



**VETERANS**  
EDUCATION SUCCESS

# VETERANS WITH STUDENT LOANS THEY NEVER AUTHORIZED OR WANTED

MARCH 2022  
**REPORT**



## Introduction

A large number of veterans report that they have student loans they never authorized or knew about, or that they were forced to take out loans midway through their education program despite being promised that their GI Bill benefits would cover all tuition. The problem is so widespread that it is one of the most common complaints received at Veterans Education Success out of thousands of complaints over the past eight years. Aware of the magnitude of the problem, U.S. House Veterans Affairs Committee Chairman Mark Takano filmed a [PSA video](#) with a student veteran that highlights the veteran's experience of being signed up for a loan without his knowledge or permission:

*“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.... Me and other veterans out there, they took out loans in [our] names. I'm left with debt and no degree and... wasting my GI Bill.” – Army veteran Travis Craig*

What is so frustrating to student veterans who discover these loans is that they know their hard-earned GI Bill would cover the full tuition and fees at any public university in the country, as required by federal statute, with a housing and book allowance on top of it. In other words, they have no need for loans.

Why then would so many veterans wind up with loans they did not know about or loans they did not think they would need when they started at the school?

Whistleblowers at several predatory college companies offer some valuable insights. They explain that they are told to hide the fact that their tuition is higher than the GI Bill will cover. They know that public universities are fully covered by GI Bill tuition, with no need for student loans. Therefore, the recruiters at predatory colleges lie to veterans by promising the GI Bill will cover all costs when they know it will not. Predatory colleges use a variety of tactics that result in burdensome loans that veterans did not want or plan to obtain when they chose to enroll at the school:

- Some recruiters and financial aid employees use veterans' personal information (such as social security number) to take out loans in the veterans' names without their knowledge or permission, to cover tuition above the GI Bill cap. One whistleblower explained to Veterans Education Success that the school applies for loans in veterans' names by creating an email account for the veteran that the veteran doesn't know about (such as “firstname.lastname54321@gmail.com”) and then filing for student loans using that email account for all correspondence with the U.S. Department of Education's Federal Student Aid office (FSA). While FSA believes it is corresponding with the “student,” the student has no knowledge of the application, loan, or even the existence of the email account.
- In other situations, both whistleblowers and student veterans explain that veterans are presented with “standard enrollment documents” to sign, when in fact veterans are being deceived into signing up for unwanted student loans.



**“WE SIGNED EVERYTHING ON ELECTRICAL NOTEPADS, SO US, AS STUDENTS, WE DIDN'T ACTUALLY KNOW WHAT WE WERE SIGNING FOR.”**

- Many veterans complain they are told midway through their education – often pulled out of class in the middle of an exam – that their GI Bill benefits are expended and they must immediately sign a student loan document in order to return to class and continue at the institution.
- Finally, many predatory colleges require veterans to take out loans while the school waits for GI Bill benefit money to arrive. When the GI Bill funds later arrive, the veterans’ accounts are overfunded and they find they have thousands of dollars of loans they never wanted. This is exactly what happened to Navy veteran Jonathan Ngowacki, who was highlighted in a [PSA video](#) by the U.S. Department of Veterans Affairs (VA). Ngowacki was signed up for student loans without his knowledge or permission. This was despite the fact that he specifically, and on several occasions, asked his college financial aid office to ensure he had no loans because he knew his GI Bill would cover everything. Jonathan was especially upset because at one point his account was overfunded and he received a “refund” check from his college. He took the check to the college and said he was extremely worried it was a loan but was promised it was a grant he would not need to pay back. That was untrue.

## Student Complaints

Since 2013, Veterans Education Success has received about 4,000 complaints from service members, veterans, and their family members who use VA benefits. A significant proportion concern deceptive practices by institutions regarding student loans and financial aid – especially being signed up for loans they did not want or know about and/or being wrongly assured their educational benefits from the U.S. Department of Defense (DoD) or VA would cover the entire cost of their education. These students report they often experienced a rushed enrollment process and received confusing, conflicting, or misleading explanations about financial aid and how their college experience would be financed.

In 2016, Veterans Education Success began publishing [reports](#) analyzing trends in the students’ complaints, including the most frequently cited issues at specific schools. To date, we have completed 12 such reports covering colleges owned by the education corporations listed in Table 1, listed in order of the number of complaints analyzed for this report<sup>1</sup>. This report summarizes the student loan and financial aid complaints by student veterans (and some servicemembers and dependents) in our previously published trends reports. We include several representative quotes from student veterans for each type of issue raised. We also include whistleblower statements when applicable.

Ultimately, these schools’ actions have burdened veterans with thousands of dollars of unwanted loans (on top of exhausting their GI Bill benefits), damaging their finances and their transition to successful civilian careers. Meanwhile, the companies have reaped billions in GI Bill funds<sup>2</sup> and many have faced multiple law enforcement actions for deceiving students.<sup>3</sup>

<sup>1</sup> Several of these companies have sold some of their campus brands, and two have permanently ceased operations (ITT Tech in 2016 and Dream Center Education Holdings in 2019).

<sup>2</sup> According to our 2018 report, “[Schools Receiving the Most Post-9/11 GI Bill Tuition and Fee Payments Since 2009](#),” six of these companies received \$6.1 billion in tuition and fee payments on behalf of GI Bill beneficiaries from 2009 through 2017.

<sup>3</sup> According to our 2020 report, “[Schools with Repeat Law Enforcement Settlements](#),” seven of the companies in this report settled [multiple lawsuits](#) with federal or state authorities for misleading advertising and recruiting (ITT Educational Services, Career Education Corporation, Apollo Education Group, DeVry Education Group, Education Management Corporation, Bridgepoint Education, and Kaplan, Inc.). In addition, American Public University System [settled](#) a lawsuit with the Massachusetts Attorney General in 2018 for failing to make required disclosures to students and for engaging in predatory enrollment tactics.

**Table 1: GI Bill Beneficiary Complaints about Unwanted Student Loan Debt, Loans Taken Out Without the Beneficiary’s Knowledge, and Student Loan/Financial Aid Issues, by School and Corporate Owner**

<b>Owner (now known as)</b>	<b>School brands</b>	<b>Number of complaints analyzed for this report</b>	<b>Proportion with unwanted loans taken out without beneficiary’s knowledge or other student loan or financial aid issues</b>
ITT Educational Services, Inc. (closed 2016)	ITT Technical Institute	528	More than 33%
Perdoceo Education Corporation (formerly Career Education Corporation)	Colorado Technical University, American InterContinental University, Trident University International	520	Nearly 50% cited student loan/financial aid issues
Apollo Education Group (owned by Apollo Global Management)	University of Phoenix	303	Almost 100% cited student loan/ financial aid issues
Adtalem (formerly DeVry Education Group)	DeVry University	266	Almost 75% cited student loan/financial aid issues
Education Management Corporation, Dream Center Education Holdings (closed 2019)	Argosy University, The Art Institutes, South University Brown Mackie College	202	40% cited student loan/financial aid issues
Zovio (formerly Bridgepoint Education, Inc.)	Ashford University	129	About 20% had student loan/financial aid issues
Kaplan, Inc.	Kaplan College, Kaplan Institute, Kaplan University	94	60% had student loan/financial aid issues
American Public University System	American Military University	9	100% reported student loan/financial aid issues
Laureate Education, Inc.	Walden University	1	Public testimony by a veteran
Lincoln Educational Services Corporation	Lincoln Technical Institute	2	Public testimony by veterans

## ITT Technical Institute

### Student Veteran Complaints:

More than one-third of the 528 student complaints received by Veterans Education Success as of February 13, 2020, about ITT Tech reported that the school had taken out student loans on their behalf, often without the student's knowledge. See pages 3-4 of our April 2020 [report](#).

- 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.
- Student F.C. said, “I was told by ITT Tech that my GI Bill will pay for my tuition for my two-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.”
- Student R.D. said, “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.”
- Student C.C. reported, “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.”
- 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.
- 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.

**“...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.**

### Student Veteran Public Testimony:

Brian Whitehead testified during an October 2021 public comment period of the Department of Education in conjunction with its negotiated rulemaking. Brian explained that, when he enrolled, ITT Tech told him that his GI Bill benefits would cover his entire education, but this was not true. Thirteen years after earning a two-year degree, he still owes almost \$50,000 in federal student loan debt and another \$40,000 of private student loan debt. He explained that his job barely pays the bills and he has to ask for help from his family and friends to make ends meet. Read his testimony [here](#).

## House Veterans Affairs Committee Chairman Mark Takano's Video with Student Veteran Travis Craig about Unknown Loans:

In this PSA [video](#), Army veteran Travis Craig explains to Chairman Takano that he unknowingly signed up for a loan when he enrolled at ITT Tech:

*"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.... Me and other veterans out there, they took out loans in [our] names. I'm left with debt and no degree and... wasting my GI Bill."*

## Perdoceo Education Corporation: American Intercontinental University, Colorado Technical University, and Trident University

### Student Veteran Complaints:

Nearly half of the 520 students who contacted Veterans Education Success as of September 17, 2021, about schools currently or previously operated by Career Education Corporation (rebranded in 2020 as Perdoceo Education Corporation) identified problems with student loans and financial aid. See pages 12-16 of our 2021 [report](#). Many veterans were perplexed about the student loan debt they incurred at this company's schools, given the educational benefits available to them. Some students incurred loan debt in the tens of thousands of dollars. They complained about being told that

**"I NEVER KNEW THAT I WAS APPLYING FOR FINANCIAL AID IN ADDITION TO USING MY TUITION ASSISTANCE. COLORADO TECHNICAL UNIVERSITY JUST TOLD ME THAT IN ORDER TO ENROLL I MUST ALSO FILL OUT FINANCIAL AID JUST IN CASE THE MILITARY [DIDN'T] PAY."**

they had to take out loans "just in case" and that the loans would be repaid (which proved untrue) once the school received VA payments for their tuition and fees.

- Student M.W. said, "I never knew that I was applying for financial aid in addition to using my tuition assistance. Colorado Technical University just told me that in order to enroll I must also fill out financial aid just in case the military [didn't] pay. So, I did. Once I graduated, I got a bill in the mail from student loans."
- Student M.R. shared, "Made me apply for student loans even though I was enrolled in Voc Rehab" [VA's vocational rehabilitation program].
- Student K.R. stated, "When I first enrolled, I received quite a bit of email insisting that I had to apply for student loans. As a VA Voc Rehab student, everything was covered... yet I kept receiving these nastygrams insisting that I could not attend until I applied for loans. I did call and they did attempt to sell me on the idea of student loans, I pushed back. The student loan harassment finally ended."
- Student J.P. stated, "When I enrolled in the school, I was instructed by their financial planner that I would need student loans to cover the upfront tuition since the GI Bill paid for [subsequent] months and my tuition would need to be paid ahead of time in order to begin classes. I have since defaulted...."
- Student Z.G. shared, "I somehow owe \$4,000 [on] a loan that was not supposed to be there. When GI Bill came in, the loan was supposed to be wiped out. Now I'm defaulted on the student loans and currently paying on it."

Some students indicated that the loans were taken out without their permission or that they did not know that they had loans until they graduated.

- Student S.M. explained, “I had to take \$30,000 in student loans that I didn’t know about until I owed it.”
- Student D.M. shared, “I used AD [active duty] TA [tuition assistance] and ended up getting loans over \$40,000 and as of today I still don’t know why. I used my TA and that should have paid for more than it did. My degree isn’t great. Plus I was pushed into an MBA program that has no credit [on the job market].”
- Student R.M. said, “I have also filed for a student loan discharge showing the violations that they committed as well as the information showing that I was not aware or informed of the student loans that I was taking out. It was presented to me as a financial hardship grant because I was a single mother at the time and could not afford to attend school. This school continuously committed unfair and predatory practices.”
- Student K.S. shared, “I used my GI Bill to cover costs of my last two degrees and then get student aid relief thinking that I only had \$10,000 in student loans. I found out that on top of GI Bill, AIU had put in for other student loans so now I am up to around \$25,000 without even knowing about the additional loans.”

**“WHEN I SIGNED UP FOR COLORADO TECHNICAL UNIVERSITY, I TOLD THEM THAT I DID NOT NEED ANY GRANTS OR LOANS. I RECENTLY FOUND OUT THAT THE SCHOOL HAD ME ENROLLED IN A HIGH INTEREST LOAN AND CLAIM I OWE APPROXIMATELY \$6,000.”**

Some students alleged that they were tricked into high-interest-rate private loans.

- Student G.L. reported, “When I signed up for Colorado Technical University, I told them that I did not need any grants or loans. I recently found out that the school had me enrolled in a high interest loan and claim I owe approximately \$6,000.”

Some students said that the school created confusion and did not fully explain to them why the loans were needed.

- Student M.S. reported, “I have been asking for a long time why I needed to have student loans when I have the Tuition Assistance and [the] GI Bill. I am still paying on two loans since graduating back in 2009-2010. In combination I owe over \$12,000 between the two student loans.”
- Student S.T. shared, “I was told by AIU that everything would be covered by my GI Bill. But before you know it I had to take out a student loan of about \$12,000 [on] which I still owe \$9,000.”
- Student C.M. said, “I thought they were charging TA and instead I still have \$20,000 of student loans. I would have never gone to the college if I knew it would have caused me so much debt.”
- Student J.L. shared, “I wanted to use my VA money to pay for courses, yet they insisted they needed to use student loan money for payment. Their excuse was that it was easier for their billing department.”

- Student B.E. spoke to a Veterans Education Success employee, who recorded the student’s experience: “Colorado Tech’s VA representative misled him into thinking he had benefits that would cover most of his tuition. Rushed him into signing FAFSA [Free Application for Federal Student Aid] forms, ‘just in case’ it was needed. Ended up with \$70,000 of debt.”

### *Student Public Testimony:*

- In his November 2021 testimony during the Department of Education’s negotiated rulemaking public comment period, Marine Corps veteran Chris Glock explained that Colorado Technical University charged various fees that were not covered by the GI Bill. These included extra fees for taking classes online during COVID that left him with a bill for thousands of dollars for YouTube videos and online course materials that he can no longer access. Read his testimony [here](#).

**“VETERANS WERE ALSO PROMISED A ‘MILITARY DISCOUNT’ OR SCHOLARSHIP, WHICH DID NOT EXIST. IT WAS SOMETIMES REFERRED TO AS A ‘PATRIOT GRANT.’”**

### *Whistleblower Allegations:*

- An admissions advisor at Colorado Technical University for four years explained how admissions staff recruited veterans and signed them up for loans in false and deceptive ways. The following are direct quotes from an affidavit that he submitted to the Department of Education and other federal agencies:
- “We were also trained to push the veterans into moving up their start date, even if their military benefits had not been verified or determined. Just like the other policies broken by CTU, on paper, CTU’s policy is designed to make sure military students have the time needed to make the best decision for themselves. But in practice and in reality, to get as many veterans as possible, management would pressure the student to go immediately and extend any necessary deadlines to get them started right away. It would often result in students having to pay for charges out of pocket and by using Title IV grants and loans instead of waiting a few weeks and having the cost covered by their military benefits. We were trained to tell them not to worry about it; that it would work out. And then CTU would hit these students with a payment and tell them the cutoff for using military benefits was already passed. Many students I worked with would end up being stuck paying for a course that they were pushed into.”
- “Veterans would be told different information regarding their funding and benefits by different recruiters, which made it difficult for them to make informed decisions. Veterans were also promised a ‘military discount’ or scholarship, which did not exist. It was sometimes referred to as a ‘Patriot Grant.’ I had worked with military students for over three years without knowing the term ‘Yellow Ribbon Program.’”

That whistleblower further explained that the school would “re-use” students’ signatures from other documents on financial aid documents. Then the school would tell the students that they were set to start school, without explaining the loan documents taken out in their names without their knowledge. Also, the school would “overload” the financial aid in the beginning, so that there would be no funding left for students when they were trying to finish their degrees. Then students would be led to sign a student payment contract (to cover debt owed to the school).

- Another whistleblower who worked for eight years as a Retention Advisor at CTU met with the Department of Veterans Affairs and the Department of Justice and explained that students complained about unauthorized loans “all the time.” Students are often confused by what they are told by financial aid representatives, and information is “often withheld” in financial aid conversations.

### *Student Veteran Complaints:*

Three hundred of the complaints received by 2017 from military-connected students about University of Phoenix, analyzed by Yale Law School, identified problems with student loans and financial aid. See pages 9-10 of Yale's May 2017 [report](#). Many veterans reported that they were convinced to enroll based on promises that the GI Bill would cover their tuition and that they would not need to take out loans, promises which turned out to be false or misleading. Other veterans told us that they were encouraged to take out loans, even when these loans seemed unnecessary. Student C.B. said, "I was recruited to [University of Phoenix] with a degree plan that would allow me to complete my degree with about six months to spare on my GI Bill. After my first semester, I was informed that the information I was given was inaccurate and that I'd actually have to pay out of pocket for a semester."

**"I TOLD THE SCHOOL THAT I WANTED TO USE MY GI BILL AND THAT IF FOR SOME REASON IT WAS DENIED TO CANCEL EVERYTHING BECAUSE I COULDN'T AFFORD IT AND THAT I DIDN'T WANT STUDENT LOANS."**

- Student B.S. reported, "Even though I had my GI Bill and post 9/11 funding, they told me I was still required to get a personal loan because it did not cover everything. Upon speaking with the VA, they stated I shouldn't have had to pay anything as it should've been fully covered. Now I'm in debt for \$80,000 and can barely make the payments let alone the high interest rate." In other, more extreme cases, students report that University of Phoenix took out loans on their behalf without their consent.
- Student C.L. said, "I told the school that I wanted to use my GI Bill and that if for some reason it was denied to cancel everything because I couldn't afford it and that I didn't want student loans. They waited until I finished my first semester to tell me that my GI Bill was denied and that they had signed me up for Sallie Mae."
- Student J.G. reports, "I was enrolled into a loan for the first month of the programs and I wasn't aware until I started getting the letters after I had graduated from [University of Phoenix]. The loan was used to pay off the beginning class and the whole time I thought it was taken care of through my GI Bill."

### *Student Public Testimony:*

Michelle Poitier testified in October 2021 at the Education Department's negotiated rulemaking public comment period. Ms. Poitier is a Navy veteran who graduated from the University of Phoenix in 2010. She couldn't get a job in her field and had \$30,000 in student loan debt that she didn't realize she was signing up for on top of using her VA benefits. Read her public comment [here](#) or watch her video testimony [here](#).

### Student Veteran Complaints:

Veterans Education Success analyzed 266 complaints about DeVry received by August 2016 from military-connected students. Almost 75 percent of the complaints reported financial aid or student loan issues, including student loans taken out by the school in their names without their knowledge. See pages 3-13 of our August 2016 [report](#). Students reported finding out that they were charged different amounts than their classmates or that the “discount” they were promised was the normal base price for tuition. Some also reported hidden fees that appeared after enrollment. For example, one student reported he had to keep paying out of pocket for different costs and fees that were not disclosed when he was recruited.

**“I USED THE GI BILL AND YELLOW RIBBON SO THAT I WOULDN’T OWE ANYTHING. MY FINANCIAL ADVISORS ALWAYS TOLD ME THAT EITHER THE VA OR THE SCHOOL WOULD COVER THE BALANCE BECAUSE OF THE YELLOW RIBBON [PROGRAM]. HOWEVER, A YEAR LATER I STILL HAVE COLLECTORS COMING AFTER ME FOR THIS AMOUNT.”**

- Student L.F. reported, “When I spoke to student services with DeVry prior to enrolling, I was told that my GI Bill along with federal aid would cover my four-year degree. The last semester, I received a bill prior to graduation in the amount of \$2,000 saying that this amount would not be covered and in order to get access to my official transcripts I would have to pay this amount out of pocket.”
- Student M.Z. said, “I received my bachelor’s degree from DeVry University Orlando. Upon completion they claimed that I owe over \$1,200. I used the GI Bill and Yellow Ribbon so that I wouldn’t owe anything. My financial advisors always told me that either the VA or the school would cover the balance because of the Yellow Ribbon [program]. However, a year later I still have collectors coming after me for this amount.”
- Student K.K. explained, “I was told that I owed a balance because my FTA [Army National Guard Federal Tuition Assistance] and other associated VA benefits didn’t cover it, so I paid out of pocket only to later find out that I owed more, and I had to pay that as well.”
- Student T.N. shared, “I was told that I would not have enough to cover the cost of my whole tuition. I sought private loans and I also had a month left on my G.I. Bill, which DeVry said that I need to max out. Months later I received an email stating that a debit had been created in my name due to a class that I had already received credit for. When I first started attending DeVry, I submitted all other transcripts from my previous colleges and military education, but I was not granted any credits. All of a sudden I have credits from something that I had not been notified about. I have tried to talk to them but only get the run around.”
- Student A.W. said, “I went to DeVry for a few months using TA and a Pell Grant, all money went to the school. I get a call saying I owe money. I’m an active duty soldier and have never had to pay out of pocket for school.”

### Student Veteran Congressional Testimony:

Veteran Eric Luongo [testified](#) to Congress last year he still has over \$100,000 in student debt from DeVry, even though he was assured he could attend for free through funding from his GI Bill and Pell Grants. Read his testimony [here](#).

### Whistleblower Allegations:

A former military recruiter for DeVry, Christopher Neiweem, [testified](#) at a June 2013 U.S. Senate Defense Appropriations Subcommittee [hearing](#) on DoD's voluntary education programs. He testified that DeVry's military recruiters were instructed to "get asses in classes" to take advantage of "the military gravy train," and that they used multiple deceptive recruiting practices. Read his testimony [here](#).

Following Neiweem's testimony, three other military recruiters from DeVry [wrote](#) to the Senate Subcommittee to support Neiweem's testimony and add their own experiences with DeVry's deceptive recruiting practices. Read their letters [here](#). They reported, in part, that recruiters were instructed not to mention the cost of classes during enrollment or what student loan repayments could look like. (See letters from [Christopher Gross](#) and [Vonn Helwig](#))

## Education Management Corporation/Dream Center Education Holdings: Art Institute, Argosy University, South University, and Brown Mackie College

### Student Veteran Complaints:

Financial aid and student loan issues were raised by almost 40 percent of the 202 students who contacted Veterans Education Success as of March 2021 about schools owned by Dream Center Education Holdings and formerly owned by Education Management Corporation. See pages 3-5 of our May 2021 report. Many students reported that they incurred a substantial amount of student loan debt that they could not pay back because of the inadequate degrees and poor job placement of these institutions. Some alleged that the school encouraged them to take out loans despite their education benefits from VA or had them sign loan paperwork without explaining the documents at all. Some veterans complained that these schools promised tuition would be covered, but then presented them with costs and loans.

**"I WAS TOLD IN THE BEGINNING THAT I WOULD NOT BE CHARGED FOR ANYTHING OUT OF POCKET, THAT EVERYTHING WOULD BE TAKEN CARE OF WHEN THE MONEY CAME IN. TWO MONTHS LATER THE BENEFITS STILL HAD NOT STARTED, THE SCHOOL'S [FINANCIAL] DEPARTMENT MADE ME LEAVE MY FINAL EXAM TO SIGN LOAN PAPERS, SAYING THAT THE SCHOOL COULD NOT WAIT ANY LONGER FOR THE FUNDS."**

- Student G.D. said of The Art Institute, "At the time they told me everything is paid for. However, they neglected to tell me that as a reservist who served downrange along with new restructuring of the law, it was not all free, and after just two semesters, the former being free, I was hit with a \$3,500 bill."
- Student T.S. complained, "I went [to] Brown Mackie in South Bend, Indiana for [six] months for a business major. My VA benefits took longer [than expected] to receive. I was told in the beginning that I would not be charged for anything out of pocket, that everything would be taken care of when the money came in. Two months later the benefits still had not started, the school's [financial] department made me leave my final exam to sign loan papers, saying that the school could not wait any longer for the funds. I didn't know what to do, the woman told me that if I was able to get the resources [within] the next 24 hours that they could cancel the loan request before it went through. I called the VA as soon as I got home. It turns out the school gave me the wrong school code and other information. I got everything squared away on the phone and my benefits were approved that day, they told me it would take a week to get the money. I called the school directly after and as soon as I got on the phone with the [financial aid] she [congratulated] me as my loan had gone through. I asked if I could cancel it and she said no it is too late now since it's already been approved. Now I'm \$8,000 in school loan debt."

Student M.A. explained about South University, “I was twice encouraged to take out costly private loans to attend class with the explanation that I could not attend if the money was not guaranteed. Private loans were later refunded to me as stipends, as the money I was told to apply for was \$3,000 over what I needed. I incurred over \$90,000 in debt to receive my Bachelor’s Degree (Psychology).”

Student J.C. said that he attended IADT (International Academy of Design and Technology) and the Art Institute of Las Vegas. “I was under the impression my GI Bill covered everything and during semester changes I was told I had money I could have. I didn’t know what a disbursement check was but they said I had money. Little did I know I had to pay it all back and now, ten years later, I am \$40,000 plus in student debt.”

### *Student Veteran Public Testimony:*

Nicole Wilson served in the Navy and Ohio Army National Guard. She testified in October 2021 at the Education Department’s negotiated rulemaking public comment that she feels like she wasted her time, money, and government benefits attending Brown Mackie College and Bryant & Stratton College, and that these schools provided a poor education and made many false promises. Read her testimony [here](#) and watch a [video](#) of her testimony.

## **Ashford University**

### *Student Veteran Complaints:*

Almost 20 percent of the 129 students who contacted Veterans Education Success as of December 2021 about Ashford University complained about financial aid or student loan issues, including that Ashford advised veterans and servicemembers to take out student loans or took out loans on their behalf. Many of those veterans and servicemembers reported being confused about why Ashford did this, and also reported having large amounts of student loan debt as a result. Some also allege that Ashford promised them a special “military grant” that never arrived. See pages 8-10 of our December 2017 [report](#).

- Student M.C. shared, “I was told that with their tuition break and my GI Bill I would have no out-of-pocket expenses. [But] each time a new semester came around I needed more money and was told a student loan was the best way to do it.”
- Student B.D. said, “The cost of tuition for this school was much greater than they recruited me for, then there were student loans taken out. They said financial aid needed to be a second form of payment. However, because of my military status and benefits, it wouldn’t be used.”
- Student D.S. explained, “I was signed up for loans I did not know about when my GI Bill ran out.”
- Student N.G. reported, “I was promised a military grant that would pay over 25 percent of my tuition and fees. Now I’m overwhelmed with loan debt because that grant was only five percent. So many lies and it’s hard to contact someone once you’ve got in. They don’t want to discuss anything.”



**“I WAS SIGNED UP FOR LOANS I DID NOT KNOW ABOUT WHEN MY GI BILL RAN OUT.”**

- Student J.E. said, “I feel that Ashford’s cost for online classes and the amount of money they used for my degree over the two years was ridiculous. They used my post 9/11, grants and student loans to pay for my tuition.”
- Student J.J. explained, “I was referred by a friend who attended Ashford. Everything seemed to sound great initially. However, I was told that in order to start classes, I would need to apply for student aid while my GI Bill processed. I was told that this would only enable me to start class right away and that there would be a hold on the loan and the money wouldn’t be touched. Unfortunately, that is not what happened. As soon as the funds became available, Ashford withdrew the loan to pay for my classes. I had never planned on using student loans, I had thought that with my GI Bill I wouldn’t have to worry about loans piling up.”
- Student C.R. shared, “While signing up for the GI Bill, I was under the impression that I was signing up for grants or money that was to accompany the GI Bill for recipients. Now that I have over \$40,000 in student loans, I feel like I was left holding the bag. My credit has taken a hit. . .”
- Student S.K. reported, “The school continuously maxed me out on student loans every semester even though I got GI Bill . . . Now not only do I have two degrees that are almost practically useless but I am over \$70,000 in debt, running out of GI Bill money, attempting to get my LPK-3 teaching licensure classes complete, and working towards a doctoral program and I just can’t afford this financial[ly]. I am disabled and retired from the military. I have no idea how I am going to be able to afford to repay these loans on a fixed income if I can’t get a job with the degrees I worked for over seven years to earn. It’s super depressing and frustrating.”
- Student K.S. complained, “I enrolled in Ashford University which is a for-profit school, in 2010. I am a disabled veteran and had my schooling completely paid for. However, I still had to fill out federal loan papers. After having an extreme emotional hardship, I dropped out of school after a year. I simply could not focus on school and family issues. I then received two checks in the mail totaling approximately \$10,000. I called the school and they said to just go ahead and cash the checks. Every month I would receive a small check of over-payment from the GI Bill, so I figured it was the remaining amount after dropping out of school. I do remember cashing the one check, but not the other. I always wondered why I even had to fill out loan papers if my schooling was completely paid for? I have been dealing with this for five years. I have sent many correspondences, with nothing in return. It has completely ruined my credit. I have a family of five and we are unable to now get a safe car because of my credit. I finally recently received a letter stating that my loan is now in default and the funds to pay off the loan will be taken out of my federal and state tax returns.”
- Student V.C. said, “Also I had the post 9/11 GI Bill that went straight to the school. Even still they continued to send student loan after student loan. I am not sure what my GI Bill paid for, however I have about \$60,000 in student loans now.”
- Student S.P. reported, “I applied for my student loan with Ashford at the recommendation from a student advisor because the VA GI Bill doesn’t work on the same schedule as the school. I applied to pay for it all but they only submitted it to pay for a portion. My student portal doesn’t reflect that I owe anything but I got a call from the school saying I owe nearly \$4,000 to them and I won’t get my degree until it’s paid back.”

**“I APPLIED FOR MY STUDENT LOAN WITH ASHFORD AT THE RECOMMENDATION FROM A STUDENT ADVISOR BECAUSE THE VA GI BILL DOESN’T WORK ON THE SAME SCHEDULE AS THE SCHOOL.”**

## Student Veteran Public Testimony

Navy Reservist Jonelle Daugherty [testified](#) at the Department of Education’s negotiated rulemaking in January 2022. She explained that when she enrolled at University of the Rockies (which later merged with Ashford University), the school promised her that they would provide Yellow Ribbon and other funding to make up for any shortfall after her GI Bill benefits were used up. She testified, “Contrary to their initial promise, the school has refused to provide the additional funding, and I had to take out student loans to continue my education.”

Ms. Daugherty has more than \$200,000 in loans she never wanted. Read her public comment [here](#).

### Whistleblower Allegations:

Several former employees of Ashford University have spoken out about Ashford’s misconduct and deception; their statements were documented in our [memorandum](#) to the Federal Trade Commission. Two whistleblowers who recently worked in the military recruiting division at Ashford [described](#) the deception employed by sales representatives to get military-connected students, called “leads,” to enroll, as well as the unwillingness of the school to help those students once enrolled.

**THE EMPLOYEES FELT AS THOUGH THEY WERE “THROWING FELLOW VETERANS UNDER THE BUS” BY “RELATING TO THEM, GAINING THEIR TRUST, AND TAKING ADVANTAGE OF THEIR TRUST.”**

For instance, Ashford offered a military discount to get potential students to commit, but “what we’d find out is they never filed the right paperwork for the student to get the military discount. University doesn’t care after enrollment. University would not go back and honor it retroactively because they said it was the student’s responsibility.”

One of these employees, Eric Dean, told [NBC News](#) that Ashford pressured him to enroll veterans “no matter what” and to keep them enrolled for at least three weeks, at which point they would become ineligible for a refund. The employees felt as though they were “throwing fellow veterans under the bus” by “relating to them, gaining their trust, and taking advantage of their trust.”

### Court Judgment Against the School:

On March 7, 2022, the San Diego Superior Court issued a 47-page [decision](#) ruling in favor of the California Attorney General’s Office, finding that Ashford University violated California consumer protection law by giving students false or misleading information in order to entice them to enroll. The Court ordered Ashford to pay a fine of more than \$22.37 million. The Court found that the school “misrepresented the amount of financial aid that students would receive and the costs that aid would cover.” (See page 20.) This included misrepresentations that students would receive a specific type or amount of aid (grants or loans), that aid would cover specific costs, that students would receive a stipend, and that students would have no, or only limited, out-of-pocket costs. (See *id.*) The Court found that Ashford “plainly recognized that it was misleading for admissions counselors to predict aid awards.” This ruling corroborates the statements made by student veterans above.

### Student Veteran Complaints:

More than 60 percent of the 94 students who contacted Veterans Education Success by mid-2017 about Kaplan University complained about financial aid or program costs. See pages 4-11 of this [report](#) from Harvard Law School's Project on Predatory Lending. To fill the gap between tuition and military benefits, veterans and servicemembers report that Kaplan sometimes took out loans in students' names without their permission. Veterans and servicemembers also report that Kaplan borrowed the maximum amount and, in some cases, Kaplan gave a portion of the loan money back to students. However, they failed to inform students that these so-called "refunds" were actually loans that they would be required to pay back. Veterans and servicemembers also report that Kaplan used loans instead of using military benefits.

- Student T.T. from Minnesota reported that, after graduation, he learned that Kaplan borrowed 23 loans in his name, of which he had not previously been aware.
- Student A.U. from California reported that he was entitled to enough GI Bill money to cover the costs of his Kaplan program. However, rather than wait for the government to disburse A.U.'s GI Bill money, Kaplan arranged loans to cover his costs.
- Student K.R. recalled that Kaplan did not use her GI Bill benefits, instead asking her to take out loans. K.R. recalls that she agreed to borrow federal loans and one private loan for \$2,200. However, she later found out that a second private loan was taken out without her permission and the total private loan was actually for \$6000. Her private loans are growing rapidly because of the high interest rate and her inability to make payments.
- Student C.D. recalled that Kaplan did not explain the financial aid process to him. As a result, he was very confused about his student loans. C.D. reports Kaplan took out loans on his behalf without his permission. To avoid incurring debt, C.D. had to affirmatively and formally reject the loans.
- Student V.K. reported that Kaplan improperly borrowed money for multiple years at a time instead of borrowing money at the start of each year to cover her school costs for that year. She also reported that Kaplan borrowed more money than she needed to cover her costs and sent the excess money to her as "refund checks."
- Student S.N. believed that her vocational rehabilitation benefits would cover the entire cost of her Kaplan program. However, she later learned that Kaplan borrowed money on her behalf without her knowledge. She called Nelnet, her loan servicer, and a Nelnet representative told her that Kaplan had borrowed the maximum amount that S.N. was able to borrow. S.N. reports that the only financial aid document she signed was the FAFSA. "I was promised low prices and grants, come to find out I owe thousands in loans . . . they told me and the VA. The VA even sent them letters questioning – it was supposed to be \$1,200 a quarter and they were billing the VA almost \$2,000 a quarter. . . [E]verything was supposed to be discounted, I don't remember the exact percent but I don't believe I got it. . . I paid \$750 for the books and that wasn't going to be included in my voc rehab, and was paid for with loans which I thought at the time were grants."

**“THE VA EVEN SENT THEM LETTERS QUESTIONING – IT WAS SUPPOSED TO BE \$1,200 A QUARTER AND THEY WERE BILLING THE VA ALMOST \$2,000 A QUARTER.”**

- Student A.M. believed that the GI Bill would cover the cost of his program, but he believes Kaplan took out loans for him without his permission. He did not sign any paperwork, but somehow incurred \$28,692 in debt. Also, Kaplan sent him a refund check but did not explain where the money had come from.
- Student J.R. found it difficult to access information about his Kaplan financial aid. Kaplan gave him a phone number to call to ask questions about his loans, but the people who answered the phone did not speak English well. J.R. believes the number may have been for a call center.
- Student F.L. shared that, based on representations made by Kaplan and its employees, she believed that the total cost of her Kaplan program would be approximately \$35,000 to \$40,000. However, she incurred approximately \$55,000 to \$60,000 in debt, which she believes was because Kaplan borrowed more money on her behalf than she needed to cover her costs.
- Student E.L. reported that, when he became ineligible for military education benefits, he told Kaplan that he could not afford his tuition. Kaplan pressured him to borrow private loans by calling him 14 times in one day. At Kaplan’s behest, E.L. also spent \$400 on textbooks that he was never required to use.
- Student J.C. said, “The school refused to send the degree to me due to a balance which shouldn’t have existed due to military funding and payment. Also overcharged me for tuition and fees.”
- Student A.G.: “With using my GI Bill and tuition assistance, I should have not had any out-of-pocket expenses. The amount owed always rose in value.”
- Student M.M. explained, “My account has been a wreck for the past six months. They said it was their system. They owe me \$920 from a Pell Grant they took because they somehow didn’t process my GI Bill for a semester so they used my grant. After they supposedly corrected it, they kept my Pell Grant and GI Bill payment and now show I took out student loans I never did. Their system shows they owe me nothing and I have fought with them for the past six months to fix this – to no result.”

**“AFTER THEY SUPPOSEDLY CORRECTED IT, THEY KEPT MY PELL GRANT AND GI BILL PAYMENT AND NOW SHOW I TOOK OUT STUDENT LOANS I NEVER DID.”**

### *Student Veteran Public Testimony:*

Army veteran Sean Braunstein [testified](#) during the public comment for the Education Department’s negotiated rulemaking in January 2022. He explained that when he enrolled at Hesser College, which was owned by Kaplan, the admissions representative promised that the GI Bill would cover everything. He later learned that the GI Bill benefits took “too long to come in” so he would need to take out loans to cover tuition or risk being dropped from his classes. The school also eventually told him that his benefits “did not cover all the tuition, and extra loans were required.” He ended up with \$50,000 in debt that he never intended to take out when he enrolled at the school. Read his testimony [here](#).

## American Military University

### Student Veteran Complaints:

Two military-connected students at the American Military University (AMU, which is not, in fact, connected to the American military), owned by the American Public University System (which is not, in fact, a public university system), told Veterans Education Success that the school took out loans in their names without their knowledge or permission. An additional seven veterans told us AMU misled them about what their GI Bill or Tuition Assistance benefits would cover and why they needed to take on student loans. We have not previously published a report on AMU complaints.

- Student C.B. attended AMU between 2014 and 2015 and specifically told the school when she enrolled that she did not want to take out any loans because she believed her GI Bill benefits would cover tuition. However, after leaving the school, she learned that she owed over \$4,000 in loans that she never wanted and never knew were taken out. “This is devastating on top of everything else...”
- Student J.F., as a Petty Officer Second Class in the United States Navy, served in Bahrain as part of the Iraq War in 2005. After leaving the Navy, J.F. pursued a bachelor’s degree in criminal justice from AMU, which had assured J.F. that the GI Bill would completely cover the cost of his tuition. After enrolling in the program, however, J.F. learned that the school misled him about the true cost of the program and he had difficulty tracking down any information related to his tuition bills. J.F. had no choice but to take out student loans to cover the bill for the remainder of his education and is now saddled with \$37,000 in debt.

## Walden University

### Student Public Testimony:

Joshua Blumm [testified](#) during the October 2021 public comment period of the Education Department’s negotiated rulemaking. Mr. Blumm is the son of a Marine veteran and was told by Walden that he could use his father’s benefits. They also convinced him to take out loans before the benefits were processed. The Department of Veterans Affairs later denied his request to use these benefits, and Mr. Blumm was left with \$60,000 in student loan debt that the school misled him into accruing. He explained:

*“When I was enrolling at Walden University, I made it clear to them from day one that I intended to use my father’s GI Bill benefits to pay for my tuition as well as any student loan debt that I might accumulate in the process. Walden told me that I was eligible to use my father’s GI Bill benefits at their school and even connected me with the Walden office that handles veteran certifications to get me signed up. Walden also encouraged me to take out student loans via FAFSA as I waited for my benefits to kick in and said that I would be reimbursed by the VA at the end of my first year.... Walden’s administrators deliberately misled me, completely pulling the wool over my eyes in order to get me to enroll. Now I have student loan debt totaling more than \$60,000 and anger that they not only deceived me but also my father, who was only trying to help me pursue something I was passionate about. Now he feels guilty because I have all of this debt. He is also angry that we were deceived by the veterans’ administrators at Walden, but especially because they were supposed to be on his side — to say the least. I now know Walden has a history of this type of activity after I did some research on them online. That’s why I’m asking you today to make sure colleges like Walden cannot get away with misleading and lying to veterans and their families. Especially the administrators in their veterans’ office. My father served this country honorably and this is the thanks he gets?”*

Read Joshua Blumm’s public comment for the Education Department’s negotiated rulemaking [here](#), and watch the [video](#).

### *Student Veteran Public Testimonies:*

Jesus Abarca and Dylan Contrino are Marine Corps veterans who testified during the December 2021 public comment period of the Education Department’s negotiated rulemaking meeting. Both enrolled in the welding program at Lincoln Technical Institute’s Mahwah Campus after the school told them it was approved for GI Bill. After they enrolled, the school claimed it was being audited by the VA and that they would receive their GI Bill funds soon. Months went by, and when their GI Bill funds still hadn’t come, the school required them to take out student loans to cover the tuition. The school assured them that the GI Bill funds would come soon and they would be reimbursed. Later, Mr. Abarca and Mr. Contrino learned that the welding program had never been approved by the VA, and that their benefits were not coming. Both students had to use their savings and take out thousands of dollars in student loan debt because of the school’s lies.

Mr. Abaraca said of his experience, “We learned that the welding program hadn’t been accredited by the VA and

the school enrolled us under false pretenses. They just wanted to get paid.” Read his public comment for the Department’s negotiated rulemaking [here](#).

Mr. Contrino said that the school “didn’t care that they put us in debt and decimated our savings waiting for benefits – ones that we earned through our service – that would never come.” Read his public comment for the Department’s negotiated rulemaking [here](#).



**“WE LEARNED  
THAT THE WELDING  
PROGRAM HADN’T BEEN  
ACCREDITED BY THE  
VA AND THE SCHOOL  
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FALSE PRETENSES.  
THEY JUST WANTED TO  
GET PAID.”**

## Policy Recommendations

We offer the following policy recommendations:

1. In order to stop bad actor schools from misleading veterans into loans they did not want, federal agencies<sup>4</sup> should take action against any infraction, relying on student complaints and Borrower Defense applications, whistleblower statements, and evidence from law enforcement and other government agencies – and should increase the fines. In addition, the Departments of Education, Veterans Affairs, and Defense should educate schools about the problem of loans that students – especially students using veterans’ education benefits – did not want. Additionally, these departments should study whether loans are being used as a recruitment tactic for students who have fully funded veterans education benefits, and consider policies to prevent such abuses.
2. In order to protect students from inadvertently signing documents for loans they do not want, policymakers should:
  - Rename the “Master Promissory Note” because most people have no idea what that term means. It should instead be given a more accessible, common-sense name (or at least subtitle), such as “Student Loan Agreement,” so that students understand they are signing a contract to repay a student loan, and should include a large image of a stop sign with a warning such as, “Stop: Do not sign this unless you want student loans. You will have to pay back the loans.”
  - For students who have fully funded veterans education benefits, require annual renewal of any Master Promissory Note (which is otherwise operational for 10 years), to ensure the students want new loans each year; and require financial counseling regarding any loans (including the amount and repayment obligation) in the presence of a witness not connected with the institution.
3. In order to provide veterans with the information they need about student loans, the Departments of Defense and Veterans Affairs should include student loan counseling in existing “financial literacy education” of servicemembers and veterans. Specifically, all servicemembers who are within a year of separation and veterans who are requesting a certificate of eligibility for their education benefits should be educated about their education benefits and the impact of student loans. The Consumer Financial Protection Bureau’s [“Paying for College”](#) tool is one useful resource. Such education of servicemembers and veterans should include the fact that the GI Bill covers the full cost of attendance at all public colleges and universities in the country, regardless of state residency, which is an important fact that Congress made possible in 2014 but which is not sufficiently known among veterans as they choose a college. Congress should also provide more robust funding for education counseling including funding for military education officers to provide individual financial counseling for higher education.
4. In order to provide veterans the information they need to choose a college, VA’s GI Bill Comparison Tool and DoD’s “TA DECIDE” must be dramatically improved so that veterans have better information to make an informed college choice. These tools should add a [“risk-index,”](#) wider use of [caution flags](#), consumer protection warnings, and student outcome data from the Education Department’s College Scorecard (which was removed), and should allow side-by-side comparisons of schools and searches based on field of study and geographic location. All student complaints should be reported on the GI Bill Comparison Tool and TA DECIDE, including redacted narrative portions. VA needs to restore older complaints and open complaints, which it hid during the Trump Administration, as well as historical data about schools that closed, like ITT Tech, on the GI Bill Comparison Tool data dashboard.

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<sup>4</sup> The Department of Education has authority under the Higher Education Act to take action against schools that engage in substantial misrepresentations and other abuses of the federal student loan process; the Department of Veterans Affairs has an obligation under 38 U.S.C. § 3696 to disapprove education programs that deceive or mislead veterans; and the Department of Defense has authority to disapprove schools from voluntary education programs if they violate its MOU, which includes a ban on substantial misrepresentations. In addition, the U.S. Federal Trade Commission has legal authority to act against corporations that engage in deceptive advertising or marketing practices, and the U.S. Consumer Financial Protection Bureau has authority to examine schools’ lending practices and take enforcement action for unfair, deceptive, and abusive practices by schools or third-party private loan providers.