



Office of Commissioner
Rohit Chopra

UNITED STATES OF AMERICA
Federal Trade Commission
WASHINGTON, D.C. 20580

PREPARED REMARKS OF COMMISSIONER ROHIT CHOPRA

*Regarding the Resurrection of the FTC's Penalty Offense Authority
to Deter False Claims by For-Profit Colleges*

October 6, 2021

Thank you all for being here. My name is Rohit Chopra and I serve as a Commissioner on the Federal Trade Commission. Student debt has surged in the United States. Forty-three million Americans owe \$1.6 trillion in federal student debt. Hundreds of billions of dollars in student debt have also gone into default. Sadly, for many Americans, their experience with higher education started with a dream, but turned into a nightmare.

A disproportionate number of Americans that defaulted on their student loans attended for-profit colleges. For decades, there have been concerns about the incentives of some of these outfits that have scammed students. There have also been too many incidents where veterans using benefits like the GI Bill have been subjected to illegal misconduct.

There is a long history of consumer protection risks in this market dating back decades. The FTC, which is responsible for enforcing the prohibition on unfair and deceptive practices in this and other industries, has a checkered record. Decades ago, Commissioners began to turn a blind eye and did little to address the rampant abuse of students, veterans, their families, and taxpayers. Commissioners failed to meaningfully implement Congressional directives to coordinate with the Department of Veterans Affairs and largely sat on the sidelines, as state attorneys general and other regulators found themselves overwhelmed with complaints.

In recent years, this has begun to change, with significant actions brought against the University of Phoenix and Career Education Corporation, as well as closer coordination with state and federal partners. But it is clear more must be done. The Commission's "equitable" authorities allowed it to recover only monies that were wrongfully taken from victims, meaning schools could break even by breaking the law.

Today, we are making a number of critical changes to our approach to protect families and law-abiding businesses. The Commission has authorized a procedure to activate penalties against for-profit colleges for certain types of misconduct. Under the [FTC's Penalty Offense Authority](#), the Commission and the Attorney General can seek substantial civil penalties against companies that engage in practices where they had knowledge that the practices were previously determined by a prior Commission order to be illegal. This is a unique authority in consumer

protection enforcement. It is also one that past Commissioners largely ignored, depriving our hardworking staff of the ability to pursue the full range of sanctions against bad actors. This legal tool is particularly important, given the Supreme Court's recent ruling in *AMG Capital Management*, which struck down the FTC's authority to even seek equitable monetary relief in federal court.

In addition, the FTC will be enhancing its enforcement cooperation with other oversight agencies, like the Department of Education's Office of Federal Student Aid and the Department of Veterans Affairs. The Department of Education has critical oversight responsibilities over the integrity of the benefit and student loan programs under Title IV of the Higher Education Act. By working more closely together, FTC investigations can assist the Department of Education in taking additional administrative actions against those that violate the law. Similarly, the law clearly specifies that the Commission should [transmit certain investigative findings](#) to the Department of Veterans Affairs, which can use this information to determine whether schools should be allowed to enroll students with veterans education benefits. State enforcement and regulatory partners will also be critical to this effort. And while the FTC's authority is generally limited to for-profit colleges, we will also be examining other for-profit companies that engage in wrongdoing in their work on behalf of non-profit colleges.

In closing, there is a great deal of work to do to restore the public's faith in oversight of our student loan and higher education system. Activating the FTC's Penalty Offense Authority is one of many examples where the agency needs to put its tools to use, rather than letting them languish. I am pleased that the Federal Trade Commission is doing its part to hold accountable those who abuse the system, and I am grateful to FTC staff who made this effort possible. Thank you and I'll now turn it over to Sam Levine, the agency's top consumer protection official.