

United States Senate

WASHINGTON, DC 20510

July 14, 2016

The Honorable John King
Secretary of Education
400 Maryland Avenue, SW
Washington, D.C. 20202

The Honorable Edith Ramirez
Chairman
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street
Washington, DC 20552

The Honorable Robert McDonald
Secretary of Veterans Affairs
810 Vermont Avenue, NW
Washington, D.C. 20420

Dear Secretary King, Secretary McDonald, Chairman Ramirez, and Director Cordray:

We write today in light of mounting evidence that Trump University, a for-profit real estate training company, and its 93 percent owner and chairman, Donald J. Trump, engaged in unfair and deceptive marketing and potentially fraudulent activity that deceived consumers regarding the company's status as a university. We find these actions to be unacceptable and ask that you take proper and necessary steps to prevent the creation of additional Trump University-like entities that prey on the hopes, dreams, and aspirations of students and their families. As we work to help more students and veterans access the opportunities that higher education offers, it is more important than ever that we do everything possible to maintain the public's trust in our institutions of higher learning and the quality of the education they provide.

In 2005, Trump University and its leaders were notified that they were operating in violation of New York state law, as the company was neither chartered as a university nor licensed by the state of New York to offer instruction or training. Under New York state law, an entity may only operate as a university if it is chartered as such by the New York State Department of Education (NYSED). Despite numerous communications from NYSED informing Trump University it was operating illegally, and Trump University leaders agreeing to move their operations out of the

state, the owners and executives continued to market the business as a university in New York for an additional five years, until 2010.

During this period, Trump University employees used terms that implied it was a university including “faculty,” “tuition,” “curriculum,” and “graduates,” and some instructors even discussed “graduate programs, post-graduate programs, and doctorate programs” even though the only substantive difference between the courses appears to have been how much money they cost students. When students or veterans hear terms like these, they should be able to feel confident that they are investing in their future, not throwing their hard-earned money into a scam. As many as 10,000 consumers paid between \$1,500 and \$35,000 to attend real estate seminars that left them little more than a worthless certificate and a pile of debt.

Meanwhile, substantial evidence released in the course of multiple lawsuits makes it clear that between 2005 and 2010, Trump University routinely trained instructors in the use of deceptive and misleading tactics to sell these real estate seminars, including using the name “university” to falsely imply that it is an educational institution with meaningful credentials. According to the manuals provided, instructors were told:

- “[I]f they can afford the gold elite don’t allow them to think about doing anything besides the gold elite.”
- “When you introduce the price, don’t make it sound like you think it’s a lot of money,” “If you don’t make a big deal out of it, they won’t.”
- “We use a two part sales process to set and close a client....This sales process is based on managing the emotions of the client by focusing on the psychology of the sale. The metaphor we use for this process is the Roller Coaster of emotions.”
- “We teach the technique of using OPM ... Other People’s Money,” “Let them know you’ve found an answer to their problems.”
- “If an attorney general arrives on the scene, contact [the Director of Operations] immediately.”


In 2011, after numerous student complaints, Mr. Trump’s company became the subject of an active investigation by the New York Attorney General for illegal business practices, and the company is now subject to several ongoing lawsuits. Americans invest in higher education and in career and workforce skills training in order to gain the skills they need to obtain good jobs and climb the ladder of economic success. At the federal level we seek to foster and encourage the attainment of higher education and career and job training through a variety of grant, loan, workforce, and job corps programs. But these investments—as well as the public’s confidence in our system of higher education—are undermined by misleading and deceptive programs like those operated by Trump University.

In order to ensure the integrity of our higher education and workforce training programs, we request that you take immediate steps to warn consumers regarding unlicensed and potentially fraudulent universities. Specifically, we ask that your agencies work together to create a consumer warning system, such as an online database or other consumer information tool, that

alerts and warns potential students and veterans when a business deceptively markets itself as “university” in the absence of a state license or charter, or in the absence of accreditation. We also request that your agencies enhance and prioritize enforcement of federal consumer protection laws meant to safeguard consumers against unfair, deceptive, or abusive acts or practices committed by such businesses, their owners, and individuals who lend their names to these sham outfits, and clarify whether such entities are in violation of the ban on unfair and deceptive practices under Section 5 of the Federal Trade Commission Act

Please respond no later than August 31, 2016, regarding the actions that your agencies will take to establish such a system and to enhance enforcement against such entities. We look forward to learning the steps you will take to ensure that consumers receive appropriate warning before spending hard earned dollars on programs like those offered by Trump “University.”

Sincerely,



Elizabeth Warren
United States Senator



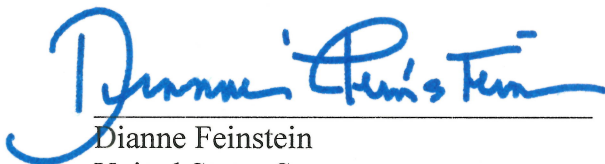
Patty Murray
United States Senator



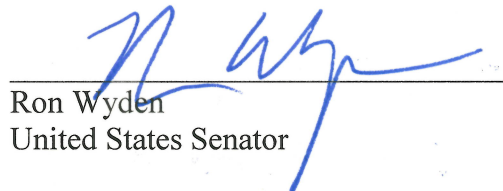
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