



VETERANS EDUCATION SUCCESS

Summary of Veteran and Servicemember Student Complaints about ITT Technical Institute

April 2020

I. Introduction

This memo summarizes and analyzes complaints received by Veterans Education Success over approximately the past six years from military-connected students who attended ITT Technical Institute (ITT Tech) and from whistleblowers who worked at ITT Tech. This memo also describes law enforcement actions against ITT Tech that support the complaints we have heard. The servicemember and veteran students we assist allege significant consumer fraud by ITT Tech. Their allegations are supported by whistleblowers who approached us seeking to share their concerns about wrongs against student veterans at ITT Tech.

II. Complaints

A. Student Complaints

As of February 13, 2020, Veterans Education Success received 528 complaints about ITT Tech. These complaints often allege similar misconduct that demonstrates a worrisome pattern of behavior by ITT Tech. Many complaints allege several different types of misconduct. The table below shows the percentage of all complaints that touch on a variety of issues: the transferability of credits, student loans, recruiting practices, the quality of the education, post-graduate employment, accreditation, and program or degree changes. Below the table, more information about each category is provided, as well as excerpts from the complaints that demonstrate these issues.

Nearly all of these categories of complaints **impact a student's job prospects after graduation**. In short, all of these categories of complaints include misrepresentations from ITT Tech that **inflate the value of ITT Tech's education and a student's ability to get a quality job after graduation**. Each category provides specific detail about the various ways in which ITT Tech deceived students about their eventual job prospects.

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Category	Percentage of Complaints
Transfer of Credits	37.1%
Student Loans	33.9%
Recruiting Practices	30.1%
Quality of Education	29.0%
Post-Graduate Employment	25.0%
Accreditation	16.1%
Program or Degree Changes	9.3%

1. Transfer of Credits

The most common issue our students reported is the inability to transfer credits. 37% of all student complaints reported that ITT Tech lied about or misrepresented the transferability of its credits. Whether ITT Tech credits can transfer to a more respected university is relevant to a student's eventual job prospects. Students were falsely told time and again that "a degree is a degree" and that all degrees are treated the same. Some students were even promised that their credits would transfer to the local community college or state university of their choice, when it should have been clear to any education professional that the likelihood of ITT Tech credits transferring to a public university or college would have been extremely low, if not impossible. For example, student M.B. was told that "the credits and the degree that I got from ITT Tech was transferrable." But when he looked into transferring to a Maryland state school, none of his credits would transfer and he was going to have to start all over. And his case is very typical, with 196 of the 528 students stating that they were promised that their credits would transfer, before finding out they would not. Students have often had to choose whether to start their education over or continue with their education at ITT Tech and take a less-respected degree into the job market.

- "I initially chose ITT because the Columbus campus was only 10 minutes from my house. One of my very first questions was whether or not I could successfully transfer all of my future credits with the Institute to Columbus State or even [Ohio State University]. They were very quick to ensure me that I would be able to transfer ALL of my earned credits...I applied to continue my education at Columbus State Community College as well as Franklin University and was informed that next to none of my credits were transferable." -D.M.
- "I withdrew from ITT and attempted to join my local community college only to find out that my credits were not transferable." -D.B.
- "I attended ITT for both my Associate and Bachelor degree and not only was it quite expensive, I didn't understand the accreditation problem until I attempted to transfer credits to earn my master. No one wanted to accept my credits and not one major law enforcement department wanted to accept my degree or credits so now I'm saddled with 90k in student loans and 2 unaccredited degrees." -B.B.

2. Student Loans

Students who use the GI Bill and other related military benefits are in a unique position, because they usually do not need student loans to complete their schooling, given the generosity of the GI Bill. Shockingly, however, over one-third of students who contacted Veterans Education Success about ITT Tech complained that the school had taken out student loans on their behalf, often without the student's knowledge. This problem is compounded when students with loans are unable to find work in their field that even comes close to what ITT Tech promised them when they enrolled.

As background, VA can sometimes be slow at processing and distributing GI Bill funds. This can be an issue for schools facing a cash flow shortage. Such schools have tended to mitigate this issue by forcing students to take out student loans to "bridge the gap" until the VA funds arrive, even if the student ultimately does not need loans because of their GI Bill benefits. Sometimes, schools force the student to take out loans in order to be allowed to start classes. Often, students report to us they were pressured to complete the free application for student aid (FAFSA) form to see if they are eligible for any grants. They are promised that any money they get will be from grants only, not loans.

Many students report to us that they discovered after graduation that these were not grants and that ITT Tech took out substantial loans that the students have to pay back. Student M.H. was told by ITT Tech counselors that they would help him apply for his GI Bill, which would cover everything. However, he received a bill from Sallie Mae shortly after, and the counselors informed him that he was on the hook for the loans. ITT Tech has also lied to students about the amount of a loan or the type of loan. For instance, student D.B. found out after he graduated that ITT Tech, unbeknownst to him, had maxed out his student loans instead of only taking out small loans as he had expected.

More worrisome is that many students report that the school took out loans in their names without telling them, allegedly even forging a student's electronic signature on Master Promissory Notes (MPN) by obtaining the student's number or pin and filling out the MPN without the student's knowledge or permission. Many students claim they never signed up for any loans. For example, student M.B. was promised that his GI Bill benefits would pay for everything, but instead found out he had been signed up for student loans he never authorized.

Similarly, students complained that private loans were taken out on their behalf, without their consent. Lies concerning private loans are especially problematic because those loans often have higher interest rates and do not have the same deferment and forbearance rules. If a school lies about loans, a student can experience major credit damage, which harms students and their families for decades to come.

- "I was told by ITT Tech that my GI Bill will pay for my tuition for my 2 year degree. But they told me that I had to apply for a student loan so they can get their money right away and when my GI Bill money comes in, they will pay off my student loan.

Unfortunately that did not happen. I have a 15,000 debt from them and still paying.” - F.C.

- “Like most everyone I’ve talked to, I too simply filled out the computerized applications ITT directed me to and signed the papers they printed out. Never once was I shown an amount, or offered counsel [for] student loan debt. My credit...is now even further damaged because I am unable to repay my loans.” -R.D.
- “On more than one occasion, the finance department had already applied for different types of loans on my behalf without my permission. When I asked them why they were ruining my credit and applying for private loans on my behalf, I was told that they were behind and applied for the loans to try and catch up before the semester started, then told me I just needed to sign, because other students were waiting. I was never given a chance to explain my displeasure of this and was made to feel that I had no other choice if I wanted to attend classes.” -C.C.
- “The admissions process was very rushed. We signed everything on electrical notepads, so us, as students, we didn’t actually know what we were signing for. So the admissions person would be seeing the screen, and we would just be signing our name on the notepad... So I am left with debt, and no degree, and no credits to transfer over, so it’s like I spent almost a year of my life doing nothing.” -T.C.

In the last few years, government entities have taken action against ITT Tech for their private loan schemes – underscoring the validity of student complaints about ITT’s illegal practices. In 2019, the Consumer Financial Protection Bureau settled a 2014 lawsuit with ITT Tech.¹ The lawsuit alleged that ITT Tech improperly induced students to take out private loans to pay for tuition balances. The lawsuit also alleged that ITT Tech knew that the students did not understand the terms and conditions of the loans and could not afford them. The settlement included a \$60 million judgment against ITT Tech and an injunction prohibiting the school from offering student loans.

Separately, in 2018, a federal bankruptcy court approved a settlement with former students.² The settlement (1) cancelled more than \$500 million in students’ debts owed directly to ITT Tech, (2) returned nearly \$3 million in payments students made directly to ITT Tech after the school declared bankruptcy, and (3) gave former students a \$1.5 billion claim against the estate.

3. Recruiting Practices

Over 30% of complaints included allegations of deception and misrepresentation from ITT Tech employees during the recruitment and enrollment process. These complaints include students

¹ *Consumer Financial Protection Bureau Settles Lawsuit Against ITT Educational Services*, Consumer Financial Protection Bureau (Aug. 12, 2019), <https://www.consumerfinance.gov/about-us/newsroom/bureau-settles-lawsuit-against-itt-educational-services/>.

² *Students Secure More Than \$500 Million in ITT Student Debt Relief as Part of Landmark Settlement Approved Today*, The Project on Predatory Student Lending (Nov. 28, 2018), <https://predatorystudentlending.org/news/press-releases/students-secure-500-million-itt-student-debt-relief/>.

who alleged that recruiters lied to them about some of the other topics discussed in this memo, such as the transferability of credits and their post-graduation employment opportunities. Complaints also allege other lies that were used to get the students to commit to the school.

- “Recruiter told [me] that ITT had a 100% graduation rate and that [I] would easily be able to find work after graduating.” -S.N.
- “They...hype you up about all the career opportunities available and promise that career services would assist you in finding employment. However, upon graduation, the only interviews set up through ITT Tech's career services were with temp agencies, and they all turned me down because I didn't have enough experience. However, even if I were to have attained one of those jobs, the pay was mediocre, comparable to what I was making at my present job. Eventually, career services stopped calling me all together. I can only assume it was because they had met their hiring quota. The only thing I have to show for my education is a student loan that I've been paying every month.” -J.W.
- “I was...told that ITT Tech's career service department would help me find a job in my field. They have been hard to reach since graduation, and the only jobs that they have to offer are low salary positions.” -R.G.
- “I was told that the campus I transferred to in Kansas...would be a hands on facility because I do not learn well online and have a hard time with the course material. When I got there, I was placed in a bunch of online classes even after I specifically told the dean not to place me in online classes.” -B.J.
- “When I went to check this school out, my primary concern was having weekend classes because I work for myself and those were the main days I worked. I was told that there would be no issues with me having morning classes on weekdays only. I immediately got a call shortly after signing up saying I would have to have a Saturday class...Every quarter they gave me Saturday classes since they clearly lied about only having to do a Saturday class the first quarter only.” -V.S.

These complaints are supported by numerous law enforcement actions addressing ITT Tech’s recruiting practices. In 2016, the Massachusetts Attorney General filed a civil complaint seeking restitution for students exposed to ITT Tech’s unfair and deceptive enrollment tactics and seeking injunctive relief against those tactics.³ The case has been suspended pending ITT’s bankruptcy action. Separately, in 2014, the attorneys general from Arkansas, Arizona, Connecticut, Idaho, Iowa, Kentucky, Missouri, Nebraska, North Carolina, Oregon, Pennsylvania, and Washington investigated ITT Tech under their state consumer protection laws.⁴ Civil Investigative Demands included requests for information and documents related to marketing and advertising, recruitment, financial aid, academic advising, career services, admissions, programs, licensure exam pass rates, accreditation, student retention, graduation rates, and job placement rates, as well as many other aspects of the company’s business. Finally, in 2014, the

³ Complaint, *Mass. v. ITT Educational Services*, No. 16-0411 (Mass. Super. Ct. Mar. 31, 2016), <https://www.republicreport.org/wp-content/uploads/2016/04/MA-v-ITT.pdf>.

⁴ ITT Educational Services, Inc., Form 8-K (Jan. 27, 2014), https://www.sec.gov/Archives/edgar/data/922475/000092247514000004/form8_k.htm.

New Mexico Attorney General filed a civil complaint for unlawful business practices including misrepresentations, unfair and deceptive actions in advertising and marketing, and selling educational services.⁵ The case is ongoing.

4. Quality of Education

In commercials and in person, ITT Tech often promised a “high quality education” with “hands-on learning experiences.” Almost 30% of students reported to us that, after they enrolled, they discovered the teachers were under-qualified or unqualified to teach the courses in which they were enrolled. Students report the equipment and software were years out of date; the books used in courses were riddled with errors; everyone passed classes, whether they deserved to or not; and students looking for a true collegiate experience ended up teaching themselves. In short, students told us ITT Tech lured them in with the promise of a “cutting edge” education, when that was not the case. In addition, many students report that potential employers look down on ITT Tech’s degrees and do not consider ITT Tech-trained individuals to be qualified for positions, directly undercutting the notion that ITT Tech offers a high quality education.

For example, student C.W. told us that his programming teacher informed the class “that she had no clue about programming and that she would be learning alongside [us] throughout the course.” Student B.W. was told when he was recruited that “90% of the classes were hands-on.” He got to class and found that all of his classes were power points and book work. There were no hands-on classes. These types of complaints were repeated across class years and campuses.

- “Quality of education was poor. Consisted entirely of reading from assigned book and watching some videos. Eventually realized [I] could get the same education by going to the library.” -S.N.
- “The school was simply a joke. I never did grasp the information for the field I was studying, but yet graduated with honors on the Dean’s list. Tests were open notes and all they would say is you get out of it what you put in.” -R.C.
- “During my time at ITT Tech I was told by one of my professors that he was told to dumb down the school work so the other students could keep up. When I inquired as to why it was being done, he told me the other students complained that the work was too hard and needed to have the work spoon fed to them. Another instance, I caught another student plagiarizing my work when I saw an exact replica of an object I designed...on her computer screen. When I confronted her and made my professor aware of the situation, he told me to not worry about it, because she was having trouble keeping up and ITT needed to keep enrollments rates up.” -C.C.
- “Almost all of the classes that were required for the degree were not up to standard as far as I could tell. All the technical classes pretty much just required you to turn in the work, it didn't matter if it was correct or even complete most of the time. The teachers

⁵ Complaint, *New Mexico v. ITT Educational Services*, No. D-202-CV-2014- (N.M. D. Ct. 2014), https://www.insidehighered.com/sites/default/server_files/files/New%20Mexico%20ITT%20complaint.pdf.

let us use books and notes on the exams and tests and most of the time they even gave out study guides for the exams and let us use them on it.” -W.A.

5. Post-Graduation Employment

Another issue reported by one quarter of students was that ITT Tech promised, during the recruiting phase, that it would provide substantive post-graduation assistance and job placement. But students found this was not the case after graduation. Some students were offered minimum wage temporary jobs not in the student’s field of study, and some even said they could only find jobs that paid the same amount of money or less than the jobs they had worked at before earning a degree from ITT Tech. As mentioned above, student R.G. reported, “The only interviews set up through ITT Tech's career services were with temp agencies, and they all turned me down because I didn't have enough experience. However, even if I were to have attained one of those jobs, the pay was mediocre, comparable to what I was making at my present job.”

Others said that the extent of their post-graduation assistance was a cursory resume review and the forwarding of links to monster.com. Student A.S. said, “ITT Tech told me that they would assist me with job opportunities. When I graduated, [their] assistance was how to make a resume. Now, I have a degree and have a job that is not in the field my degree is in.” Student J.J., who tried to work with the Career Services Department, discovered the only jobs they could find him were sales positions at Best Buy or Fry’s – which they pressured him into applying for just so they could boost their job placement numbers.

- “They informed me that 9 out of 10 students get offered jobs in their line of work before they graduate, and that turned out to be a huge lie. In fact 2 months before I graduated, one of my teachers told me it would be hard to get a good paying job with just an associate’s degree and was egging me on to consider to continue my studies...I’ve been paying my loans for the longest time and I don’t even work in my career field.” -S.F.
- “They...say they have a top of the line staff who will work to get you a position after or before graduation. Those people still don’t have my resume on file after I have given it to them numerous times. I am now an IT manager because of my own job hunting and military professionalism. They also want to take credit for that.” -R.V.
- “ITT Tech told me there were literally hundreds of jobs in the Electrical Engineering field in Portland alone. I have so far had one interview and one job call me after having my resume out for over 6 months.” -M.M.
- “Career services received 3 resumes from me because every time I asked about job placement that was her go to, send me your resume. After sending her 3 I stopped putting faith in her job placement abilities.” -W.K.
- “Recruiter told me that Boeing regularly came down and hired students from the Arlington, TX location. I NEVER saw a Boeing recruiter the entire 2 years I was there. In fact I only saw one employer, that was looking for a CAD drafter, and they were there during my 1st quarter.” -T.F.

- “Before I signed up they told me they had a department whose sole purpose was to find students jobs, which I thought was amazing. But as it turns out all they did was send emails about job openings, which is what I already got from monster.com and other job finding web sites. So now I work part time at a movie theater, about 3 quarters short of my Bachelor’s degree because my Gi bill has run out and I can't seem to find a job in my field that accepts anything from ITT Tech.” -J.R.

6. Accreditation

Also important to students’ job success and career success were ITT’s misrepresentations about its accreditation. ITT Tech lied to or misled students about its accreditation, as reported in over 16% of complaints we received. Some students claimed ITT Tech outright lied about the type of accreditation it had; more often, students were told that ITT Tech’s accreditation was sufficient for the type of work the students wanted to do when, in reality, it was not.

The impact on students is significant. Students report that employers will not hire them because they do not recognize ITT Tech’s accreditation, or that they are not eligible to sit for licensing exams they did not even know they needed. For example, student R.A. was told that “all law enforcement agencies would accept his degree,” which proved to be untrue.

Student B.B. says, “This program isn't worth the money paid to get it. Unless a program is accredited by the ABET [Accreditation Board for Engineering and Technology] you cannot apply for engineering jobs. I wanted to get a job at IHS and engineering technology degrees aren't accepted because they don't have the ABET accreditation. ITT Tech never informed me of this whatsoever.”

- “I specifically asked ITT Tech before signing up whether their degree was the same as any other public 4-year university and was told yes. I found while applying at NYPD, LAPD, Seattle PD and 23 other police departments that none of them accepted ITT Tech credits. Once I found out that my time and money spent at ITT Tech was worthless, I tried to transfer my credits to a community college. I was told I have to start completely over as a freshman.” -B.B.
- “I had planned on joining the police force after receiving my Bachelor’s in criminal justice. The departments I applied to didn't honor my degree because of accreditation. The career services center said they would help me network and walk me through the steps needed to join the force. After graduation, the only job they were able to get me was as a security guard making only slightly more than minimum wage. I graduated with academic honors and have an impressive military record. So I ended up paying \$80k for a degree I can't use anywhere.” -D.F.
- “The recruiters for the school ensured me that my degree was the same as the other state schools. Unfortunately I was not well versed in the difference between regional and national accreditation. When the time came to start looking for a Master's program I received a lot of friction from schools due to my degree not being regionally accredited...I wanted to transfer out of ITT to a regionally accredited school, but all of

them refused to take my credits and stated that I would need to start over on my degree.” -J.W.

- “The staff at ITT was horrible, they lost their accreditation when I was 3 classes away from finishing my degree and then they told me that they did not offer my degree program anymore and that was it! Money wasted on student loans. I had to start completely over not even my same degree field. So now I have huge student debt.” - R.D.

The 2014 civil complaint filed by the New Mexico Attorney General also included allegations that ITT Tech’s nursing program was never accredited as a program and that the school deceived its students about its accreditation status.⁶ Naturally, this affected their ability to sit for exams, transfer schools, and get the jobs they wanted.

The accreditation that ITT Tech had was on uncertain footing, even while the school was enrolling new students. In 2016, the Accrediting Council for Independent Colleges and Schools sent a Show Cause Directive Letter to ITT Tech, questioning its “ability to serve students in a manner that complies with ACICS standards.” As a result, the Department of Education (ED) sent a letter to ITT Tech.⁷ ED’s letter required ITT Tech to increase surety on file with ED from 10% to 20% of total Title IV funds received in the most recently completed fiscal year. Later in 2016, ED sent a letter to ITT Tech stating the school would no longer be eligible to participate in federal student aid unless ITT Tech (1) no longer enrolled new students relying on federal student aid, (2) disclosed to current students that its accreditor found that it was not in compliance, (3) stopped awarding raises, paying bonuses, or making retention or severance payments to its executives and stopped paying special dividends out of the ordinary expenditures without department approval, (4) notified ED of any significant financial events, and (5) used its own funds to initially cover Title IV disbursements for current students, before being reimbursed.⁸ ITT Tech was also required to increase its surety to 40% of federal aid dollars within 30 days.

7. Program Changes and Degree “Bait & Switch”

Nearly 10% of ITT Tech students reported to Veterans Education Success that they suffered a change of their program of study or changes to their degree requirements that thwarted their ability to seek work in their desired fields.

Some students were lured in with the promise of a specific degree program, but then were switched into a different program without their knowledge. Students reported they often did

⁶ *Id.*

⁷ Letter to Kevin M. Modany, CEO, ITT Educational Services, from Michael J. Frola, Director, Multi-Regional and Foreign Schools Participation Division, Department of Education (Jun. 6, 2016), <https://studentaid.gov/sites/default/files/itt-notification.pdf>.

⁸ *Department of Education Bans ITT From Enrolling New Title IV Students, Adds Tough New Financial Oversight*, U.S. Department of Education (Aug. 25, 2016), <https://www.ed.gov/news/press-releases/department-education-bans-itt-enrolling-new-title-iv-students-adds-tough-new-financial-oversight>.

not find out about this switch until they had started classes. For example, student R.O. transferred from online courses to an in-person campus. After starting at the campus in Cary, NC, he discovered he had been dropped from the Cyber-Security program and placed into the Network System Administrator program.

Similarly, a number of students report that ITT Tech engages in program “bait and switch.” Students find out, after signing up for a program, that they are only eligible for that program if they complete a different course of study first. Student R.F. was told he had to complete an associate’s degree program before he could get into the bachelor’s program he wanted to study. By the time he was done with the associate’s degree, ITT Tech had dropped the bachelor’s program and he was left with an associate’s degree he did not want. Students P.I. and C.B. were coaxed into an associate’s program with the promise that it would lead to a specific bachelor’s degree. Once the associate’s degree was completed, they found out that the bachelor’s degree they had been promised was not offered.

Another common issue students reported is a change in degree requirements. Classes are added to a program or the program changes slightly, and the student is forced to stay enrolled at ITT Tech longer than promised.

- “In the middle of my process, they cancelled my degree program for a bachelor’s degree. So my classmates and I would have to change degree of study despite not even being done yet.” -S.J.
- “I wanted to be a graphic designer, so the counselor told me they have the perfect program for me. I enrolled, only to find out later that they enrolled me for architectural design, which is not what I wanted. I told them after a short while that this is not what I wanted, and they insisted the classes will lead into what I was interested in. After a year, not once did I learn anything about graphic design.” -J.B.
- “When I signed up at ITT Tech post deployment in 2009, I was led to believe that the education I would receive there would be in line with any other school in the area. Not only was I unable to transfer credits to any of the area schools when I reached the end of my course of study, but they also have yet to assign me my degree because of a lack of a group study course that I’ve taken three times, but have been transferred out of due to military training in the summer time (I’m with the National Guard and have to do Annual Training every year). I’m a single credit shy, and having taken that course three times, I’m still without a degree. They have taken every dime of my G.I. Bill and I still have no degree issued from them. I’m unable to transfer my credits from them to anyone else to get the degree either due to their lack of accreditation, and what’s worse is they’ve discontinued the degree program I was taking at all locations save for one 2 hours away from me, and now I can’t finish the program anyway.” -P.W.
- “When I first applied, I was looking to go into the digital entertainment and game design course, which is supposed to be a bachelor’s program. The recruiter stated that the information systems- multimedia option, an associate’s degree, is roughly 5% more work and wouldn’t really take much extra time to receive both. Only catch I had to first sign up only for the associate’s degree and then upon completion, switch to the

bachelor's program. Well they cancelled the bachelor's program about a semester before my classmates and I completed our associate's program. If we wanted to finish what we intended on we would have to do it at another school." -H.M.

B. Whistleblower Complaints

Much of the information students have shared with Veterans Education Success has been confirmed by whistleblowers who are intimately familiar with the procedures used by ITT Tech to recruit and maintain students. All of these whistleblowers are willing to speak to government officials.

1. Recruiting

A former campus president came to us with significant concerns that touch on many of the categories of complaints already discussed above. He told us that ITT Tech's recruiting practice was to "do anything and say anything" behind closed doors in order to meet enrollment numbers. He elaborated, "'On the books,' we had statements and disclaimers the admissions advisors have to make. But 'off the books,' the approach was to sell that the accreditation we had would value the student and would be of value to the employers. This was always only in a private room or when the admissions advisor was not in earshot of another admissions advisor (or me)." The former campus president further stated, "There are weekly quotas [recruiters] must meet, or be disciplined. So their motivation is not the student needs but sales production."

Another whistleblower, who was a longtime recruiter and was elevated to "Master Recruiter," explained that his fellow recruiters regularly lied to and deceived prospective students.

Whistleblowers also confirm that there was misconduct and deception specifically focused on post-graduation employment. The former campus president stated it was common to hear that his students were getting temporary jobs for "just two weeks, maybe four weeks, or paid internships, but they were counted as job placements... We'd say '70% placement rate for last year,' and it was untrue. It was masking a compliance standard, but underneath it, we had the close quarter hard sell tactic. The culture is to get more and more enrollments."

A former professor at ITT Tech confirms that the school regularly lied to students about the transferability of credits. He "was often the first to tell the students their credits couldn't transfer." He also reported, "Shortly before ITT closed, ITT published on an internal website the specific class credits that could transfer, indicating that ITT had known all along which of its credits were transferable or not."

In addition, the former campus president confirmed that ITT Tech engaged in program "bait and switch." He explained that these tactics were "a way to capture students who would go elsewhere to get the bachelor's degree that ITT didn't offer. The driver for the student was to enroll in a bachelor's program. Students wanted the bachelor's and were willing to do the

associate's program only as a way to get the bachelor's. 90% of the time our recruiters told them they would have to enroll in the associate's first. Then the school would cancel or not offer the bachelor's degree." This whistleblower provided internal emails that showed he elevated this concern to the very top management at ITT Tech headquarters, but was told to stand down. A former recruiter backed up this assertion and the claim, seen in student complaints, that recruiters "would tell prospective students that ITT offered the program the student wanted, even when ITT did not, and then enroll them in another program."

As discussed above, many of the whistleblowers' concerns about recruiting and enrollment tactics at ITT Tech are echoed in various law enforcement actions.⁹

2. Financial Concerns

In addition to the lies told in recruiting, whistleblowers confirmed reports of misconduct in the financial aid office. ITT Tech "overwhelmed [students] with massive pages of documents." Financial aid officers had to get a certain number of students to sign up for loans each week or face termination. ITT Tech incentivized advisors to get students to take out loans, whether the student needed it or not. An ITT Tech whistleblower told us that employees regularly forged students' names on loan applications because they did not want the students to know the tuition was higher than they had promised. The employee also told us that they forged students' electronic signatures to the Department of Education. She said her financial aid colleagues alleged it was not forgery because they used electronic signatures and not real signatures. They created false email accounts for each student, which ED used, believing the student was receiving each email; in fact, only ITT Tech employees were receiving the emails from ED.

Supporting the idea that ITT Tech was fraudulently acquiring ED funds is the fact that ED took action against the school. In 2015, ED sent a letter requiring ITT Tech to "take additional steps to identify unearned Title IV HEA funds under ITT's control, and provide additional documentation to the Department regarding Title IV, HEA funds administered and drawn by ITT on behalf of its students," following a 2014 action requiring ITT Tech to post a letter of credit in the amount of \$79,707,879 and placing the institution on Heightened Cash Monitoring status.¹⁰

Furthermore, the former campus president said that he often heard the financial manager expressing concerns that ITT Tech was manipulating and fudging all sorts of data, such as loan default rates and 90/10 compliance, and that he was uncomfortable with what he was asked to do.

⁹ *Supra* notes 3, 4 and 5.

¹⁰ Letter to Kevin M. Modany, CEO, ITT Educational Services, from Michael J. Frola, Director, Multi-Regional and Foreign Schools Participation Division, Department of Education (Oct. 19, 2015), <https://www.republicreport.org/wp-content/uploads/2015/06/ED-ltr-to-ITT-10-19-2015.pdf>; ITT Educational Services, Inc., Form 8-K (Sep. 15, 2014), https://www.sec.gov/Archives/edgar/data/922475/000092247514000030/form8_k.htm.

Similarly, in 2016, a former dean of ITT Tech filed a lawsuit alleging violations of the False Claims Act, a law that holds companies liable for defrauding the federal government, through a “systematic scheme” to continue to receive federal financial aid payments while not adhering to the conditions placed on them.¹¹ Allegations also include enrolling unqualified students, recruiting students with inflated job placement and graduation rates, promising students could get jobs for which their degrees would not qualify them, and digging into the pain of prospective students to encourage their enrollment. In 2015, the Department of Justice investigated ITT Tech to determine “whether there is or has been a violation of the False Claims Act...focused on whether the Company knowingly submitted false statements in violation of the Department of Education’s Program Participation Agreement regulations.”¹²

More evidence that ITT Tech may have fudged numbers and misled various parties is a Securities and Exchange Commission lawsuit against ITT Tech and its executives.¹³ The SEC settled with ITT Tech, Kevin Modany (CEO), and Daniel Fitzpatrick (CFO) for making false or misleading representations to ITT’s investors. The SEC settled with ITT Tech in 2017 and settled with Modany and Fitzpatrick in 2018.¹⁴

The former professor told us about other financial issues at ITT Tech. He witnessed ITT Tech “significantly delaying the disbursement of veterans' housing allowance and book \$ long after VA had sent it.” He also had students who were “pulled out of class to visit the financial aid office and were told to take out an extra \$5,000 in loans immediately,” including a student who should have been fully covered by the GI Bill. He says, “It was always a mystery where the money went.”

3. Quality of Education

In terms of the quality provided by ITT Tech, the former campus president said, “In the 4 years I was there, including one year of running a budget, no expenditures were ever approved or invested in the classrooms. The same equipment in the classrooms exists today that was there 4 years ago. Any capital expenditures for classrooms is denied ongoing, yet budgeted for executive compensation. Students continually requested updated hardware, software, etc. all to no avail.” The former professor also told us that the computers and labs were very old and the materials were outdated.

¹¹ Kurt Niland, *Former Dean Accuses ITT Technical Institute of Defrauding Students, Federal Government*, Righting Injustice (Jan. 26, 2016), <http://www.rightinginjustice.com/news/2016/01/26/former-dean-accuses-itt-technical-institute-of-defrauding-students-federal-government/>.

¹² ITT Educational Services, Inc., Form 8-K (Sep. 18, 2015), https://www.sec.gov/Archives/edgar/data/922475/000092247515000033/form8_k.htm.

¹³ *SEC Announces Fraud Charges Against ITT Educational Services*, U.S. Securities & Exchange Commission (May 12, 2015), <https://www.sec.gov/news/pressrelease/2015-86.html>.

¹⁴ Danielle Douglas-Gabriel, *SEC Settles Fraud Charges Against Defunct For-Profit College Company ITT*, Washington Post (Jul. 3, 2017), <https://www.chicagotribune.com/business/ct-itt-tech-fraud-case-settlement-20170703-story.html>; *Former CEO and CFO of ITT Barred and Ordered to Pay Penalties*, U.S. Securities and Exchange Commission (Jul. 9, 2018), <https://www.sec.gov/litigation/litreleases/2018/lr24188.htm>.

A whistleblower provided Veterans Education Success with a lot of information about ITT Tech's nursing programs. No ITT Tech programs were accredited by the national nursing association. This accreditation, while not required, is highly desired by students. Accreditation is required from state nursing boards, and prior to the closure of the school, ITT Tech programs were being disapproved by many state boards. Additionally, RN jobs require students to pass the national licensing exam. The average pass rate for ITT Tech programs at the time this whistleblower reached out was 54%; 20 ITT Tech programs averaged under 60%; and ITT Tech programs were near or at the bottom of lists in most states that published pass rates. Meanwhile, the national pass rate was 85%, and state averages ranged from 72-95%.

ITT Tech's accreditor had placed 19 programs on a deadline to raise their pass rate to 60%, and 10 additional programs were on heightened monitoring for the same issue. The accreditor also required programs to increase retention and placement to 60% to maintain accreditation. None of this information was shared with students or recruits in these programs, and the programs continued to enroll new students until ITT Tech shut down.

III. Conclusion

Over the past approximately six years, Veterans Education Success has heard from 528 former ITT Tech students and half a dozen ITT Tech whistleblowers (all willing to speak to government officials). The number of these complaints and their consistency support the notion that ITT Tech has committed fraud and misrepresentation that was systematic and widespread. The reports of whistleblowers demonstrate that the fraud was not only sanctioned by the school but also encouraged. Law enforcement actions further support this evidence. All of the evidence, taken together, suggests that ITT Tech students were defrauded and lied to for years before the school ultimately closed.