



# VETERANS EDUCATION SUCCESS

February 14, 2020

Dear Attorneys General:

As you may have heard, on December 10, 2019, the U.S. Federal Trade Commission (FTC) announced a proposed settlement<sup>1</sup> with the University of Phoenix (UOP). In its investigation, the FTC found<sup>2</sup> that, since 2012, the University of Phoenix “deceptively advertised the benefits of a UOP education.” The University of Phoenix asserted it had “relationships with companies, such as Adobe, Microsoft, and Twitter” that created unique career opportunities “specifically for UOP students,” and that it worked with these companies to develop curricula. The FTC’s investigation found that these “representations are false or misleading” and that the company ignored warnings from its own executives that these claims were “smoke & mirrors.” The FTC also found that the University of Phoenix “made deceptive claims about employment opportunities in ads to current and former military members,” as well as to military spouses.

As a result of these false and misleading statements, the settlement agreement requires the University of Phoenix to forgive \$141 million in student debts “owed to the school by students who were harmed by the deceptive ads,” which the Commission determined were students who enrolled between October 1, 2012, and December 31, 2016. The FTC will also administer a \$50 million relief fund, but details about the fund have not yet been released.

While the settlement is great news for students owing money directly to the University of Phoenix, it provides little or no relief for students holding federal student loans or students who used GI Bill funds.

We encourage you to make use of the FTC’s evidence to file your own state-based consumer protection complaint, as you may be able to secure additional financial relief from the University of Phoenix for your state residents.

We also believe you could have a significant impact by filing a group claim to federal Borrower Defense to Repayment with the U.S. Department of Education on behalf of UOP students in your state or by hosting workshops to assist students in filing individual claims. As you may know, Borrower Defense to Repayment is a federal rule at the Department of Education that enables

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<sup>1</sup> *FTC v. University of Phoenix*, Stipulated Order for Permanent Injunction and Monetary Judgment, December 10, 2019, available at [https://www.ftc.gov/system/files/documents/cases/university\\_of\\_phoenix\\_stipulated\\_judgment\\_-\\_executed\\_add\\_case\\_no.pdf](https://www.ftc.gov/system/files/documents/cases/university_of_phoenix_stipulated_judgment_-_executed_add_case_no.pdf).

<sup>2</sup> *FTC v. University of Phoenix*, Complaint, December 10, 2019, available at [https://www.ftc.gov/system/files/documents/cases/university\\_of\\_phoenix\\_ftc\\_v\\_uop\\_complaint\\_signed.pdf](https://www.ftc.gov/system/files/documents/cases/university_of_phoenix_ftc_v_uop_complaint_signed.pdf).

loan forgiveness for students who were deceived or defrauded during enrollment. Students are eligible if they can demonstrate that their school violated state law directly related to their federal student loans. The FTC investigation provides evidence that students were misled and deceived by the University of Phoenix advertising campaign since at least 2012 and continuing until 2017.

Since the settlement was announced, many University of Phoenix students have contacted Veterans Education Success, seeking help with their federal loans. Many of these students are eligible to apply for Borrower Defense to Repayment, and we have helped them complete applications. Your support in filing a group claim on behalf of the students in your state would bring more attention to the plight of University of Phoenix students and could help students in your state get more help than they would individually.

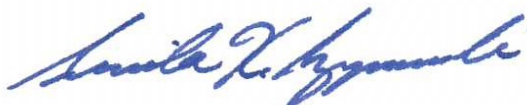
Group claims by Attorneys General have precedent. In 2015, the Massachusetts Attorney General gathered the names of more than 7,000 students of Corinthian Colleges and submitted a group claim<sup>3</sup> to the Department of Education, upon which a federal court ruled that the Department of Education must act. Attorneys General in 20 additional states have also filed group claims<sup>4</sup> on behalf of students in their states.

Veterans Education Success would be happy to assist in this effort. Please see the enclosed fact sheet related to the proposed FTC settlement. If you have any questions, please contact Aniela Szymanski at [aniela@vetsedsuccess.org](mailto:aniela@vetsedsuccess.org).

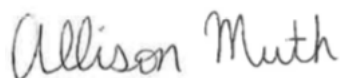
Sincerely,



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<sup>3</sup> *Mass. v. U.S. Dep't of Educ.*, Complaint, October 22, 2019, available at [https://www.insidehighered.com/sites/default/server\\_files/media/MA%20v.%20DeVos.pdf](https://www.insidehighered.com/sites/default/server_files/media/MA%20v.%20DeVos.pdf).

<sup>4</sup> “Durbin, Murray, Dem Senators Seek Status of Group Discharge Applications Submitted by State AG’s,” Press Release, June 18, 2019, available at <https://www.durbin.senate.gov/newsroom/press-releases/durbin-murray-dem-senators-seek-status-of-group-discharge-applications-submitted-by-state-ags>.