

# United States Senate

WASHINGTON, DC 20510

December 8, 2015

The Honorable Robert McDonald  
Secretary of Veterans Affairs  
810 Vermont Avenue, Northwest  
Washington, D.C. 20240

Dear Secretary McDonald:

We write to bring your immediate attention to the two recent settlements reached with the for-profit college company Education Management Corporation (EDMC) and to urge the Department of Veterans Affairs (VA) to use its legal authority to further protect veterans and their families.

The first settlement with the Department of Justice (DOJ) and the Department of Education (ED) was a result of a whistleblower lawsuit brought in 2011 based on claims that EDMC was illegally using incentive-based compensation to encourage its admissions recruiters to enroll students. The second settlement with Attorneys General in 39 states and the District of Columbia involved alleged violations of state consumer protection law, including misleading recruiting and advertising and material misrepresentations of job placement rates, costs, and accreditation. Although we strongly believe that more must be done to hold EDMC executives appropriately accountable for violating the law and to provide adequate relief for students impacted by EDMC's fraudulent recruiting tactics, we urge the VA to take action to ensure that beneficiaries of the Post-9/11 GI Bill are informed about the settlements and that VA compliance surveys provide meaningful oversight.

As you may know, EDMC is required to notify investors of recent federal and state actions, and we believe that current and prospective students deserve to be informed as well. We urge you to alert Post-9/11 GI Bill beneficiaries enrolled at EDMC schools of the recent settlements and provide students with information about resources available to them, particularly the online VA GI Bill Feedback System. Additionally, we request that you update the GI Bill Comparison Tool to notify students of the two EDMC settlements. These actions will not only assist students in making informed education decisions, but also enhance VA's capacity to identify any future acts of deceptive marketing or fraud.

The law prevents VA from approving educational programs as eligible for Post-9/11 GI Bill benefits if the educational institution engages in misleading and deceptive recruiting and advertising or provides a commission, bonus, or incentive-based payment related to securing enrollments or student admissions activities.<sup>1</sup> These limitations exist to protect veterans and their dependents from being targeted by deceptive and misleading recruiting tactics. In addition, the VA is required to conduct annual compliance surveys of certain institutions to ensure that

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<sup>1</sup> 38 U.S. Code § 3696

approved education programs continue to meet the participation requirements of the Post-9/11 GI Bill program, including the bans on misleading advertising and recruiting and on incentive compensation.<sup>2</sup>

Given the allegedly-rampant incentive-based compensation practices occurring at various EDMC campuses, we are deeply concerned that the VA did not discover such illegal behavior through its compliance surveys and subsequently restrict access to Post-9/11 GI Bill funding. If whistleblower complaints and state AG investigations do not bring such practices to light, administrators at predatory campuses could still be using incentive compensation and misleading recruiting promises to recruit GI Bill beneficiaries. We urge VA to conduct a thorough review of its compliance survey process and make any necessary reforms to ensure that the surveys represent an accurate indication of a program's compliance with all GI Bill eligibility criteria, including the bans on misleading recruiting and advertising and incentive compensation.

As always, we ask that VA remain vigilant in ensuring that federal laws and rules regarding deceptive recruiting tactics are enforced to protect veterans from the predatory actions of unscrupulous for-profit institutions. We thank you for your commitment to providing high quality education to Post-9/11 GI Bill beneficiaries and appreciate your swift attention to this important issue.

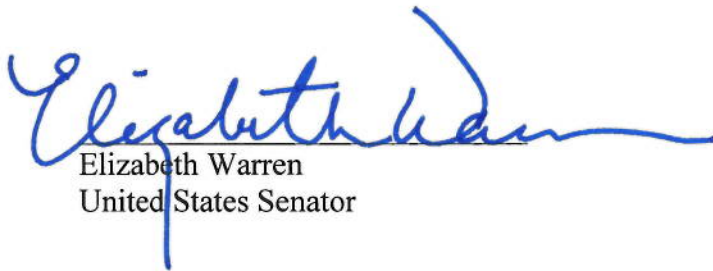
Sincerely,



Richard Blumenthal  
United States Senator



Richard J. Durbin  
United States Senator



Elizabeth Warren  
United States Senator



Sherrod Brown  
United States Senator

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<sup>2</sup> 38 U.S. Code § 3693