



VETERANS
EDUCATION SUCCESS

RESULTS OF OUR REVIEW OF THE TEXAS SAA'S CORRESPONDENCE REGARDING APPROVAL OF RETAIL READY CAREER CENTER

DECEMBER 2022
REPORT



Executive Summary

The owner of the Retail Ready Career Center (RRCC) is currently in federal prison serving 19 years for stealing \$72 million in GI Bill funds by defrauding veterans and VA.¹ Prior to our public records request, there was little public information about why RRCC lost its eligibility to enroll GI Bill beneficiaries. In a September 28, 2017, press release, the Texas Veterans Commission, which includes the Texas SAA,² said it learned a search warrant had been executed at the RRCC about a week earlier based on an investigation undertaken by the VA Inspector General (IG).³ RRCC chose to close the school and send the enrolled veterans home on September 27th. No reasons were given for the VA IG's investigation. Subsequent press coverage indicated that the school owner had allegedly lied on his application to enroll veterans by attesting that (1) the school had been in operation for two years as required by federal statute, and (2) he had not been facing any criminal or civil actions.⁴

The 714 pages of internal communications we obtained from the Texas SAA included correspondence among officials at the school; the Texas SAA; the Texas Workforce Commission (TWC), which licenses career education schools; and the VA regional office; and VA's Education Service in Washington, D.C., which manages the GI Bill.

Despite the volume of correspondence provided, the documentation is incomplete. In fact, a timeline of the SAA's interactions with RRCC included in the correspondence acknowledged that a significant amount of material was missing from their files. As a result, our understanding of the history of RRCC's interactions with the TWC and the Texas SAA is incomplete. For example, the correspondence contains no documents related to the firing of an SAA employee for accepting and then denying having accepted a gift from RRCC, even though there are references to the provision of gifts to SAA and TWC employees by the school.⁵

¹ See Jacob Vaughn, "North Texas Trade School Owner Convicted After 'Bamboozling' Millions in Veterans Affairs Scheme," *Dallas Observer*, September 8, 2021, available at: <https://www.dallasobserver.com/news/bamboozled-feds-accuse-trade-school-owner-of-va-tuition-fraud-scheme-12364382>.

² The education component of the Texas Veterans Commission (TVC) [serves as the Texas SAA](#). The TVC provides services to veterans in eight areas ranging from health care to education benefits. See Texas Veterans Commission, About the Texas Veterans Commission, "Our Mission," available at: <https://www.tvc.texas.gov/about/>, retrieved November 13, 2022.

³ See Texas Veterans Commission, Media, "Statement on Retail Ready Career Center Closure," September 28, 2017, available at: <https://www.tvc.texas.gov/statement-on-retail-ready-career-center-closure/>.

⁴ See Jacob Vaughn, "North Texas Trade School Owner Convicted After 'Bamboozling' Millions in Veterans Affairs Scheme," *Dallas Observer*, September 8, 2021, available at: <https://www.dallasobserver.com/news/bamboozled-feds-accuse-trade-school-owner-of-va-tuition-fraud-scheme-12364382>.

⁵ The Texas Veterans Commission's attorney, John Goodell, disclosed the employee's firing during a telephone interview on April 22, 2022, with Veterans Education Success Research Director Walter Ochinko about the impact of state ethics laws on SAA staff. The SAA confirmed that the staffer, who was fired, was responsible for oversight of RRCC after it was approved in 2014. See e-mail from Siobhan Kennon, Legal Assistant, Texas Veterans Commission to Walter Ochinko, Research Director, Veterans Education Success, re: TVC Response to Your Public Information Request, July 18, 2022, available at: <https://vetsedsuccess.org/texas-saa-response-to-our-public-information-request-re-retail-ready-career-center/>.

Background

RRCC’s 2011 and 2012 applications to enroll veterans were denied because the school had not been in operation for two continuous years as required by the federal GI Bill statute, 38 U.S.C. § 3680A(e).⁶ Thereafter, in August 2014, RRCC’s HVAC Tech program was approved by the Texas SAA, subject to VA approval and the provision of a VA facility code.⁷ With receipt of its facility code a month later, RRCC began to enroll veterans, receiving almost \$19,000 in tuition and fee payments per beneficiary for its six-week course. On December 29, 2015, RRCC received approval for a new program—Computer Repair (see Table 1).

Table 1: Brief Chronology of RRCC Interactions with the Texas SAA⁸

Date	Action
11/22/11	RRCC obtained an exemption allowed under Texas statute, which set the clock ticking for the school to be eligible to apply to enroll GI Bill beneficiaries in November 2013 (at page 537)
12/14/11	1 st application, denied by SAA because school had not met federal statutory requirement of having continuously enrolled students for two years (at page 540)
10/18/12	2 nd application, denied for same reason (at page 534) (letter dated 11/26/12 referencing 10/18/12 receipt of application)
2/19/14	SAA informs RRCC it is reviewing application ^a (at page 533)
8/7/14	RRCC notified by SAA that its HVAC program was approved effective 8/4/14 but school must wait for VA approval to enroll beneficiaries (at page 157)
10/19/14	RRCC submitted an application to update its 8/14 approval by adding a new program in Computer Repair (referenced on page 134)
12/29/15	Computer Repair program approved by SAA (at page 135)
6/22/16	RRCC approval amended to increase enrollment in both programs, from 84 to 848 (HVAC) and from 25 to 48 (Computer Repair) (at page 451)
2/10/17	SAA identifies concerns about fraud being committed by RRCC and receives multiple whistleblower complaints (at pages 694–696, 697, 700, 701, 702, 708–709)
4/20/17	SAA contacts VA IG and is told to send as much material (evidence of fraud committed by RRCC) as possible (at page 601)
6/7/17	RRCC enrollment suspended (at page 444)
8/21/17	SAA informed by VA IG that investigation is almost complete (at page 680)
9/20/17	VA IG informs SAA that search warrant on RRCC was executed (at page 681)
9/26/17	SAA withdraws SAA’s approval to enroll GI Bill beneficiaries (at page 713)

Source: Veterans Education Success review of correspondence received through a public records request made to the Texas SAA. Page numbers refer to the RRCC PDF we obtained from the Texas SAA.

^aThe application was missing from the correspondence we obtained.

RRCC’s 2015 catalog touted that its crash course, which included earning required certifications needed for employment, was a better option than other programs that took 12–24 months.⁹ In addition to the lure of earning a certificate in six weeks, RRCC offered to pay airfare to its Texas

⁶ See 38 U.S. Code § 3680A – “Disapproval of enrollment in certain courses,” available at: <https://www.law.cornell.edu/uscode/text/38/3680A#e>.

⁷ For-profit or nonprofit non-college degree granting institutions are subject to the two-year requirement.

⁸ Page numbers in table refer to page numbers of documents from the Texas Veterans Commission (TVC) about the Retail Ready Career Center in response to our public records request, available at: <https://vetsedsuccess.org/texas-veterans-commission-tvc-documents-about-the-retail-ready-career-center-in-response-to-our-public-records-request/>.

⁹ These advertisements were misleading by omitting the fact that the length of the program varies based on the credential being sought.

training facility, free room and board, transportation to and from classes, an iPad mini loaded with all classroom materials, a technician’s tool set, and job placement assistance. Besides these numerous free enrollment inducements, RRCC’s ads indicated veterans were entitled to a VA housing benefit of around \$2,000.

Starting in February 2017, a series of internal SAA emails documented a growing concern that RRCC was committing fraud and violating multiple requirements for schools that are approved to enroll veterans.

- A handwritten note by a “mystery shopper”¹⁰ (presumably an SAA employee) documented that RRCC accepted only the Post-9/11 benefit and not the other existing VA education benefit programs available to veterans, such as the Montgomery GI Bill.¹¹ The SAA reviewed all veterans certified to enroll in RRCC during 2016 and found only three of 1,975 individuals had used a benefit other than the Post-9/11 GI Bill.
- In March, a former RRCC employee sent an email to the SAA alleging serious improprieties: (1) RRCC was paid twice for training veterans; (2) veterans who used their Post-9/11 benefits to enroll were also “purchased” by HVAC companies who paid \$18,000 per veteran, money that was labeled a scholarship but which went directly to RRCC, not the veterans. In effect, RRCC was paid twice—once by VA and then again by these companies; and (3) veterans were paid \$500 to encourage them to enroll. This former employee, who said he had resigned because of the egregious fraud, provided a list of past students and employees who knew about or were the victims of these fraudulent practices.¹²
- Another SAA staff member sent the SAA Director the following email: “Last week, we discussed fraudulent practices by some of the schools which we approve. I had taken a screen shot from the Retail Ready website...[which] seemed to imply that if you were using Ch [Chapter] 30, 31, or 35 [rather than the Post-9/11 benefit] that you would have to pay with cash or financial aid.”¹³
- The SAA interviewed or received emails from several students and former employees who made the following allegations about RRCC:
 - Veterans were not told the school would take a full year of benefits for six weeks of training.
 - The school accepted only the Post-9/11 benefit and veterans would have to relinquish other benefits in favor of the Post-9/11 to enroll.

¹⁰ See pp. 631, 634 of documents from the Texas Veterans Commission in response to our request for public records, available at <https://vetsedsuccess.org/texas-veterans-commission-tvc-documents-about-the-retail-ready-career-center-in-response-to-our-public-records-request/>.

¹¹ RRCC may have preferred the Post-9/11 benefit because it is more generous than other existing VA education benefit programs. The Post-9/11 GI Bill pays tuition and fees directly to the school, in addition to living and book allowances paid to the beneficiary. In contrast, the Montgomery GI Bill program makes a monthly lump-sum payment to the beneficiary who must decide how much to allocate to tuition, living, and other expenses. The price of RRCC’s six-week program was \$18,810, just shy of the annual cap on Post-9/11 tuition and fee payments to a private school in 2014—\$19,198. See U.S. Department of Veterans Affairs Fact Sheet, June 17, 2014, available at: <https://nvf.org/gi-bill-fact-sheet-june-2014/>. By 2016, the RRCC tuition had increased to \$20,059, when the Post-9/11 tuition and fee cap, which is adjusted annually for inflation, had risen to \$21,970. See VA Post-9/11 GI Bill [Chapter 33] Payment Rates for 2016 Academic Year, available at: https://www.benefits.va.gov/GIBILL/resources/benefits_resources/rates/ch33/ch33rates080116.asp.)

¹² See pp. 689-690 of documents from the Texas Veterans Commission about the Retail Ready Career Center in response to our public records request, available at: <https://vetsedsuccess.org/texas-veterans-commission-tvc-documents-about-the-retail-ready-career-center-in-response-to-our-public-records-request/>.

¹³ Ibid. p. 632.

- The school’s HVAC tool kits provided to students were substandard and insufficient; veterans had to purchase other tools to perform tasks effectively. VA was therefore overcharged for tools, which were included in tuition and fee payments.
- The six weeks of training were chaotic because there were too many students crowded into a classroom. Former employees alleged that classroom attendance far surpassed the number of students approved for each classroom under local safety rules, and one employee alleged that he was told by the owner to forgo the certificate of occupancy.¹⁴
- Veterans experienced the school as “a waste of time”—not a good quality of education, not a legitimate crash course, and students felt pushed through.
- Veterans claimed they never found a job in the HVAC industry even though a job was guaranteed.¹⁵
- Students complained that it was difficult to retain all the information provided during classes and labs in such a short timeframe.
- The school said it was accredited but students received a phony credential showing graduation with the certifications to become a technician.
- While enrolled in 2015, students learned that the school owner was arrested for money laundering, which made students question this school and whether they were being taken advantage of.¹⁶
- The school used scholarships in violation of the rule that no more than 85 percent of students in a course could be veterans, a rule established to ensure that programs are not created to exclusively enroll veterans.¹⁷ Moreover, federal statute requires that students receiving institutional assistance must be included with individuals using the GI Bill.¹⁸
- The owner’s sister was paid to recruit students for RRCC through a company the owner “bankrolled” and where a former RRCC employee worked.¹⁹
- We learned from the SAA that an employee was fired sometime in 2017 for lying about a gift the employee had accepted from RRCC, a school for which the employee had oversight responsibility.²⁰ Accepting gifts is a violation of 38

¹⁴ See p. 598 of documents from the Texas Veterans Commission about the Retail Ready Career Center in response to our public records request, available at: <https://vetsedsuccess.org/texas-veterans-commission-tvc-documents-about-the-retail-ready-career-center-in-response-to-our-public-records-request/>.

¹⁵ See p. 602 of documents from the Texas Veterans Commission about the Retail Ready Career Center in response to our public records request, available at: <https://vetsedsuccess.org/texas-veterans-commission-tvc-documents-about-the-retail-ready-career-center-in-response-to-our-public-records-request/>.

¹⁶ See pp. 601-602 of documents from the Texas Veterans Commission about the Retail Ready Career Center in response to our public records request, available at: <https://vetsedsuccess.org/texas-veterans-commission-tvc-documents-about-the-retail-ready-career-center-in-response-to-our-public-records-request/>.

¹⁷ See pp. 595-596 of documents from the Texas Veterans Commission about the Retail Ready Career Center in response to our public records request, available at: <https://vetsedsuccess.org/texas-veterans-commission-tvc-documents-about-the-retail-ready-career-center-in-response-to-our-public-records-request/>.

¹⁸ The federal 85/15 rule at VA was enacted in 1952 to protect GI Bill beneficiaries from predatory schools that offered shoddy training at inflated costs and that were created exclusively to enroll veterans. Such schools proliferated after enactment of the original GI Bill in 1944. See Veterans Education Success, “The 85/15 Rule and Related GI Bill Safeguards,” (2019), available at: https://vetsedsuccess.org/wp-content/uploads/2019/10/IB-13-on-85_15-rule-6.0.cw-1.pdf.

¹⁹ See pp. 594, 597, 689 of documents from the Texas Veterans Commission about the Retail Ready Career Center in response to our public records request, available at: <https://vetsedsuccess.org/texas-veterans-commission-tvc-documents-about-the-retail-ready-career-center-in-response-to-our-public-records-request/>.

²⁰ The Texas Veterans Commission’s attorney, John Goodell, disclosed the employee’s firing during a telephone interview on April 22, 2022, with Veterans Education Success Research Director Walter Ochinko about the impact

U.S.C. § 3683,²¹ which was enacted in 1952 to curb rampant bribery of SAA staff. The employee's firing was consistent with the remedy spelled out in statute at the time. Moreover, the same school also sent "extensive gift baskets" to other employees at the SAA and TWC at Christmas 2015.²² Handwritten notes from an interview with another SAA employee conducted in March 2017 included a sticky note stating, "GIFT Return."²³

- On April 20, 2017, the SAA referred RRCC to the VA IG which asked to be sent as much material on the allegations as possible.²⁴
- In June 2017, the SAA halted enrollment in RRCC's HVAC program. Although the correspondence contained no notice to the school of this action, a veteran who asked VA to have his enrollment certified for an August start date was told that the program's approval had been suspended.
- On September 20, 2017, the VA IG executed a search warrant and RRCC closed about 1 week later.

Red Flags

Our review of the correspondence to, from, and about RRCC from 2011 through 2017 identified behavior on the part of the school that should have raised red flags long before the SAA began collecting evidence in early 2017 that the school was engaging in fraud and violating GI Bill approval requirements.

- *RRCC granted an exemption without an onsite visit.* On November 22, 2011, Jon Davis Companies was notified by TWC that its request for an exemption from the regulation of career schools under the Texas Education Code²⁵ was approved for five employer-sponsored training courses. The notification letter set the clock ticking on meeting the federal requirement for two years of continuous operation for program approval for GI Bill.²⁶ The letter stated that any change in operation, name, location, or courses could jeopardize the exemption and that the TWC had not approved the curriculum, teachers, classrooms, or conducted an onsite visit. It appears unlikely that the TWC or SAA conducted any site visits until after the school was eligible to apply for GI Bill approval in November 2013. When the school did apply in December 2013, it informed the SAA that the Jon Davis Companies had

of state ethics laws on SAA staff. The SAA later confirmed that the staffer, who was fired, was responsible for oversight of RRCC after it was approved in 2014. See e-mail from Siobhan Kennon, Legal Assistant, Texas Veterans Commission to Walter Ochinko, Research Director, Veterans Education Success, re: TVC Response to Your Public Information Request, July 18, 2022, available at: <https://vetsedsuccess.org/texas-saa-response-to-our-public-information-request-re-retail-ready-career-center/>.

²¹ See 38 U.S.C. § 3683, "Conflicting interests," available at: <https://www.law.cornell.edu/uscode/text/38/3683>.

²² See p. 599 of documents from the Texas Veterans Commission about the Retail Ready Career Center in response to our public records request, available at: <https://vetsedsuccess.org/texas-veterans-commission-tvc-documents-about-the-retail-ready-career-center-in-response-to-our-public-records-request/>.

²³ *Ibid.*, 605.

²⁴ *Ibid.*, 601.

²⁵ See Texas Education Code, available at: <https://statutes.capitol.texas.gov/Docs/ED/htm/ED.132.htm>. See also p. 537 of documents from the Texas Veterans Commission about the Retail Ready Career Center in response to our public records request, available at: <https://vetsedsuccess.org/texas-veterans-commission-tvc-documents-about-the-retail-ready-career-center-in-response-to-our-public-records-request/> for the November 22, 2011 approval letter.

²⁶ See 38 U.S.C. § 3680A(e), available at: <https://www.law.cornell.edu/uscode/text/38/3680A#e>.

changed its name to Retail Ready Career Center and moved to a different location, which the TWC acknowledged in a December 20, 2013, letter.²⁷

- *Repeatedly sought approval prior to eligible date.* Despite being informed that his company could not apply for approval to enroll GI Bill beneficiaries until November 2013, Jon Davis Companies submitted applications to the Texas SAA on December 14, 2011, and October 18, 2012. Both applications were denied because the school had not been in operation for two years as required by federal statute.²⁸
- *Owner engages governor's office.* A planned November 2012 letter from the SAA to Jon Davis Companies denying his application to enroll veterans because the school had not been in continuous operation for two years was delayed because unnamed "issues" raised by the Governor's office had not been resolved. Jon Davis had called the SAA for an update on the application and was told "it was under review at a higher level,"²⁹ raising the possibility that Davis, himself, had contacted the Governor's office. The SAA director wrote a mid-November memorandum for the record to document the reason for the delay.³⁰ Ultimately, a denial letter was sent on November 26, 2012.
- *Exorbitant tuition and fees.* RRCC's tuition and fees were pegged to the Post-9/11 GI Bill cap for a full two semesters of classes at private institutions, even though the RRCC program was far shorter. In effect, GI Bill beneficiaries used the equivalent of a full year of their benefits for RRCC's six-week course.
- *Beneficiaries' monthly education benefit checks sent to RRCC.* The approval package for RRCC indicated that the school did plan on receiving VA students' monthly education benefit checks at the school address. For veterans using their Post-9/11 benefit, the checks were for their monthly living and book stipends. For those using other education benefits, such as the Montgomery GI Bill, the checks sent to the school represented a lump sum monthly payment intended to cover all expenses associated with enrollment, including housing and book in addition to tuition and fees.³¹ At least one student whistleblower complained to the SAA that he was unsure if he received any living stipend for the period he was enrolled and another complained that he did not receive his entire book stipend.
- *Approval granted without requiring proof that requested changes had been made.* When it identified deficiencies in RRCC's paperwork, the SAA sometimes did and sometimes did not require the resubmission of requested changes. Thus, RRCC's approval to enroll veterans in August 2014 contained handwritten notes made by the SAA on catalogue pages, such as crossing out unallowable costs included with tuition and fees, including an application and book fees.³² SAA communications to RRCC made it clear that all issues identified during the review must be resolved prior to approval and that the paperwork should clearly reflect that the school had made the requested changes.

²⁷ See p. 640 of documents from the Texas Veterans Commission about the Retail Ready Career Center in response to our public records request, available at: <https://vetsedsuccess.org/texas-veterans-commission-tvc-documents-about-the-retail-ready-career-center-in-response-to-our-public-records-request/>.

²⁸ Ibid., 534.

²⁹ See p. 538 of documents from the Texas Veterans Commission about the Retail Ready Career Center in response to our public records request, available at: <https://vetsedsuccess.org/texas-veterans-commission-tvc-documents-about-the-retail-ready-career-center-in-response-to-our-public-records-request/>.

³⁰ Ibid., 539.

³¹ RRCC actively discouraged veterans using benefits other than the Post-9/11 GI Bill from enrolling.

³² Within a year, the cost of the tools included in tuition and fees tripled from \$495 to over \$1,500. See 90, 149, 478, 499–504 of documents from the Texas Veterans Commission about the Retail Ready Career Center in response to our public records request, available at: <https://vetsedsuccess.org/texas-veterans-commission-tvc-documents-about-the-retail-ready-career-center-in-response-to-our-public-records-request/>.

- *Did the SAA verify that any of the individuals identified as RRCC students attended classes and graduated?* In confirming that the school met the statutory requirement to be in continuous existence for two years before being allowed to enroll veterans, RRCC provided the names of 24 individuals who allegedly took two or three days of classes sponsored by their employers. On August 7, 2014, the day the school was notified it had been approved, the SAA asked for an additional student who had been attending on August 4, 2014. The request explained that the SAA staffer performing the verification had not gone back far enough and concluded “waiting with my fingers crossed.”³³ RRCC responded with information on a student who completed training on August 3, not August 4. It is unclear if the SAA verified that any of the students identified by RRCC did in fact attend classes at the school.
- *Self-reported financial information.* A legitimate business would have financial records, a bank account, tax returns, and perhaps an audited financial statement. However, the SAA told the owner that submission of an owner-prepared balance sheet was acceptable.³⁴
- *Owner was the only instructor when school was approved.* In response to July 2014 SAA questions about deficiencies in RRCC’s application, the owner (Jon Davis) informed the SAA that he was the only instructor. This admission should have raised questions about whether RRCC was a legitimate enterprise. The SAA accepted the owner’s explanation that TWC was in the process of approving additional instructors.³⁵
- *RRCC attempts to slip new program into its approval package pending with the SAA.* On June 26, 2014, TWC sent RRCC an email indicating that the SAA had asked TWC about the school’s inclusion in its HVAC application of “an additional program outline in a separate catalogue-type publication” (an 80-hour Computer Repair program) with a notation that this program was regulated by TWC. However, as of June 26, no application for this program had been submitted to the TWC. Because non-college degree programs must be approved by the TWC before they can be considered for approval by the SAA, the SAA notified RRCC that only the HVAC program was being considered for approval and not the Computer Repair program.³⁶
- *Recruiting veterans prior to approval.* Veterans were asking VA to certify enrollment in the HVAC program before it was approved, suggesting that RRCC was recruiting students prior to approval. RRCC would have known this was not allowed because it was warned by TWC in June 2014 about soliciting enrollment for its new Computer Repair program before that program was approved. The TWC warning pointed out that under Texas Administrative Code such recruiting was considered misrepresentation and would entitle each student to a full refund. In addition, an administrative penalty would be assessed on RRCC.³⁷ Rather than act on the red flag of veterans’ seeking to enroll in the HVAC program before it was approved, the SAA undercut the statutory requirements by informing RRCC that any

³³ See p. 504 of documents from the Texas Veterans Commission about the Retail Ready Career Center in response to our public records request, available at: <https://vetsedsuccess.org/texas-veterans-commission-tvc-documents-about-the-retail-ready-career-center-in-response-to-our-public-records-request/>.

³⁴ Ibid., 514.

³⁵ Ibid., 508.

³⁶ Ibid., 519.

³⁷ See Rule §807.122(g) at Texas Administrative Code, available at: [https://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=40&pt=20&ch=807&rl=122](https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=40&pt=20&ch=807&rl=122). See also p. 519 of documents from the Texas Veterans Commission about the Retail Ready Career Center in response to our public records request, available at: <https://vetsedsuccess.org/texas-veterans-commission-tvc-documents-about-the-retail-ready-career-center-in-response-to-our-public-records-request/>, for warning by TWC.

veterans who enrolled up to one year prior to the SAA's approval could use their benefits even though they had already graduated.³⁸

- *Abrupt reversal of teaching modalities.* RRCC's paperwork detailed a plan to devote 80 percent of the program to classroom training and 20 percent to lab work,³⁹ but this was reversed to 20 percent classroom and 80 percent lab about one year after approval, an abrupt shift that should have raised questions about the quality of the school's pedagogy.
- *Enrollment caps were ignored and the training facility's certificate of occupancy was never obtained.* The HVAC course was approved for maximum enrollment of 25 students per class in August 2014. It was subsequently increased to 84 and then in July 2016 to 848.⁴⁰ This huge increase appears to rest on a calculation submitted by RRCC, based on a city-approved certificate of occupancy. It is unclear if the SAA ever saw the city-approved certificate of occupancy, which was used to justify this large increase. A March 20, 2017, handwritten note by the SAA suggests that the school exaggerated its square footage, and its occupancy should have been limited to 477.⁴¹ According to contemporaneous notes taken during a May 4, 2017, meeting with a whistleblower, the SAA was told that RRCC "went way over [the approved] 84 students—last class started 180 students 4/1/16." He added that after "a 20,000 sq ft remodel Jon Davis [school owner] directed him to forgo certificate of occupancy [expletive] need 180 students."⁴²
- *Certification of criminal or civil actions.* As an instructor, the owner was required to submit a form answering the question of whether he had ever been convicted of a felony or a misdemeanor. It is unclear if the SAA attempted to verify that the school owner had not been facing any criminal or civil actions, which he clearly was by 2015. In 2017, a former student told the SAA that there was a 2015 article about the president of the school being arrested for money laundering, "which made us all question this school and if we were being taken advantaged [sic] of."⁴³
- *Could graduates find jobs?* The correspondence contained no indication that the SAA had ever attempted to independently check on the employment status of veterans who graduated. Whistleblowers interviewed by the SAA in the spring of 2017 stated that RRCC hired former students, suggesting that graduating from RRCC did not guarantee the jobs students were promised.
- *Site visit finding at odds with whistleblower's allegations.* A site visit conducted on June 22, 2016, found that the facility was "satisfactory for the training of veteran students." It was "neat, clean, and more than adequate for administrative and teaching activities."⁴⁴ The SAA site visit form included an affirmative checkmark to answer the question of whether "the school has retained the same faculty, student body, and courses." None of the other approximately 40 questions on the form were answered, including: "The school complies with all local, city, county, municipal, State, and Federal regulations, such as fire codes, building, and sanitation codes. The State Approving Agency may require such evidence of compliance as is deemed necessary." The findings are at odds with a whistleblower's allegations that the school: (1) exceeded its enrollment cap in April 2016; and (2) had

³⁸ See p. 517 of documents from the Texas Veterans Commission about the Retail Ready Career Center in response to our public records request, available at: <https://vetsedsuccess.org/texas-veterans-commission-tvc-documents-about-the-retail-ready-career-center-in-response-to-our-public-records-request/>.

³⁹ Ibid., 477. No. 6.

⁴⁰ Ibid., 77, for 2016 increase.

⁴¹ Ibid., 630.

⁴² Ibid., 598.

⁴³ Ibid., 700.

⁴⁴ Ibid., 453.

decided to forgo obtaining an occupancy permit, which should have been prominently posted or, at a minimum, made available upon request.

- *85/15 reports.* Although the SAA repeatedly asked for 85/15 reports, only two were included in the correspondence provided in response to our public records request. Rather than showing the ratio of veteran to non-veteran enrollment for each of the three classes as required, one report showed the overall ratios for the quarter. A second report combined several classes instead of reporting the enrollment ratios for each class separately.⁴⁵ There was no indication in the correspondence that RRCC was asked to resubmit the reports, though February 2017 correspondence states that the last submitted report was in October 2016.⁴⁶ Moreover, internal documents at the Texas SAA referenced a 2016 financial statement showing that 93 percent of the school’s revenue came from GI Bill students,⁴⁷ suggesting that RRCC might have exceeded the 85 percent cap on beneficiary enrollment.
- *Complaints.* Veterans submitted six complaints to VA through the GI Bill Feedback Tool⁴⁸ during 2016.⁴⁹ The complaints accused RRCC of (1) lying about accreditation, which is important because it can affect the ability of graduates to obtain licenses to work;⁵⁰ (2) providing disorganized classes that hardly taught anything; (3) violating the 85/15 requirement because classes consisted only of veterans; (4) making it difficult to obtain job placement services because the RRCC counselor was hard to connect with; and (5) hiring instructors who had worked for HVAC companies but were not qualified teachers. The SAA did not receive copies of the six 2016 veteran complaints until September 22, 2017, four days before the RRCC closed.
- *Questionable RRCC commitment to its second program.* The long, drawn-out approval process for a second program and the numerous deficiencies in the application throughout the process were notable. In November 2014, RRCC applied for a new program in computer repair.⁵¹ This program was not approved by the SAA until December 29, 2015, after months of back-and-forth between RRCC and the SAA via emails about missing material in the application and inconsistent paperwork on the instructors.⁵² It took as long as five months for RRCC to respond to SAA questions, raising questions about how serious the school was in offering the program. In fact, RRCC discontinued the program in July 2017, telling the SAA that “the technology changes so quickly that our curriculum would never be up to date.”⁵³

⁴⁵ Ibid., 564.

⁴⁶ Ibid., 634.

⁴⁷ Ibid., 679.

⁴⁸ See U.S. Department of Veterans Affairs, Education and Training, Feedback, “GI Bill Feedback Tool,” available at: <https://www.benefits.va.gov/GIBILL/Feedback.asp>.

⁴⁹ See p. 708 of documents from the Texas Veterans Commission about the Retail Ready Career Center in response to our public records request, available at: <https://vetsedsuccess.org/texas-veterans-commission-tvc-documents-about-the-retail-ready-career-center-in-response-to-our-public-records-request/>.

⁵⁰ Our 2015 report found that 20 percent of 300 campuses examined that were approved to enroll veterans lacked the appropriate accreditation for graduates for state licensure or certification and, as a result, veterans were unable to obtain a job in their field of study. See Veterans Education Success, “The GI Bill Pays for Degrees That Do Not Lead to a Job,” September 2015, available at: <https://vetsedsuccess.org/wp-content/uploads/2015/09/gi-bill-pays-for-degrees-that-do-not-lead-to-a-job.pdf>.

⁵¹ See p. 495 of documents from the Texas Veterans Commission about the Retail Ready Career Center in response to our public records request, available at: <https://vetsedsuccess.org/texas-veterans-commission-tvc-documents-about-the-retail-ready-career-center-in-response-to-our-public-records-request/>.

⁵² Ibid., 135, for approval notice.

⁵³ Ibid., 437.

- *Inadequate compliance surveys.*⁵⁴ SAA compliance surveys of approved programs are announced several weeks in advance and the school is told what records should be available for review. Advance notice may allow schools to doctor those records to avoid deficiencies. The SAA conducted a compliance survey of RRCC on June 8, 2017—the day after the school was suspended—and the SAA identified no deficiencies in its site visit.⁵⁵ Moreover, no student interviews were conducted and no classes were observed. Their absence is surprising because a whistleblower complaint prior to the June 8 visit had noted that the school was “chaos”⁵⁶ and that classes were too large for effective learning. Veteran complaints filed in 2016 also contained allegations about the poor quality of the training provided, but these were not offered to the SAA by VA until early September 2017, just prior to RRCC’s closure. Even when deficiencies were identified, the default response was to assume the school made an honest mistake or just misunderstood the rules. For example, the deficiencies identified in a previous compliance review conducted by the VA in August 2016 resulted in an SAA site visit to provide training to RRCC staff.⁵⁷
- *SAA should have known that RRCC was requiring veterans to relinquish other benefit programs for the Post-9/11 GI Bill.* Although by February and March 2017, the SAA suspected that RRCC accepted only those veterans who were using the Post-9/11 GI Bill, the SAA should have known much earlier. The correspondence provided by the SAA included a July 3, 2017, letter to a veteran from the VA regional office acknowledging his decision to relinquish the Montgomery GI Bill in favor of the Post-9/11 benefit.⁵⁸ This letter suggests that every time RRCC enforced its Post-9/11 only policy, the VA regional office should have sent a similar letter to the SAA. However, there was no other similar correspondence in the material provided by the SAA in response to our public records request.

⁵⁴ Compliance surveys are essentially time-consuming audits to ensure the accuracy of payments made to schools on behalf of GI Bill beneficiaries. Our 2019 report discusses how SAAs’ compliance survey workload has crowded out annual site visits to monitor schools’ adherence to statutory requirements. See Veterans Education Success, “Overemphasis on Payment Accuracy Impedes More Effective SAA Oversight of Schools Participating in the GI Bill,” September 2019, available at: <https://vetsedsuccess.org/wp-content/uploads/2019/09/overemphasis-on-payment-accuracy-impedes-more-effective-saa-oversight-of-schools-participating-in-the-gi-bill.pdf>.

⁵⁵ See p. 559 of documents from the Texas Veterans Commission about the Retail Ready Career Center in response to our public records request, available at: <https://vetsedsuccess.org/texas-veterans-commission-tvc-documents-about-the-retail-ready-career-center-in-response-to-our-public-records-request/>.

⁵⁶ *Ibid.*, 701.

⁵⁷ *Ibid.*, 608.

⁵⁸ *Ibid.*, 444.