

# Congress of the United States

Washington, DC 20510

December 20, 2019

The Honorable Robert Wilkie  
Secretary  
U.S. Department of Veterans Affairs  
810 Vermont Ave, NW  
Washington, DC 20420

Dear Secretary Wilkie:

We write today in the wake of Federal Trade Commission (FTC) settlements with for-profit Career Education Corporation (CEC) and University of Phoenix (UOP) for unfair, deceptive, and abusive practices. We urge you to take action to protect student veterans.

In August, the FTC announced a \$30 million settlement with Career Education Corporation. According to the Department of Veterans Affairs (VA), CEC enrolls more than 7,500 veterans using Post-9/11 GI Bill benefits at its American Intercontinental and Colorado Technical University brands and took in more than \$60 million in GI Bill funds in FY18. The FTC found that CEC and its subsidiaries used “an illegal and deceptive telemarketing scheme”—wrongfully obtaining consumer information and “falsely representing that its schools were affiliated with or recommended by the military.”<sup>1</sup>

Last week, the FTC announced a \$191 million settlement with University of Phoenix over “deceptive advertising.” The FTC found that UOP “falsely touted their relationships and job opportunities with companies such as AT&T, Yahoo!, Microsoft, Twitter, and the American Red Cross” in an effort to attract students. Specifically, FTC found that the deceptive advertising “targeted active duty servicemembers, veterans, and military spouses...”<sup>2</sup> According to VA, University of Phoenix—the largest recipient of Post-9/11 GI Bill benefits since the program’s creation—enrolls 22,365 veterans and took in more than \$150 million in GI Bill funds in FY18.

---

<sup>1</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. Federal Trade Commission (August 2019)  
<https://www.ftc.gov/news-events/press-releases/2019/08/operator-colorado-technical-university-american-intercontinental>

<sup>2</sup> FTC Obtains Record \$191 Million Settlement from University of Phoenix to Resolve FTC Charges it Used Deceptive Advertising to Attract Prospective Students. Federal Trade Commission (December 2019)  
<https://www.ftc.gov/news-events/press-releases/2019/12/ftc-obtains-record-191-million-settlement-university-phoenix>

38 U.S.C. § 3696(a) states that “the Secretary [of Veterans Affairs] shall not approve the enrollment of an eligible veteran or eligible person in any course offered by an institution which utilizes advertising, sales, or enrollment practices of any type which are erroneous, deceptive, or misleading either by actual statement, omission, or intimation.” The statute provides authority for VA to rely on the FTC’s investigatory expertise and findings in making determinations under this provision. In these cases, the FTC found evidence of wrongdoing against both CEC<sup>3</sup> and UOP<sup>4</sup> that would violate 38 U.S.C. § 3696(a). Though 38 U.S.C. § 3696(a) does not require misconduct to be specific to veterans in order to be covered, the fact that veterans and military students were the target in both of these cases makes it even more critical for VA to act. What steps will VA take to fulfill its statutory responsibilities under 38 U.S.C. § 3696(a) based on FTC’s investigation and findings of wrongdoing against Career Education Corporation and University of Phoenix?

We ask for your response no later than January 10, 2020. Thank you for your consideration.

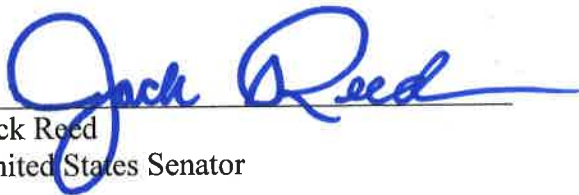
Sincerely,



Richard J. Durbin  
United States Senator



Mark Takano  
Member of Congress



Jack Reed  
United States Senator



Susan A. Davis  
Member of Congress



Sherrod Brown  
United States Senator



Mike Levin  
Member of Congress

<sup>3</sup> Federal Trade Commission v. Career Education Corporation et. al. No. 19-cv-5739 (N.D. Ill. filed Aug. 27, 2019)  
[https://www.ftc.gov/system/files/documents/cases/career\\_education\\_corporation\\_complaint\\_8-27-19.pdf](https://www.ftc.gov/system/files/documents/cases/career_education_corporation_complaint_8-27-19.pdf)

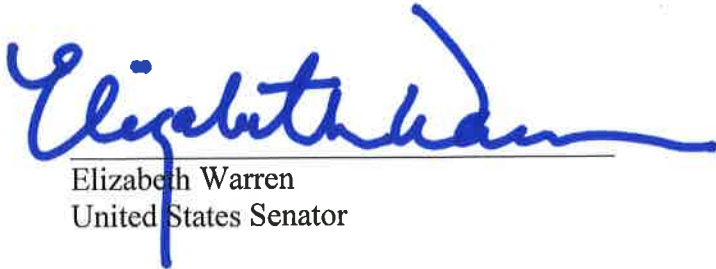
<sup>4</sup> Federal Trade Commission v. The University of Phoenix et. al (D. Ariz. filed Dec. 10, 2019)  
[https://www.ftc.gov/system/files/documents/cases/university\\_of\\_phoenix\\_ftc\\_v\\_uop\\_complaint\\_signed.pdf](https://www.ftc.gov/system/files/documents/cases/university_of_phoenix_ftc_v_uop_complaint_signed.pdf)



Richard Blumenthal  
United States Senator



Katie Porter  
Member of Congress



Elizabeth Warren  
United States Senator

Cc: The Honorable Joseph J. Simons, Chair, Federal Trade Commission  
The Honorable Noah Joshua Phillips, Commissioner, Federal Trade Commission  
The Honorable Rohit Chopra, Commissioner, Federal Trade Commission  
The Honorable Rebecca Kelly Slaughter, Commissioner, Federal Trade Commission  
The Honorable Christine S. Wilson, Commissioner, Federal Trade Commission