

October 27, 2015

The Honorable Ashton Carter
Secretary of Defense
1000 Navy Pentagon
Washington, DC 20350-1000

Dear Secretary Carter:

We write to thank you and your staff for the Department's recent action to enforce its Tuition Assistance Memorandum of Understanding (MOU) with the University of Phoenix. The MOU is the Department's main tool for implementing Executive Order 13607 and its directive to protect service members from deceptive recruiting, including surreptitious recruiting on military installations.

In these difficult financial times, protecting the integrity of the Tuition Assistance program is essential to preservation of the program and its goal of military readiness and professional development for our men and women in uniform. In this context, the Department's action to enforce the MOU is a prudent measure, and we feel more needs to be done to protect the integrity of the program. Failure to take swift and serious action against violations of the MOU harms service members, taxpayers, and the program itself, and sends the wrong message to other MOU signatories about the acceptability of violations.

The Department's investigation concluded that "the frequency and scope" of the University's violations was "disconcerting," including "transgression of Defense Department policies regarding use of its official seals or other trademark insignia and failure to go through the responsible education advisor for each business related activity requiring access to the DoD installations." The Department's [letter](#) to the University also raised concern that "several additional provisions" of the MOU may have been violated if allegations are substantiated about deceptive marketing, recruiting, and billing of U.S. military personnel raised in the law enforcement inquiries of the U.S. Federal Trade Commission and California Attorney General. We also would draw to your attention similar allegations that also, if substantiated, would violate provisions of the MOU, raised in ongoing investigations of the Attorneys General of Delaware, Florida, and Massachusetts; the Enforcement Division of the U.S. Securities & Exchange Commission; the Mid-Atlantic Region of the U.S. Education Department's Office of Inspector General; and the whistleblower suit brought by University of Phoenix military recruiters filed in the federal district court in Kentucky.

Although signatories to the MOU promise to eliminate unfair and deceptive marketing and recruiting, such practices continue. For example, many of our organizations are helping service members and veterans who experienced deceptive recruiting, and nearly 1,000 of these attended the University of Phoenix. Their

experiences over the past decade, and through 2015, demonstrate a pattern consistent with the allegations made by current law enforcement investigations. Service members' complaints regarding the University of Phoenix tend to fall into three categories: (1) service members who were signed up for loans without their knowledge or permission, after being promised they would incur no loans; (2) service members who were misled about the cost and tuition increases at University of Phoenix; and (3) service members who were misled about the accreditation and transferability of University of Phoenix credits. Below is a small sampling of complaints about the University of Phoenix from service members who used Tuition Assistance. The first student attended the University as recently as 2015:

"I was told these credits would transfer anywhere nationwide but as I begin my transition from active duty I found out they will not transfer to the schools in my home state. I wasted my time and 15 credits for nothing." – Cody Edie, U.S. Marines E-4

"I was told by University of Phoenix that I would be eligible for grants that I did not have to pay back. I came to find out they enrolled me in loans and now I cannot afford the payments." – Erin Potter, U.S. Army E-5

"I attended University of Phoenix to attain my bachelors degree. I racked up close to \$20,000 dollars in debt to attain my degree. I feel they targeted me for my military student aid. I struggle every month paying back the student loans I could have avoided. I was shot twice in Afghanistan by shrapnel from RPGs." – Dennis Chamberlain, U.S. Army O-3

Because the Department's action affects only prospective students, we also urge you to alert service members currently enrolled at the University about the probation and current law enforcement investigations, and remind them about the availability of the Department's complaint system. Doing so would aid those students and enhance the Department's ability to identify MOU infractions. As you may know, the University was required by SEC rules to notify its investors of these actions; current students deserve to be informed as well.

We thank you for your efforts to protect the integrity of the Tuition Assistance program and to protect service members from deceptive recruiting practices. We hope the Department will continue to take action against violations and consider that reinstatement following a short probation could indicate to other MOU signatories that violations are met with little repercussion.

Sincerely,

Air Force Sergeants Association
American Association of State Colleges and Universities
American Federation of Labor – Congress of Industrial Organizations
Association of the U.S. Navy

Blue Star Families
Campaign for America's Future
Children's Advocacy Institute
Consumer Action
Consumer Federation of California
Consumers Union
Empire Justice Center
Higher Ed Not Debt
Institute for Higher Education Policy
Iraq and Afghanistan Veterans of America
Leadership Conference on Civil and Human Rights
League of United Latin American Citizens
National Association of Consumer Advocates
National Consumer Law Center (on behalf of its low-income clients)
Paralyzed Veterans of America
Public Law Center
Student Debt Crisis
Student Veterans of America
The Education Trust
The Institute for College Access & Success
University of San Diego Veterans Legal Clinic
Veterans Education Success
Veterans for Common Sense
Veterans Student Loan Relief Fund
VetJobs
VetsFirst, a program of United Spinal Association
Vietnam Veterans of America
Working America
Young Invincibles

cc: Chairmen and Ranking Members of the Senate and House Armed Services and
Veterans Affairs Committees