 2009 to 2015, Globe University and the Minnesota School of Business have collectively enrolled approximately 28,000 students at their Minnesota campuses (including their online division located in Richfield, Minnesota). More than 14,000 students graduated during that time period. Presently, close to 3,000 students are enrolled at either Globe University or the Minnesota School of Business. Roughly 8.5% (or 256) of the students are active GI Bill recipients. The schools have 22 campuses in 3 states:

- MN – 14 (12 campuses have had all programs suspended for the enrollment of new students, and approval for all programs was withdrawn for the other 2 campuses)
- WI – 7 (currently approved)
- SD – 1 (currently approved)

Globe University and the Minnesota School of Business are currently on probation by Department of Defense (DoD) for the Tuition Assistance (TA) program.


ED's recent decision will terminate their approval; a school must be approved for title IV in order to be TA eligible.


On December 9, 2016 VA informed all GI Bill students currently attending programs at Globe University and the Minnesota School of Business of the potential loss of education benefits. VA also added a caution flag to the GI Bill Comparison Tool for each affected campus. Furthermore, VA posted the updated status to Facebook and our website.

Conclusion

The advertising and marketing practices employed by Globe University and the Minnesota School of Business were found by the Minnesota State Court to be fraudulent and deceptive. In addition, the institutions are no longer eligible to recertify approval for participation in title IV Federal Student Aid programs. Veterans or eligible person must be afforded protection from such unfair and deceptive practices when selecting an institution at which to utilize their education benefits. Because our cursory exploration of Globe University and the Minnesota School of Business revealed so many misleading and unfair advertising practices, we ask the Commission to promptly initiate a full investigation and take any action deemed appropriate.

Respectfully submitted,


Curtis L. Coy
Deputy Undersecretary for Economic Opportunity
Veterans Benefits Administration
Department of Veterans Affairs

cc:  Acting Associate Director of the Division of Financial Practices, Bureau of Consumer Protection, FTC

LIST OF EXHIBITS

EXHIBIT 1: State of Minnesota v. Minnesota School of Business, Inc. d/b/a Minnesota School of Business, and Globe University, Inc. d/b/a Globe University, *Findings of Fact, Conclusions of Law, and Order*. No. 27-CV-14-12558, Fourth Judicial District of Minnesota (2016).

EXHIBIT 2: One CD containing:

- Court Affidavits,
- Trial Exhibits,
- Trial Transcripts,
- Globe University -- Evidentiary Crosswalk.
- MSB – Evidentiary Crosswalk

EXHIBIT 3: Denial of Recertification Application to Participate in the Federal Student Financial Assistance Programs – Globe University, 8089 Globe Drive, Woodbury, Minnesota 55125-3388; OPE ID: 00464200. *Also available at:* <https://studentaid.ed.gov/sa/sites/default/files/globe-recert-denial.pdf>

EXHIBIT 4: Denial of Recertification Application to Participate in the Federal Student Financial Assistance Programs – Minnesota School of Business, 1401 West 76th Street, Suite 500, Richfield, Minnesota 55423; OPE ID: 00464600. *Also available at:* <https://studentaid.ed.gov/sa/sites/default/files/msb-recert-denial.pdf>