

## University of Phoenix Recent Actions and Concerns

University of Phoenix is a for-profit college owned by Apollo Global Management, previously publicly-traded on the U.S. stock market. The company's stock suffered after numerous government investigations revealed that the school had violated its MOU with the Department of Defense and aggressively targeted servicemembers, and that its executives had made numerous stock trades on allegedly artificially-inflated stock prices as a result of those actions, thus defrauding investors as well. In 2017, [Apollo](#) was taken off the stock market and became a privately-held company.

### Government and Private Actions

- In 2020, the U.S. Department of Veterans Affairs issued a [warning](#) of its intent to suspend new GI Bill enrollments due to deceptive advertising, sales, and enrollment practices unless corrective action was taken.
- In 2019, the FTC [settled](#) for \$191 million against the University of Phoenix for deceptive and unfair practices in marketing, advertising, and sales, including against servicemembers and veterans.
- In 2019, a False Claims Act [lawsuit](#) by a former University of Phoenix employee settled for undisclosed sums. The former employee attested that the school fraudulently inflates its graduation and job placement statistics to meet the “90/10 rule,” that employees are trained to falsify loan applications of students that lack a high school diploma, and that the school engages in other misconduct.
- In 2019, a securities fraud class action [settled](#) against Apollo for \$7.4 million. The lawsuit alleged that Apollo made false and misleading statements to stock purchasers about the amount of revenue it made from aggressively recruiting servicemembers, and then traded on artificially-inflated stock prices. Those defrauded included the Government of Guam Retirement Fund.
- In 2016, a former University of Phoenix student [sued](#) the U.S. Department of Education to have her student loans discharged because the University of Phoenix falsely certified that she had graduated from high school even though she told the university that she had not. The government was forced to forgive approximately \$40,000 in federal student loans on her behalf.
- In 2015, the U.S. Department of Defense put the University of Phoenix on [probationary status](#) and cut it off from Tuition Assistance for violating DoD's Memorandum of Understanding. The probation was lifted in 2016.
- In 2015, the California Attorney General issued an [investigation](#) and subpoena of the University of Phoenix relating to members and former members of the U.S. military and California National Guard, including marketing, recruiting, billing, financial aid, accommodations and other services for military personnel and use of U.S. military logos in marketing.
- In 2015, a [whistleblower lawsuit](#) was filed by two former military liaisons for the University of Phoenix, alleging they were asked to make “substantial misrepresentations” to veterans to recruit them to attend the school.

- In 2014, the U.S. Department of Education [Inspector General issued a subpoena](#) for information regarding the University of Phoenix’s “marketing, recruitment, enrollment, financial aid processing, fraud prevention, student retention, personnel training, attendance, academic grading and other matters.”
- In 2014, a [whistleblower lawsuit](#) was filed in Ohio against the University of Phoenix for violating the False Claims Act by falsely certifying it was in compliance with various Higher Education Act regulations.
- In 2012, the U.S. Securities and Exchange Commission issued an [enforcement inquiry](#) regarding insider trading by Apollo.
- In 2011, the Delaware Attorney General launched an [investigation](#) of unfair and deceptive trade practices by the University of Phoenix.
- In 2011, the Massachusetts Attorney General launched an [investigation](#) of unfair or deceptive methods of recruitment and financing of education by the University of Phoenix.
- In 2010, the Florida Attorney General launched an [investigation](#) of unfair and deceptive trade practices by the University of Phoenix.
- In 2009, the U.S. Department of Justice sued the University of Phoenix under the False Claims Act, resulting in a \$78.5 million [settlement](#) (\$67.5 million to the federal government and \$11 million in legal fees to two former admissions officials). The suit alleged that the company illegally paid its recruiters based on how many students they signed up.

### Student Outcomes

- According to the Department of Education’s College Scorecard [data](#) (referenced February 5, 2021),
  - Only 29% of full-time, first-time undergraduates return to the University of Phoenix after their first year at the school.
  - Only 28% of students graduate within eight years of entering the University of Phoenix (counting full-time, part-time, and transfer students). Another 61% of students withdraw with eight years, and 10% transfer elsewhere.
  - After graduation, University of Phoenix students have a median total debt of \$7,125 to \$50,915. 44% of students with federal loans are either not making progress, defaulted, or delinquent in their repayment after two years.
- Veterans have reported taking out enormous debts on top of their GI Bill with no benefit to them. For example, [one veteran](#) exhausted his entire GI Bill and took out \$80,000 in student loans in pursuit of a bachelor’s degree and a master’s degree in business administration. He is currently unemployed.

### Other Concerns

- As of February 2020, Veterans Education Success has received 450 [complaints](#) from University of Phoenix students:
  - 29% complained that University of Phoenix credits did not transfer after being promised they would.
  - 28% complained about the lack of job opportunities after being promised by University of Phoenix recruiters they would have opportunities, and many times

after being promised specific jobs such as “Registered Nurse” or “Licensed Social Worker.”

- Nearly 28% complained about financial issues, especially the tuition being higher than they were promised.
- Almost 22% complained about the quality of education.
- 15% complained about recruiting practices.
- 10% complained about student loans they did not expect.
- As of February 2021, [VA](#) has received 78 complaints against the school just in the last 24 months. 56% related to financial issues like tuition and fee charges, and 40% are about recruitment/marketing practices.
- Only 15.3% of the GI Bill tuition funds received by the University of Phoenix in 2017 were spent on instruction.