



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
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WASHINGTON, D.C. 20301-4000

MANPOWER AND
RESERVE AFFAIRS

October 7, 2015

University of Phoenix
1625 West Fountainhead Parkway
Tempe, AZ 85282-2371

Dear Sir/Madam:

On June 20, 2014, William Pepicello, President of the University of Phoenix, signed the Department of Defense (DoD) Voluntary Education Partnership Memorandum of Understanding (DoD MOU). In response to allegations published by the Center for Investigative Reporting on June 30, 2015 (*see* <https://www.revealnews.org/article/university-of-phoenix-sidesteps-obama-order-on-recruiting-veterans/>), the Department has conducted a review of the agreements between the University of Phoenix and the DoD, as reflected in the DoD MOU. This review revealed several violations of the DoD MOU attributed to the University of Phoenix, including, but not limited to, 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 identified in the aforementioned article (i.e., Navy Operational Support Center, Fort Worth, TX; Fort Bragg, NC; Fort Carson, CO; Fort Hood, TX; and Fort Campbell, KY). Although the University of Phoenix has responded to these infractions with appropriate corrective action at this time, the frequency and scope of these previous violations of the DoD MOU is disconcerting.

Now it has come to our attention that the University of Phoenix is under review by both the Federal Trade Commission (FTC) and the California State Attorney General. University of Phoenix, Inc. is a wholly-owned subsidiary of The Apollo Education Group, Inc., which on July 29, 2015 filed a Form 8-K Report with the United States Securities and Exchange Commission noting that it received a Civil Investigative Demand from the FTC, which requested documentation to determine if the University of Phoenix “. . . engaged or are engaging in deceptive or unfair practices in or affecting commerce in the advertising, marketing, or sale of secondary or postsecondary educational products or services or education accreditation products or services.” The Apollo Education Group, Inc. also disclosed that the California State Attorney General issued an investigative subpoena requiring it to turn over information “relating to members and former members of the U.S. military and California National Guard, including marketing, recruiting, billing, financial aid, accommodation and other services for military personnel.” The information requested dates back to July 1, 2010 regarding the University of Phoenix’s use of U.S. military logos and emblems in marketing and its compliance with Executive Order 13607, “Establishing Principles of Excellence for Educational Institutions Servicing Service Members, Veterans, Spouses, and Other Family Members.”

The allegations associated with these inquiries, if substantiated, would violate several additional provisions of the University of Phoenix MOU with DoD, specifically, but not limited to: section 3a(2), for failing to comply with governing Federal law and the requirements set forth in the DoD MOU; and section 3j and its subsections, which seek to eliminate unfair, deceptive and abusive marketing. Further, while we note that you are a participating member in Servicemembers Opportunity Colleges (SOC), the allegations also raise a concern regarding the University of Phoenix's adherence to SOC Principles and Criteria and the Military Student Bill of Rights, as required by section 3m(1) of the DoD MOU.

Please be advised that, as of the date of this letter, we have placed the University of Phoenix in probationary status and we are considering whether to terminate our MOU with you pursuant to paragraphs 1.r(1) and 6(f) of the MOU. Such termination would preclude your participation in the DoD Tuition Assistance (TA) program. While in a probationary status, and with a view to minimizing harm to students, the University of Phoenix will be permitted to "teach-out." This means that a current University of Phoenix student receiving DoD TA will be permitted to complete courses already in progress and enroll in new courses deemed to be part of that student's established academic program. However, other than as required to complete the "teach-out" process for current students, the University of Phoenix will not be authorized access to DoD installations for the purposes of participating in any recruitment-type activities, including but not limited to job training, and career events and fairs. Further, no new or transfer students at your institution will be permitted to receive DoD TA.

You have fourteen (14) days from the date of receipt of this letter to submit your response to the aforementioned. During this period, the University of Phoenix's MOU with the DoD will remain in a probationary status. Should your institution elect to respond during this timeframe, any information you submit will be considered by the DoD in its determination of the status of University of Phoenix's MOU with the DoD. This review will consider whether continued participation in the DoD TA program will be allowed and, if so, in what status, and whether further action, to include termination in accordance with paragraph 6(f) of the University of Phoenix MOU with the DoD, is warranted.

Sincerely,



Dawn Bilodeau
Chief, DoD Voluntary Education
Military Community and Family Policy

Sent via Certified Mail/Return Receipt Requested