

United States Senate

Washington, DC 20510-1304

June 30, 2015

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

Dear Secretary Carter:

I am writing to bring to your attention a deeply troubling investigation by the Center for Investigative Reporting published today which documents University of Phoenix's deceptive marketing practices and its infringement on military trademarks. I am astonished at the Department's willingness to accept payment for access, in violation of the spirit of Executive Order 13607, and disappointed in the conduct of its personnel, shielding the company from public scrutiny. I urge you to investigate these allegations swiftly and take immediate steps to bar the company from further access to service members until these issues are resolved.

The University of Phoenix is a for-profit company that makes much of its money off of service members and veterans, including \$1.2 billion in GI Bill benefits alone since 2009. In return, the company offers degrees of questionable value, below-average graduation rates, and a student loan default rate almost forty percent higher than the national average. As multiple witnesses documented at a March 2013 hearing of the Defense Appropriations Subcommittee, these profit motives drive many for-profits to engage in aggressive, deceptive, or abusive marketing and recruiting practices. In response, the President issued Executive Order 13607 and the Department issued DoDi 1322.25 to protect service members from abuse.

It is clear from the article that the Department has not taken this threat or its own regulations seriously. According to the Center for Investigative Reporting (CIR), the company has evaded these regulations through paid sponsorship of briefings and events on military installations across the country. When a CIR reporter asked about these activities at an October concert featuring one of the company's recruiters on stage, a military public affairs officer removed the reporter from the base. While the article cites \$1 million of paid event sponsorships at five military bases in the last five years, it is not publicly known how pervasive this technique has become.

The company has also paid an undisclosed sum to have its staff serve as the exclusive resume advisors in Hiring Our Heroes job fairs and workshops, many on military bases. A CIR hidden camera documents that all of the resume workshop materials, presentation slides, and sample successful resumes are labeled with University of Phoenix marketing, and trainers urge attendees to go to their website for additional information. Documents obtained by CIR show these actions are part of a concerted strategy of stealth recruiting by the company to evade Department scrutiny.

Finally, the company also appears to be distributing a mock military challenge coin on bases carrying the official seals of the Department of Defense and every branch of the military alongside its company logo. A military spokesperson indicated that the Department had not given permission for the use of its trademark.

In light of this deeply troubling series of allegations, I request that you take the following steps:

- 1) Investigate whether the company's conduct violates its memorandum of understanding (MOU) with the Department.
- 2) Suspend the company from participating in Department of Defense voluntary military education programs until that investigation concludes.
- 3) Investigate and prosecute the company for its infringement of Department of Defense trademarks through its mock "challenge coins."
- 4) Halt the company's access to military personnel through the Hiring Our Heroes job fair program.
- 5) Issue corrective guidance to all base commanders to bar the company from *any* further access to military bases until these matters are resolved.

Thank you for your prompt attention to this matter.

Sincerely,



Richard J. Durbin
Vice Chairman