

United States Senate

WASHINGTON, DC 20510

September 21, 2012

Mr. Jon Leibowitz
Chairman
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

Dear Chairman Leibowitz:

Recent reports, including a Senate investigation, have revealed that some unscrupulous for-profit colleges engage in misleading, high-pressure, and unethical recruitment practices to maximize revenue from federal financial aid. To recruit students, many for-profit colleges have partnered with third-party online marketing companies, so-called “lead generators,” that deceive consumers to obtain personal information by misrepresenting their affiliation with for-profit colleges, as well as concealing how and by whom their information will be used. The Federal Trade Commission (FTC) is well positioned to protect consumers from the deceptive practices used by lead generators.

Between 2001 and 2010, federal student aid funds flowing to for-profit colleges increased from \$5.4 billion to \$32.2 billion, mostly due to aggressive recruiting practices. Lead generators have become a key part of the aggressive recruiting strategy for many for-profit colleges. Search engines promise prospective students connections to admission offices of selective and well-known public and non-profit colleges. In reality, the lead generators send students’ information to for-profit colleges and not the institution(s) in which the student actually expressed interest, with which the ad owners have no relationship.

In June, QuinnStreet Inc., a major lead generator, agreed to pay \$2.5 million and close one of its sites as part of a settlement with 20 state attorneys general. QuinnStreet operated sites that recruited veterans and other students on behalf of for-profit colleges and the states alleged that it had violated consumer-protection laws by running “false, misleading, and deceptive” sites, like GIBill.com, which falsely implied that they were operated or approved by the federal government.

The FTC can and should take several steps to better protect consumers from deceptive lead generators both by educating consumers and by investigating their practices. For example, updating the FTC’s vocational schools guide in a timely manner would be an important first step to help provide consumers with accurate information. We also encourage the FTC to create meaningful guidelines for lead generators and strengthen their oversight.

Many of us in Congress are working to help raise the standards of postsecondary education and protect the integrity of federal financial aid programs. Ensuring that students and their families have clear and accurate information about their postsecondary choices is essential and we urge you to take steps to protect them from misleading and predatory marketing.

Sincerely,



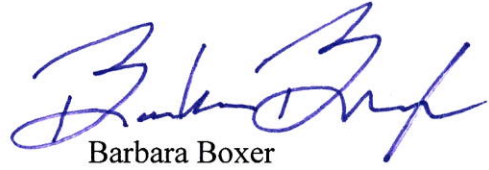
Richard Durbin
United States Senator



Tom Harkin
United States Senator



Frank R. Lautenberg
United States Senator



Barbara Boxer
United States Senator