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May 17, 2018

The Honorable Betsy DeVos
Secretary
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202

RE: Protecting Students from Fraudulent and Predatory Practices by Educational Institutions

Dear Secretary DeVos:

I write concerning the U.S. Department of Education's efforts to combat fraud, substandard practices, and predatory behavior by educational institutions. According to recent reporting, the Department has "effectively killed investigations into possibly fraudulent activities at several large for-profit colleges" and restricted communications between the Department's staff and State Attorneys General about these investigations.¹ I invite the Department of Education to put these recent reports to rest by working with my office to ensure that any investigations of fraudulent activities by educational institutions are completed properly, rather than ended prematurely or allowed to grow dormant.

As you know, students and taxpayers alike are harmed when educational institutions fail to deliver what they advertise. Too often, students spend their hard-earned money and take out significant loans only to find that they did not receive the education they paid for and cannot get the jobs that would allow them pay off their loans—many of which have been financed by taxpayers. The problem will not go away on its own. Student loans are now the second-largest form of debt for American households, overtaking auto loans and on pace to overtake mortgages. New Jersey is among the States whose residents carry the most student-loan debt, so we are acutely aware of the need to ensure that educational institutions keep their promises.

In recent years, the federal government and State Attorneys General have worked—sometimes together—to investigate false advertising and predatory conduct by educational institutions, to prevent its recurrence, and to obtain compensation for affected students. During the last Administration, DeVry

¹ Danielle Ivory, Erica L. Green & Steve Eder, *Education Department Unwinds Unit Investigating Fraud at For-Profits*, N.Y. Times (May 13, 2018).



University and related corporate entities agreed to a \$100 million settlement with the Federal Trade Commission to resolve allegations that DeVry misled prospective students with advertisements about the employment rates and income levels of its graduates—just months after DeVry agreed to another settlement with the Department of Education concerning unsubstantiated job placement claims.² To offer another example, a joint federal-state investigation of Corinthian Colleges Inc. found that two of the company’s programs misrepresented their placement rates to enrolled and prospective students.³

Last year, New Jersey partnered with the Department of Education in its efforts to notify students who attended schools operated by Corinthian that they are eligible for cancellation of their federal student loans. Approximately 2,200 New Jersey residents were determined eligible for loan cancellation in light of the Department’s findings of fraud in Corinthian’s programs, but not everyone who is eligible has applied for relief. In order for New Jersey to continue outreach to those Corinthian students who have not applied for relief, we need information from the Department of Education as to which New Jersey students have already submitted a claim.

Unfortunately, the cooperation between our agencies on behalf of Corinthian’s victims seems to have ground to a halt. The Department of Education has failed to respond to my staff’s communications seeking the information they need to help more Corinthian students obtain relief. In our experience, the recent report that your agency now requires “special approval” for communications with State Attorneys General rings true.

Students would not be well served by any policy that unduly restricts communications between your Department and State Attorneys General on matters involving fraud and predatory practices by educational institutions. Abandoning the Department’s cooperative relationships with State Attorneys General could only harm the public interest we should be working together to serve.

So let us begin reviving our past cooperation. Your Department reportedly has (or had) in progress several investigations of for-profit colleges suspected of fraudulent or other predatory conduct. If the federal government continues to pursue these investigations, let us partner with you. We are ready to share information and supplement whatever resources your Department makes available. If the federal government will not pursue these investigations wherever the facts and the law take them, let us pick up where you leave off. Give the New Jersey Attorney General’s Office access to your Department’s files. Whether we jointly handle an investigation or assume responsibility for seeing an investigation to its end, we can arrange to protect the confidentiality of any investigative files shared between our Departments. In any event, we will ensure that any unlawful conduct is uncovered and that students receive any relief to which they are entitled.

² See Fed. Trade Comm’n, *DeVry University Agrees to \$100 Million Settlement with FTC* (Dec. 15, 2016), <https://www.ftc.gov/news-events/press-releases/2016/12/devry-university-agrees-100-million-settlement-ftc>; U.S. Dep’t of Educ., *U.S. Department of Education Reaches Settlement with DeVry University Over Job Placement Claims* (Oct. 13, 2016), <https://www.ed.gov/news/press-releases/us-department-education-reaches-settlement-devry-university-over-job-placement-claims>.

³ See U.S. Dep’t of Educ., *Department of Education and Attorney General Kamala Harris Announce Findings from Investigation of Wyotech and Everest Programs* (Nov. 17, 2015), <https://www.ed.gov/news/press-releases/departament-education-and-attorney-general-kamala-harris-announce-findings-investigation-wyotech-and-everest-programs>.

Thank you for your consideration. I look forward to receiving your response.

Sincerely,

A handwritten signature in blue ink, consisting of several loops and a final flourish that ends in a small dot.

Gurbir S. Grewal
Attorney General of New Jersey