



September 19, 2024

The Honorable Miguel Cardona  
Secretary  
U.S. Department of Education  
400 Maryland Ave., SW  
Washington, DC 20202

Dear Secretary Cardona,

I write to urge you to use your authority to protect student veterans, service members, and other GI Bill beneficiaries (hereafter, student veterans) from unfair and deceptive practices at schools owned by Perdoceo Education Corporation f/k/a Career Education Corporation (hereafter CEC) and to provide loan relief to student veterans who attended CEC schools.

The Department has been aware of serious allegations of misconduct against CEC since at least 2021 but has not announced any action to hold the school accountable or to relieve students of their debt.<sup>1</sup> In 2021, we produced and shared a [comprehensive report](#) analyzing allegations that CEC engaged in substantial misrepresentation and deceptive practices, as reported by student veterans, former CEC employees, and government agencies.<sup>2</sup> Also in 2021, the Department notified CEC that it had “several thousand borrower defense applications that make allegations regarding Career Education Corporation (“CEC”)....”<sup>3</sup> According to the Department’s notice, borrowers alleged “misrepresentations concerning transferability of credits, job placement rates, and employment prospects, among other misrepresentations.”<sup>4</sup> CEC students are still waiting for the Department to cancel their loans and hold the schools accountable.<sup>5</sup> Indeed, this past July, citing alleged deceptive practices discussed in the recent report *Brooks White Paper: A Borrower’s Investigation*, former Brooks Institute students

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<sup>1</sup> The Department has not announced a group discharge of federal student loans for students who attended CEC schools in the same way that it has announced group loan discharges for other schools, such as ITT Tech and the Art Institutes. Under the [Sweet v. Cardona](#) settlement, CEC schools (as well as ITT Tech and the Art Institutes) are on the list entitling borrowers to automatic loan discharge if they had borrower defense to repayment applications pending as of June 22, 2022. See <https://www.ppsl.org/sweet-v-cardona-class-members>

<sup>2</sup> Summary of Veteran and Servicemember Student Complaints about Perdoceo Education Corporation, Veterans Education Success (Sept. 2021), available at <https://vetsedsuccess.org/summary-of-veteran-and-servicemember-student-complaints-about-perdoceo-education-corporation/>

<sup>3</sup> Letter from Department of Education to Perdoceo Education Corporation on Borrower Defense Applications (May 11, 2021), available at <https://vetsedsuccess.org/letter-from-department-of-education-to-perdoceo-education-corporation-on-several-thousand-borrower-defense-applications/>

<sup>4</sup> Id.

<sup>5</sup> American InterContinental University appears to be operating under a *provisional* Program Participation Agreement. FSA Spreadsheet, [PPA Statuses of Title IV Eligible Institutions](#), available at <https://studentaid.gov/data-center/school/ppa> (last accessed Sept. 19, 2024)

implored you to “implement broad [loan] cancellation” for students who attended the now-closed CEC school, in the same way you were able to provide relief for students who attended ITT Tech, Corinthian Colleges, and the Art Institutes.<sup>6</sup>

Under the Higher Education Act (HEA), a school participating in the Title IV federal student aid program is not permitted to engage in “substantial misrepresentation” about the nature of its educational programs, its financial charges, or the employability of its graduates.<sup>7</sup> When a school “has repeatedly violated the law or regulations or the Department has determined that the violations are egregious,” the Department is authorized to assess a civil penalty and to limit, suspend, or terminate an institution’s participation in Title IV.<sup>8</sup> Furthermore, as with ITT Tech and other schools, the Department is authorized to issue group discharges to cancel federal student loans when there is evidence of widespread misrepresentations.

### Law enforcement allegations

CEC’s history with law enforcement alone indicates there is evidence that CEC schools have “repeatedly violated the law or regulations” or engaged in “egregious” violations,<sup>9</sup> justifying relief for borrowers and Department sanctions under HEA. In 2019, 49 Attorneys General obtained almost a half billion dollars in debt forgiveness for CEC students to settle allegations of deceptive practices. The attorneys general “alleged that CEC pressured its employees to enroll students, made misleading statements and failed to disclose information to prospective students on total costs, transferability of credits, program offerings, and job placement rates.”<sup>10</sup> Separately, seven months later, CEC entered into a stipulated order with the Federal Trade

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<sup>6</sup> D. Halperin, “Groups Urge Biden to Cancel Debt of Students of Perdoceo’s Brooks Institute,” Republic Report (July 18, 2024), *available at* <https://www.republicreport.org/2024/groups-urge-biden-to-cancel-debt-of-students-of-perdoceos-brooks-institute/>; Brooks Institute Evidence of Fraud, Debt Cancellation Org SIGN-ON Letter to U.S. Dept. of Education (July 17, 2024), *available at* <https://drive.google.com/file/d/1d9pAsnfluMZLcrQTZI0TecQlhvsuY6nE/view> (last accessed Sept. 19, 2024)

<sup>7</sup> 20 U.S.C. 1094 (c)(1)(F) and (c)(3), *available at* <https://www.law.cornell.edu/uscode/text/20/1094>

<sup>8</sup> “If a school has violated FSA program regulations, the Department may, at its sole discretion, allow the school to respond to the problem and indicate how it will correct it. However, if the school has repeatedly violated the law or regulations or the Department has determined that the violations are egregious, it may sanction the school.... The Department may initiate actions against any school that

- violates the law or regulations governing the FSA programs, its Program Participation Agreement (PPA), or any agreement made under the law or regulations; or
- substantially misrepresents the nature of its educational programs, its financial charges, or its graduates’ employability.”

FSA Handbook (2023-2024), Chapter 8, Corrective Actions and Sanctions, *available at* <https://fsapartners.ed.gov/knowledge-center/fsa-handbook/2023-2024/vol2/ch8-program-reviews-sanctions-closeout>

<sup>9</sup> *Id.*

<sup>10</sup> AG Healey Secures \$11 Million in Debt Relief for Massachusetts Students in Settlement with For-Profit Education Company, Multistate settlement will bring \$493 Million in debt relief nationwide, Massachusetts Office of Attorney General, Press Release (Jan. 3, 2019), *available at* [https://www.mass.gov/news/ag-healey-secures-11-million-in-debt-relief-for-massachusetts-students-in-settlement-with-for-profit-education-company#:~:text=\(CEC\)%20has%20agreed%20to%20stop%20students%20and%20predatory%20enrollment%20tactics](https://www.mass.gov/news/ag-healey-secures-11-million-in-debt-relief-for-massachusetts-students-in-settlement-with-for-profit-education-company#:~:text=(CEC)%20has%20agreed%20to%20stop%20students%20and%20predatory%20enrollment%20tactics). See also the Assurance of Voluntary Compliance, *available at* [https://portal.ct.gov/-/media/ag/press\\_releases/2019/20190103\\_cec\\_ctavc.pdf?la=en](https://portal.ct.gov/-/media/ag/press_releases/2019/20190103_cec_ctavc.pdf?la=en)

Commission (FTC), agreeing to pay \$30 Million dollars to settle charges that its lead generators falsely represented that CEC schools were affiliated with the military.<sup>11</sup> The FTC’s allegations included that lead generators “tricked consumers into providing their information and enrolling at CEC schools using a variety of deceptive methods, including pretending to be U.S. military recruiters, or affiliated with the military, and falsely promising to provide assistance with job placement and various public benefits....”<sup>12</sup>

Our comprehensive report chronicled CEC’s long and persistent history of alleged misconduct: in 2011, CEC settled a class action lawsuit alleging it had provided misleading job placement rates to students; in 2013, CEC settled with New York and paid a \$1 million penalty for allegedly deceiving students about job placement rates and their eligibility for jobs; and in 2017, CEC settled a False Claims Act lawsuit which, according to an article, related to CEC’s enrolling “students who were illiterate and students who did not have a high school diploma.”<sup>13</sup>

### Former employee allegations

Former employees have come forward with allegations about practices at CEC-owned schools and have talked to media outlets, such as *USA Today*. According to *Republic Report*, some of these former employees have also spoken to federal investigators.<sup>14</sup> We provided extensive detail in our report about the allegations of former employees at CEC-owned schools who contacted us,<sup>15</sup> and we introduced these whistleblowers to Department lawyers. These employees recounted concerns about recruiting and marketing practices that they say were approved, or even suggested, by management and executives, such as ignoring call limits, manipulating students, denying students the right to withdraw, tricking students into maintaining enrollment by posting online, not correcting misunderstandings, and purposely targeting veterans. One employee also alleged that they would reuse student signatures on financial documents without providing explanations to students about the financial implications and that many students complained about unauthorized loans. Additionally, that employee asserted that students were enrolled in programs without consideration of their ability to benefit from the education and that students were enrolled in programs that would not qualify them to work in the field in which they expressed an interest.

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<sup>11</sup> Operator of Colorado Technical University and American InterContinental University Will Pay \$30 Million to Settle FTC Charges it Used Deceptive Lead Generators to Market its Schools, FTC Release (Aug. 27, 2019), available at

<https://www.ftc.gov/news-events/news/press-releases/2019/08/operator-colorado-technical-university-american-intercontinental-university-will-pay-30-million>

<sup>12</sup> FTC Sends Nearly \$30 Million in Refunds to People Tricked into Enrolling by School Operator’s Lead Generators, FTC Release (June 9, 2021), available at

<https://www.ftc.gov/news-events/news/press-releases/2021/06/ftc-sends-nearly-30-million-refunds-people-tricked-enrolling-school-operators-lead-generators>

<sup>13</sup> Summary of Veteran and Servicemember Student Complaints about Perdoceo, supra, available [here](#)

<sup>14</sup> D. Halperin, “Data Shows U.S. Aid to Perdoceo Schools Hurts Students and Taxpayers,” *Republic Report* (April 27, 2023), available at

<https://www.republicreport.org/2023/data-shows-u-s-aid-to-perdoceo-schools-hurts-students-and-taxpayer-s/>

<sup>15</sup> Summary of Veteran and Servicemember Student Complaints about Perdoceo, supra, available [here](#)

### Student complaints

Finally, the number of students complaining about misconduct at CEC schools is significant. Our small organization has received at least 520 complaints<sup>16</sup> from student veterans with allegations of substantial misrepresentations and unfair recruitment practices at CEC schools. Your borrower defense to repayment group has received “several thousand”<sup>17</sup> applications from CEC students requesting to have their federal student loans discharged. Lest you think the allegations of bad practices and misconduct have ended, Federal Student Aid has identified two CEC schools, American InterContinental University and Colorado Technical University, among [“the 20 schools with the most complaint volume”](#) for the most recent year for which data is available.<sup>18</sup>

With all of the foregoing in mind, we respectfully ask you to utilize the authority vested in the Department to hold CEC accountable and to provide loan relief to student veterans who attended CEC schools.

Respectfully,

*Della M. Justice*

Della M. Justice  
Vice President for Legal Affairs

cc: Hon. James Kvaal, Under Secretary, U.S. Dept. of Education  
Ben Miller, Deputy Under Secretary, U.S. Dept. of Education  
Juliana Rinz, Deputy Under Secretary, U.S. Dept. of Education  
Denise Carter, Principal Deputy Chief Operating Officer, Office of Federal Student Aid

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<sup>16</sup> Id.

<sup>17</sup> Letter from Department of Education to Perdoceo Education Corporation on Borrower Defense Applications, supra, available [here](#)

<sup>18</sup> Federal Student Aid FY2023 Annual Report, pp. 133-34, available at <https://studentaid.gov/sites/default/files/fy2023-fsa-annual-report.pdf>