

Alliance For Economic Stability, Inc.
747 Third Avenue, 25th Floor
New York, New York 10017

May 20, 2010

Robin Minor
Acting Chief Compliance Officer
U.S. Department of Education
LBJ Education Building
400 Maryland Avenue, SW
Room # 7W311
Washington, DC 20202

Dear Ms. Minor:

We have previously written to the Department of Education (“DOE”) concerning for-profit post-secondary education providers owned by holding companies with publicly traded stock, (the “For-Profits”), particularly Bridgepoint Education, Inc., operator of Ashford University. We have conveyed our belief that Bridgepoint’s incentive compensation practices violate federal regulations and discussed evidence of such violation.

Bridgepoint is currently the subject of an audit review by the DOE’s Office of Inspector General (“OIG”). We have also conveyed our belief that this particular OIG audit is flawed and will fail to provide the Office of Financial Student Aid with sufficient evidence to obtain a sanction that will appropriately remediate waste of tax-payer funds.

The OIG audit procedure is insufficient to discover the use of Bridgepoint’s quota system for enrollment advisors, where such system would contravene federal regulations, even according to the standards of the lenient “safe-harbor” provisions. We believe that institutional influence prevent the OIG from imposing a sanction sufficient to have a material impact upon Bridgepoint’s sales operations, or sufficient to remediate waste of tax-payer funds.

We believe that the OIG audit process was not designed for large, for-profit institutions, with enormous financial resources, ready access to the capital markets, and legal teams who instruct the companies on how to operate in a manner that violates the law and regulation governing institutions receiving funds under Title IV. Rather, the OIG audit processes may be more specifically designed for public or private, non-profit institutions, which unlike the For-Profits, do not have a direct and material incentive to violate regulation and waste tax-payer funds.

We respectfully request that you conduct a review of the methods used by the OIG to design its audit review of Bridgepoint’s sales quota, its implementation, and the OIG’s decision not to escalate the audit review to an investigation and referral to the Department of Justice. We also respectfully suggest that the DOE conduct an inquiry into ways of improving the OIG audit process for For-Profits specifically. Alterations to the audit process would be in the public interest by assuring educational integrity and preventing waste of tax-payer funds.

Sincerely,



Daniel Rodriguez
Director

cc: The Honorable Arne Duncan