

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

July 6, 2010

The Honorable Tom Harkin
Chairman
The Honorable Michael B. Enzi
Ranking Member
Committee on Health, Education, Labor, and Pension
United States Senate
428 Senate Dirksen Office Building
Washington, D.C. 20510

Dear Chairman Harkin and Ranking Member Enzi:

The Alliance for Economic Stability, Inc. ("AES") wrote to you on June 23, 2010 regarding For-Profits being in violation of federal regulation as it now stands with the "safe harbors" for incentive compensation.

Attached please find a letter to Secretary Arne Duncan sent on July 1, 2010 concerning the opinions expressed by the Department of Education's ("DOE") Office of Inspector General, which adversely affects the DOE's audits and investigations of For-Profits incentive compensation, and Bridgepoint Education, Inc.'s on-going incentive compensation audit in particular.

Kindly notice that our July 1, 2010 letter to Secretary Duncan refers to Senator Dick Durbin's Speech on "For-Profit Colleges and Federal Student Aid: Preventing Financial Abuses" given on June 30, 2010 at the National Press Club.

The AES is available for any further assistance in this regard. Thank you.

Sincerely,
ALLIANCE FOR ECONOMIC STABILITY, INC.



Manuel P. Asensio
Director

cc: The Honorable Dick Durbin
U.S. Senate Committee on Appropriations
Subcommittee on Labor, Health and Human Services,
Education, and Related Agencies

The Honorable Arne Duncan, Secretary
Department of Education

Kathleen Tighe, Inspector General
U.S. Department of Education

Enclosure

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

July 1, 2010

Arne Duncan, Secretary
U.S. Department of Education
LBJ Education Building
400 Maryland Avenue, SW
Room # 7W311
Washington, DC 20202

Dear Secretary Duncan:

We have written you and Inspector General Kathleen Tighe concerning the failure of the Department of Education's ("DOE") Office of Inspector General to design a proper audit and investigation of Bridgepoint Education, Inc.'s ("BPI") incentive compensation scheme. We recently wrote a report showing that Ms. Tighe has wrongfully¹ expressed an inability to protect the Federal Student Aid ("FSA") program from incentive compensation abuses. This is apparently the result of either some bias, conflict or influence that is allowed to affect discretion (which is not known to us) or complacency.

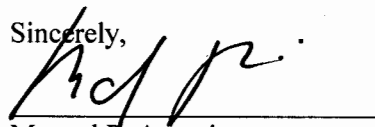
The below statements were extracted from Senator Dick Durbin's Speech on "For-Profit Colleges and Federal Student Aid: Preventing Financial Abuses" given on June 30, 2010 at the National Press Club.

"In many for-profit schools, recruiters' salaries are determined by how many students they sign up....The goal seems to be to bring in as many students as possible – regardless of their ability to succeed or graduate – load them up with loans, and leave taxpayers on the hook if students default....The big for-profit colleges spend more than a quarter of their revenue on advertising and marketing. To compare, McDonald's only spends 3 percent of its revenues on advertising."

If the Inspector General's BPI audit is not properly designed and executed, then the changes and sanctions that the FSA will be able to obtain will not remediate the abuse, and will only embolden BPI's peers to violate the law.

The AES is available for any further assistance in this regard. Thank you.

Sincerely,



Manuel P. Asensio
Director, President and
Chief Executive Officer

¹ Ms. Tighe misstated the success of qui tam lawsuits when compared to the DOE's results despite the DOE's far greater resources and direct authority in Congressional testimony.