

Media Advisory & Backgrounder: Higher Ed & Veterans Story

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CA ATTORNEY GENERAL TRIAL STARTS MONDAY 11/8 AGAINST FOR-PROFIT COLLEGE ASHFORD U FOR DEFRAUDING STUDENTS - ESPECIALLY VETERANS

WHAT: As Veterans Day approaches, the California Attorney General's Office starts its **trial against Ashford University -- which will publicly expose how the school recruited and defrauded veterans for their GI bill benefits and left them in debt.**

The school's predatory practices are all too common in the for-profit higher education industry.

The AG has compiled extensive evidence of fraud, including whistleblower testimony and internal corporate audits documenting extensive illegal practices.

SOURCES FOR COMMENT & BACKGROUND

Nonprofit veterans advocacy organization, Veterans Education Success, can offer comment. The group provided the California Attorney General with several whistleblowers and hundreds of student veterans who brought forward evidence of fraud to the organization.

"It is important, now more than ever, that Ashford's misleading recruiting practices are revealed and its owner, Zovio, Inc., is brought to justice for its predatory actions," said Christopher Madaio, VP for Legal Affairs at Veterans Education Success. "Ashford mistreated and abused student veterans. We are hopeful that a judgment against this company will remedy some of the harm done to service members, veterans, and their families by Ashford's predatory practices."

BACKGROUND

- One military recruiter whistleblower went on [NBC Nightly News](#) to describe the lies told to veterans.
- The AG's [complaint](#), filed in 2017, alleges that Ashford "employed an army of sales representatives who worked...under intense pressure to meet unrealistic quotas, ...these employees frequently enticed prospective students to enroll using false promises and faulty information." The complaint also states that Ashford's own internal audits show that its admissions counselors engaged in tens of thousands of misrepresentations each year.

- Several whistleblowers who served as Ashford recruiters, corporate directors, and professors have publicly [shared concerns](#) that echo the concerns of government agencies and former students about enrollment practices and the quality of Ashford's education. Ashford has faced a long history of federal and state regulatory and law enforcement actions, which are described below.
- As the law enforcement action by the California Attorney General was pending, Ashford's corporate owner, Zovio, entered into a [deal](#) to transfer Ashford to the University of Arizona and rebrand it as the University of Arizona Global Campus. However, Zovio will maintain control over the school's recruiting, financial aid, and nearly every other element of the school, and Zovio will be paid a percentage of the school's annual tuition revenue. This arrangement ensures Zovio is financially incentivized to continue the same predatory recruitment conduct, despite its "sale" of Ashford to the University of Arizona.

Below is background information for reporters on:

- Zovio/Ashford's financial scheme with the University of Arizona
- The history of law enforcement and government actions against Ashford
- Facts about Ashford's abuses of veterans, and
- Government data on Ashford's student outcome metrics.

Ashford University/University of Arizona Global Campus Recent Actions and Concerns

In August 2020, Zovio [announced](#) that the University of Arizona would acquire Ashford for \$1 and rebrand it as the University of Arizona Global Campus (UAGC). In exchange, Zovio obtained a long-term [agreement](#) to operate UAGC's recruiting, financial aid, counseling, institutional support, information technology, and academic support services and be paid all direct costs of providing those services, plus 19.5% of UAGC's tuition revenue. UAGC will operate independently of the University of Arizona, have its own [board of directors](#), and [retain](#) Ashford's faculty, staff, and academic programs. This arrangement ensures Zovio is financially incentivized to continue the same predatory recruitment conduct, despite its "sale" of Ashford to the University of Arizona.

Zovio's control of UAGC and the California Attorney General's lawsuit for Zovio's past actions are not explained in UAGC's marketing materials. Because of that, students may easily be misled into believing they are attending the University of Arizona, or at least an equivalent public school under the control of University of Arizona, while they are actually attending Ashford University under a new name.

These are not theoretical concerns. For instance, on July 7, 2020, the Department of Education [instructed](#) Ashford to "refrain from identifying itself as a 'nonprofit institution' in any advertising, publications, or other notifications unless and until the Department approves the

request to convert to nonprofit status.” For at least two months, however, Zovio continued to claim that UAGC was a non-profit institution in its [marketing materials](#), which was clearly an intent to separate it from the self-created stigma of Ashford University and other predatory for-profit colleges.

The problems with UAGC’s deal with Zovio do not stop there. On July 30, 2021, UAGC’s accreditor, WASC Senior College and University Commission sent a [letter](#) to the school, noting “strong concerns that the targets set for academic improvement are seriously inadequate to reach levels of student outcomes that should be expected at an accredited institution.” It also requested information about the school’s relationship with Zovio.

Government and Private Actions

- In February 2020, the Department of Veterans Affairs [disapproved](#) 20 Ashford University programs from receiving GI Bill benefits. Sixteen of those programs did not leave the students eligible to earn the necessary license in the promised field of occupation. Nineteen of the programs were not “consistent in quality, content and length with similar courses in the California public university systems, with recognized accepted standards.”
- In July 2019, Ashford’s accreditor [issued](#) a Formal Notice of Concern because of “longstanding concerns regarding Ashford University’s student persistence and completion rates and performance on other student metrics.”
- In 2017, the California Attorney General filed a [lawsuit](#) alleging that Ashford’s sales representatives use intense pressure and false promises to enroll students and that Ashford’s own internal audits show that its admissions counselors engage in tens of thousands of misrepresentations each year.
- In 2017, the Department of Education found that Ashford [owed](#) \$300,000 for incorrect refund calculations and refunds that were not made or were made late.
- In 2016, the Consumer Financial Protection Bureau [settled](#) with Ashford and its owner for \$31.5 million after finding that they deceived students into taking out private loans that cost more than advertised.
- In 2016, the Department of Justice [investigated](#) Ashford and its owner over allegations that they misstated Title IV refund revenue or overstated revenue associated with private secondary loan programs.
- In 2015, the Department of Education [investigated](#) representations made to potential and enrolled students to determine if Ashford was in compliance with the prohibition on substantial misrepresentations.
- Also in 2015, the Department of Education [informed](#) Ashford that it had not fully responded to disclosures required under gainful employment.
- In 2015, Ashford entered into a confidential settlement with a former student who had [sued](#) the school for inducing students to enroll by systematically concealing material

information and making purposeful misrepresentations, pressuring students to enroll with illegal recruiting tactics, and misleading students regarding financial aid.

- In 2014, the Iowa Attorney General [settled](#) with Ashford and its owner for \$7.25 million over violations of Iowa’s consumer protection laws, including “unconscionable sales practices,” nondisclosures, and misrepresentations.
- In 2014, the Securities and Exchange Commission and Massachusetts, North Carolina, and New York Attorneys General all [investigated](#) Ashford and its owner.
- In 2012, a [report](#) on for-profit colleges by the Senate Committee on Health, Education, Labor, and Pensions found that Ashford was engaging in aggressive recruiting practices by encouraging its recruiters to overcome objections and to create urgency. One recruiter was fired for not signing up enough students, even though her students had a 100% retention rate.

Allegations about Mistreatment of Veterans

- As of February 2020, Veterans Education Success had received 109 [complaints](#) from Ashford students.
 - 28% of complaints raised concerns about the school’s accreditation and transferability of credits.
 - Nearly 17% raised the quality of the school’s education.
 - 17% had student loans they had not agreed to or had not expected to be required to take out.
 - Over 15% complained about recruiting and marketing.
 - Complaints about program costs were raised by 13% of the students.
 - 13% complained about post-graduation job opportunities.
 - 12% complained about a lack of student support
 - Over 6% of the complaints raised the school’s failure to release transcripts.
 - 3% complained the school was changing the degree plan or requirements.
- Since February 2020, Veterans Education Success has received approximately 20 additional complaints from Ashford students.
- 33 Ashford students logged complaints with [VA](#) against Ashford in the past 24 months. 55% of the complaints were about financial issues like tuition and fee charges, 24% were about the quality of the education, and another 24% were about student loans.
- In October 2020, several organizations asked the Department of Education to [investigate](#) whether the University of Arizona was in violation of the [ban](#) on incentive compensation and whether the deal with Zovio would create further violations.
- In March 2020, Ashford’s owner, Zovio, [announced](#) that it planned to hire 200 additional enrollment advisors, indicating an intent to continue its high-pressure enrollment tactics that students and whistleblowers have complained about.
- In 2017 and 2020, Ashford repeatedly [sent misleading communications](#) to its student body, misrepresenting the school’s status with respect to GI Bill eligibility and

encouraging students to mistrust information provided by the Department of Veterans Affairs.

- In 2016-18, Ashford [attempted to mislead](#) the Department of Veterans Affairs and State Approving Agencies in its attempt to retain GI Bill eligibility.
- Only 15.6% of the GI Bill tuition funds received by Ashford in 2017 were [spent](#) on instruction and only 20% of all tuition revenue was [spent](#) on instruction during fiscal year 2020.
- In its 2021 3Q [earnings call](#) on October 27, 2021, Zovio's executives told investors that it would be increasing its efforts to recruit military veterans at UAGC.

Student Outcomes

- According to the Department of Education's College Scorecard data (referenced November 2, 2021):
 - Only 24% of full-time, first-time undergraduates return to [Ashford University](#) after their first year at the school (compared to 82% at the [University of Arizona](#));
 - Only 22% of students graduate within eight years of entering Ashford (counting full-time, part-time, and transfer students), compared to 63% at Arizona. Another 47% of students withdraw from Ashford and 31% transfer elsewhere within eight years, compared to 9% withdrawing and 28% transferring from Arizona.
 - After graduation, Ashford students have, on average, over \$10,000 more in student loan debt than University of Arizona students. Ashford students have a median total debt of \$26,563 to \$43,929, while students at Arizona have a median total debt of \$14,838 to \$31,000.
- Six years after entry, Ashford students have mean [earnings](#) of \$34,000, while Arizona students have mean earnings of \$41,800. Only 51% of Ashford students earn at least \$28,000 six years after entry, compared to 68% of Arizona students (as of October 6, 2020).
- Ashford students [default](#) in paying back their student loans at higher rates than University of Arizona students do. 15% of Ashford students defaulted after three years, while only 6% Arizona students defaulted in that time. Similarly, 26% of a separate cohort of Ashford students defaulted after five years, while only 6% of a separate cohort of Arizona students defaulted in that time (as of October 6, 2020).