



DEPARTMENT OF VETERANS AFFAIRS
Veterans Benefits Administration
Education Service
Washington, D.C. 20420

Peter Cohen
President, University of Phoenix
4025 S. Riverpoint Parkway
Phoenix, AZ 85040

March 9, 2020

Dear Mr. Cohen:

I have concluded there is sufficient evidence to support a finding that the University of Phoenix (UoP) has utilized advertising, sales, or enrollment practices which are erroneous, deceptive, or misleading either by actual statement, omission, or intimation in violation of 38 U.S.C. § 3696.

Accordingly, this letter serves as notification that I intend to disapprove the enrollment of all individuals not already enrolled in UoP programs. Pursuant to 38 C.F.R. § 21.4210(e)(1), I am providing UoP 60 days to take corrective action. I am taking this action in accordance with 38 U.S.C. §§ 3690(b) and 3696(a) and 38 C.F.R. §§ 21.4210(d)(4)(iii) and 21.4211(a)(6).

I have reached my conclusion based on the following reasoning:

Pursuant to 38 U.S.C. § 3696(a), VA shall not approve the enrollment of an eligible person in "any course offered by an institution which utilizes advertising, sales, or enrollment practices which are erroneous, deceptive, or misleading either by actual statement, omission, or intimation." See *also* 38 C.F.R. § 21.4252(h)(1). However, information contained in a complaint by the Federal Trade Commission filed against UoP on December 10, 2019, with the United States District Court of Arizona, demonstrates that UoP has failed to meet the section 3696(a) requirements. The complaint was filed under Section 13(b) of the Federal Trade Commission Act ("FTC ACT"), 15 U.S.C. § 53(b), and seeks to obtain temporary, preliminary and permanent injunctive relief, rescission or reformation of contracts, restitution, the refund of monies paid, disgorgement of ill-gotten monies and other equitable relief for UoP's acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

The FTC claimed that UoP and its parent company Apollo Education Group had "used deceptive advertisements that falsely touted their relationship and job opportunities with companies such as AT&T, Yahoo, Microsoft, Twitter and The American Red Cross.

UoP created deceptive ads featuring major employers including Adobe, Microsoft and Twitter, "giving the false impression that UoP worked with those

companies to create job opportunities for its students and tailored curriculum for such jobs, leading students to believe the companies had worked with the university. UoP advertising and marketing materials targeted active-duty military members, veterans and their spouses and families, as well as Hispanic students. UoP launched a campaign called "Let's Get to Work" focused on job opportunities. The companies reflected in these ads were chosen based on desired brand association and the campaign's strategy was to focus on large, stable, technology-based, forward-focused companies with great reputations, thereby driving the highest level of prospective student interest.

Additionally, FTC alleged further deceptive practices, including: UoP advertisements were a major part of attracting students to the school. UoP referred to specific advertising companies in their marketing strategy even though these companies were not partnered with the university. UoP also misrepresented that other companies, like the American Red Cross, Avis and AT&T had worked with them to develop courses.

Both FTC and Department of Veterans Affairs note that UoP has been the largest recipient of Post-9/11 GI Bill benefits since that program began.

Please note that if UoP fails to remedy its deficiency through corrective action within 60 days, I will disapprove the enrollment of all individuals not already enrolled in UoP programs. I will then refer the matter to the Committee on Educational Allowances (Committee) in accordance with 38 C.F.R. §§ 21.4210(g), 21.4211 and 21.4212, to assist me in making a determination as to whether educational assistance should be discontinued for all individuals enrolled in your institution, and, if appropriate, whether approval of all further enrollments or reenrollments in your institution should be denied to veterans, servicemembers, reservists, or other eligible persons pursuing those courses under educational assistance programs administered by VA. UoP will be provided with the opportunity for a hearing before the Committee in accordance with 38 C.F.R. §§ 21.4212-14. The Committee will make a recommendation to me, and I will render a decision pursuant to 38 C.F.R. § 21.4215 regarding discontinuance. UoP will then be afforded an opportunity to request a review of such decision by the Director, Education Service, Veterans Benefits Administration, pursuant to 38 C.F.R. § 21.4216.

Please submit any additional information relevant to this matter referenced above to DIR.VBASTL@va.gov, EDU.VBASTL@va.gov, and/or DIR.VBAMUS@va.gov, EDU.VBAMUS@va.gov, and/or vavbabuf/ro/dir@va.gov, vavbabuf/ro/edu@va.gov.

I look forward to working with you to ensure that our nation's Servicemembers and Veterans receive their earned education benefits.

Sincerely,

Mitzi A. Marsh
Director, St Louis Regional Office

Jason McClellan
Director, Muskogee Regional Office

Donna P. Mallia
Director, Buffalo Regional Office