



April 1, 2022

Thomas J. Murphy
Acting Under Secretary for Benefits
U.S. Department of Veterans Affairs
810 Vermont Avenue NW
Washington, DC 20571

Re: VA Compliance with 38 U.S.C. § 3696 regarding Substantial Misrepresentations at the University of Arizona Global Campus

Dear Mr. Murphy,

We are pleased to see the recent announcement that the California State Approving Agency for Veterans Education (“CSAAVE”) withdrew approval for the University of Arizona Global Campus (“UAGC”) to receive GI Bill or other U.S. Department of Veterans Affairs (“VA”) benefits, after the school lost its license to operate in the state of California.

In order to protect veterans’ hard-earned GI Bill benefits, VA should clearly state that it will not entertain any other state approving agency’s request to resume approval of UAGC programs, in light of 38 U.S.C. § 3696 and the recent California Superior Court judgment¹ finding pervasive substantial misrepresentations by Ashford University, which was renamed UAGC, and by Zovio, Inc., the company that provides all of the services to operate UAGC. According to the court decision, the school and its operator “violated the law by giving students false or misleading information about career outcomes, cost and financial aid, pace of degree programs, and transfer credits, in order to entice them to enroll at Ashford.”² In addition, whistleblowers and students have brought forward complaints that support the court’s findings.

I. 38 U.S.C. § 3696 requires VA to take action against schools that engage in substantial misrepresentations.

38 U.S.C. § 3696(a) prohibits schools from making substantial misrepresentations, and subsection 3696(b) of that law provides a list of the types of substantial misrepresentations that would violate the law, including misrepresentations concerning:

¹ People of the State of California v. Ashford University, et.al., 37-2018-00046134-CU-MC-CTL, Statement of Decision (hereinafter, “Order”), filed March 3, 2022, available at https://oag.ca.gov/system/files/attachments/press-docs/37-2018-00046134-CU-MC-CTL_ROA-696_03-03-22_Statement_of_Decision_1646669688827.pdf

² *Id.* p. 8.

- “The nature of the educational program of the institution, including misrepresentation regarding, [among other things] whether a student may transfer course credits to another institution, conditions under which the institution will accept transfer credits earned at another institution, and whether successful completion of a course of instruction qualifies a student [...] to receive, to apply to take, or to take an examination required to receive a local, State, or Federal license, or a nongovernmental certification required as a precondition for employment, or to perform certain functions in the States in which the educational program is offered, or to meet additional conditions that the institution knows or reasonably should know are generally needed to secure employment in a recognized occupation for which the program is represented to prepare students.”³
- “The financial charges of the institution, including misrepresentation regarding [among other things] the cost of the program and the refund policy of the institution if the student does not complete the program, and the availability or nature of any financial assistance offered to students, including a student’s responsibility to repay any loans, regardless of whether the student is successful in completing the program and obtaining employment.”⁴
- “The employability of the graduates of the institution, including misrepresentation regarding [among other things] other requirements that are generally needed to be employed in the fields for which the training is provided.”⁵

This statutory obligation ensures that VA protects veterans from schools that use misrepresentations to induce veterans to enroll and thereby squander their hard-earned GI Bill benefits on an education unsuitable for achieving their desired career. Veterans rely on VA’s stamp of approval when choosing a school for their GI Bill benefits. The veterans we serve are understandably angry when they learn that a school that scammed them is a school VA knew was engaged in substantial misrepresentations but nevertheless continued to be approved.

For many years, the nation’s leading veterans and military service organizations have been united and clear in calling on VA to abide by 38 U.S.C. § 3696.⁶ So, too, has VA’s Inspector General, who [warned](#) that VA will waste \$2.3 billion over five years in “improper [GI Bill] payments to ineligible colleges,” primarily colleges that engage in substantial misrepresentations.⁷ VA’s prior failures to abide by the law have already cost tens of thousands of veterans to waste their benefits and have cost taxpayers billions of dollars.⁸

³ 38 U.S.C. § 3696(b)(1)(A).

⁴ 38 U.S.C. § 3696(b)(1)(B).

⁵ 38 U.S.C. § 3696(b)(1)(C).

⁶ See, e.g., [Letter](#) from Veterans Education Success to U.S. Department of Veterans Affairs related to the judgment against the Center for Excellence in Higher Education (February 12, 2021); [Letter](#) from veterans service organizations to the U.S. Department of Veterans Affairs (Feb. 14, 2019); [Letter](#) from veterans service organizations to U.S. Department of Veterans Affairs (May 16, 2016); [Letter](#) from Veterans Education Success to U.S. Department of Veterans Affairs (Jan. 10, 2019).

⁷ U.S. Department of Veterans Affairs, Office of Inspector General, VA’s Oversight of State Approving Agency Program Monitoring for Post-9/11 GI Bill Students, Dec. 3, 2018.

⁸ See Veterans Education Success, “[VA Still Not Enforcing 1974 Ban on Schools that Engage in Deceptive Advertising and Recruiting](#)” (2019).

VA paid more than \$31 million in GI Bill funds to UAGC in fiscal year 2020.⁹ This is a significant taxpayer investment meant to better the future of veterans. 38 U.S.C. § 3696 is vital to protecting that taxpayer investment from substantial misrepresentations that harm veterans.

II. This school engaged in substantial misrepresentations.

In proceedings initiated by the California Attorney General’s Office, the California Superior Court ruled that Zovio engaged in misrepresentations and other deceptive practices that violated the California Unfair Competition Law (Bus. & Prof. Code, § 17200 et seq.) (“UCL”) and the California False Advertising Law (Bus. & Prof. Code, § 17500 et seq.) (“FAL”).¹⁰ These findings are further corroborated Veterans Education Success’ record of complaints from student veterans and reports from former employee whistleblowers.

After reviewing all of the evidence, the California Superior Court entered a judgment on March 3, 2022, against Zovio and Ashford University for violating the UCL and FAL. Those laws prohibit “any unlawful, unfair, or fraudulent business act or practice” and are recognized as anti-fraud statutes.”¹¹ The list below provides some of Zovio’s deceptive conduct that were found to be in violation of the UCL and FAL, and also clearly constitute substantial misrepresentations under 38 U.S.C. § 3696:

- Zovio misled students about their ability to obtain careers that require licensure after graduating from Ashford, such as teaching, nursing, and social work. For instance, Zovio falsely promised students that their degree would allow them to become teachers, but in fact, Ashford degrees do not qualify its graduates to obtain the necessary license for most teaching positions.¹² These are substantial misrepresentations in violation of 38 U.S.C. § 3696(b)(1)(A)(iv).
- Zovio lied to students about the cost of its degrees and the true amount of financial aid available to pay for the tuition, and it downplayed the amount of debt students would be taking out.¹³ These are substantial misrepresentations in violation of 38 U.S.C. § 3696(b)(1)(B)(iii) and (iv).
- Zovio deceived students about the true pace and time commitment of Ashford’s degrees compared to other colleges. Zovio’s admissions’ staff routinely described the programs as “accelerated,” which the school admitted was inaccurate.¹⁴ These are substantial misrepresentations in violation of 38 U.S.C. § 3696(b)(1)(B)(iii).
- Zovio misrepresented the ability to transfer credits into and out of Ashford and “knew it was misleading to promise or imply credit would transfer.”¹⁵ For example, the court found that “admissions counselors routinely made inaccurate promises that students’ prior credits or life experience would transfer before the student received an accurate evaluation from the school.”¹⁶ These are substantial misrepresentations in violation of 38 U.S.C. § 3696(b)(1)(A)(ii) and (iii).

⁹ Statistics aggregated from GI Bill Comparison Tool, U.S. Department of Veterans Affairs.

¹⁰ See generally, Order.

¹¹ *Id.* pp. 13, 38.

¹² Order pp. 17-20.

¹³ *Id.* pp. 20-24.

¹⁴ *Id.* pp. 24-25.

¹⁵ *Id.* p. 26.

¹⁶ *Id.* pp. 25-26.

The court found that the school “did not take serious action to prevent or remedy the extensive deception their compliance program identified”¹⁷ and created a high pressure admissions department whose north star was enrollment numbers.”¹⁸ The school expected its admissions counselors (the same employees now working for UAGC) “to call hundreds of leads a day”¹⁹ and “closing the sale was prioritized above providing students with accurate information.”²⁰ The testimony at trial made clear that “the pressure to meet their enrollment numbers, the instructions of their managers, and guidance from high performers on their teams all led [employees] to deceive students to overcome objections and promote enrollment.”²¹ The judge also identified how the school’s own internal documents “demonstrate that Defendants understood the extent of the deception emanating from the admissions department” and its internal ombudsman office reported substantial misrepresentations by admissions counselors such as guaranteeing credit transfer, yet the school’s top executives refused to make changes.²² **This is exactly the type of conduct that the prohibition on substantial misrepresentations in 38 U.S.C. § 3696 was designed to prevent.**

Although the conduct that was found to be illegal in the California Attorney General’s lawsuit occurred before Zovio subsumed Ashford University into UAGC, the schools are one and the same and UAGC is providing an Ashford education under a different packaging. For instance,

- Zovio replaced the name of Ashford University with UAGC, but retained the same OPEID number, marketing team and existing practices, admissions and financial aid services, existing students, incoming tuition revenue, technological infrastructure, and more.
- Zovio [retained](#) Ashford’s faculty, staff, and academic programs, despite the name change.
- Zovio [controls](#) recruiting, financial aid, counseling, institutional support, information technology, and academic support services.
- Zovio even controls details like the tuition cost per credit, which it informed investors it is altering in order to attract more graduate level military students.²³

During the court trial, Pat Ogden, the former Vice President for Accreditation Services at Ashford and UAGC, testified that Ashford University and UAGC were “the same institution under a different name.”²⁴ Students have also stated that the same fraudulent conduct that occurred while the school was called Ashford University continued when it was renamed UAGC. For instance, Kim Lee told the [Phoenix New Times](#) that UAGC was “essentially the same school” as Ashford University and, when the school was renamed, the only difference she noticed was that her tuition nearly doubled and the school held her diploma “ransom” until she paid her balance.

Veterans Education Success has also received statements from former employee whistleblowers that corroborate the substantial misrepresentations found by the California Superior Court. In 2019, two whistleblowers spoke out on HBO’s [Wyatt Cenac’s Problem Areas](#) to describe the deception employed by sales representatives to get military-connected students, called “leads,” to enroll, as well as the

¹⁷ *Id.* p. 37.

¹⁸ *Id.* p. 10.

¹⁹ *Id.*

²⁰ *Id.* p. 11.

²¹ *Id.* p. 12.

²² *Id.* pp. 28-29..

²³ October 27, 2021 Zovio, Inc. Third Quarter [earnings call](#).

²⁴ See [Closing Argument](#) (p. 9) by California Attorney General’s Office, citing testimony at trial. Veterans Education Success is in possession of transcripts from the trial and can provide them upon request.

unwillingness of the school to help those students once enrolled. Another employee, 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.”

Additional whistleblowers have brought complaints to Veterans Education Success, which were publicly shared with the Federal Trade Commission in our [memorandum](#). A former corporate director, whose department reviewed the audio of enrollment advisors, documented “a voluminous record of compliance infractions” and “misrepresentations.” Two professors have also shared their concerns. One stated that academic freedom is stifled in favor of standardizing course content, that he was assigned to teach courses “outside his scope of competence,” and that professors are pressured to inflate grades and retain all students. The second professor was told to “do whatever it took to let students pass,” even “at the expense of their growth.”

Veterans Education Success has received more than 129 complaints about Ashford University and UAGC. In our [analysis](#) from February 2020, the most frequent complaint was about the accreditation and the transferability of credits. Other frequent topics included the quality of education, unexpected or unmanageable student loans, recruiting and marketing concerns, program costs, the availability of job opportunities after graduating, and a lack of student support. Two student veterans provided testimony at Department of Education negotiated rulemaking sessions earlier this year and stated:

“The bottom line is that Ashford made promises to get me to enroll at the school that did not turn out to be true. I would never have gone to Ashford if I had known that my GI Bill was not going to cover all my tuition, and that Ashford is unfriendly and unhelpful to military veterans.” - [Jenica King](#)

“Although the school told me they would provide all necessary resources for my dissertation, they have fallen short in every possible way. My school has not provided feedback on my writing, and instead, told me to hire a professional editor to review my work. Besides having access to the school library, I am practically left on my own to work on my dissertation. I was also promised a military discount which I never saw. The school kept adding charges to my account and no one would give me an explanation because there is a constant turnover in staff at the school. I currently have about 200,000 dollars in PLUS and graduate PLUS loans because of Ashford and UAGC. I feel like the school is keeping me in the program just to continue charging me tuition. Even though my school has changed names and corporate ownership twice since I started, the quality of instruction and disregard of student interests has never improved.” - [Jonelle Daugherty](#)

III. VA should make clear it will not entertain renewal of approval for VA benefits

VA should clearly state that it will not entertain any other state approving agency’s request to resume approval of UAGC programs, in light of 38 U.S.C. § 3696 and the recent California Superior Court judgment²⁵ finding pervasive substantial misrepresentations. There is no doubt that there is definitive proof that the school engaged in prohibited substantial misrepresentations in light of the California Superior Court’s factual findings that the school “violated the law by giving students false or misleading

²⁵ People of the State of California v. Ashford University, et.al., 37-2018-00046134-CU-MC-CTL, Statement of Decision (hereinafter, “Order”), filed March 3, 2022, available at https://oag.ca.gov/system/files/attachments/press-docs/37-2018-00046134-CU-MC-CTL_ROA-696_03-03-22_Statement_of_Decision_1646669688827.pdf

information about career outcomes, cost and financial aid, pace of degree programs, and transfer credits, in order to entice them to enroll at Ashford.”²⁶

We respectfully request that, pursuant to 38 U.S.C. § 3696(g), VA make a final determination that the school violated the prohibition on substantial misrepresentations and, pursuant to 38 U.S.C. § 3696(h), take immediate enforcement action to clearly revoke the approval of programs offered by UAGC.

Sincerely,

A handwritten signature in blue ink, appearing to read "C. Wofford".

Carrie Wofford
President

CC: Arizona Department of Veterans Affairs, State Approving Agency

²⁶ Order p. 8.