

UNITED STATES OF AMERICA
CONSUMER FINANCIAL PROTECTION BUREAU

ADMINISTRATIVE PROCEEDING

File No. 2016-CFPB-0016

In the Matter of:

BRIDGEPOINT EDUCATION, INC.

CONSENT ORDER

The Consumer Financial Protection Bureau (Bureau) has reviewed the institutional-lending practices of Bridgepoint Education, Inc. (Respondent, as defined below) and has identified the following law violations. Respondent engaged in deceptive acts and practices with respect to the amounts of students' monthly payments due under Respondent's Institutional Loan program. This conduct violated the prohibition on deceptive conduct in the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5531(a), 5536(a)(1)(B). Under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, the Bureau issues this Consent Order.

I
Jurisdiction

1. The Bureau has jurisdiction over this matter under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and 5565.

II
Stipulation

2. Respondent has executed a “Stipulation and Consent to the Issuance of a Consent Order” (Stipulation), dated September 7, 2016, which is incorporated by reference and is accepted by the Bureau. By this Stipulation, Respondent has consented to the issuance of this Consent Order by the Bureau under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, without admitting or denying any of the findings of fact or conclusions of law, except that Respondent admits the facts necessary to establish the Bureau’s jurisdiction over Respondent and the subject matter of this action.

III
Definitions

3. The following definitions apply to this Consent Order:
 - a. “Anticipated Total Direct Cost” means the estimated cost of tuition, fees, books, supplies, and equipment to complete a Program of Study.
 - b. “Board” means Respondent’s duly elected and acting Board of Directors.
 - c. “Cost of Attendance” means cost of attendance as defined in § 472 of the Federal Higher Education Act of 1965, 20 U.S.C. § 108711, or as that statute may be amended.
 - d. “Effective Date” means the date on which the Consent Order is entered.

- e. “Electronic Financial Impact Platform” means an interactive, internet-based program developed by the Bureau that produces a personalized disclosure for a Student of the financial impact of pursuing a particular Program of Study and incurring a specific amount of debt. The platform permits Students to input and adjust fields to customize the resulting disclosure, including but not limited to the fields that pertain to sources of funding (i.e., scholarships, grants, student contributions, federal loans, and private loans) and post-graduation expenses. Further, the platform generates a customized disclosure for the Student based on information provided by Respondent that shows estimates of (a) the Student’s Anticipated Total Direct Cost in pursuing the Program of Study, (b) the Student’s Cost of Attendance, including each component thereof, (c) the Student’s total debt at the time of repayment and the corresponding monthly loan payments over a term of years based on current interest-rate information, (d) the Student’s income if he or she successfully graduates from the Program of Study, and (e) the Student’s post-graduation expenses, including personal financial obligations such as rent or mortgage payments, car payments, childcare expenses, and utilities. The Electronic Financial Impact Platform also provides information about the Program of Study. In addition, the Electronic Financial Impact Platform contains information regarding basic borrowing and budgeting guidelines, as well as links to other financial and shopping-for-college resources.
- f. “Eligible Student” means any Student who incurred Institutional Loan Debt.

- g. “Enforcement Director” means the Assistant Director of the Office of Enforcement for the Consumer Financial Protection Bureau, or his or her designee.
- h. “Institutional Loans” means loans offered directly by Respondent to Students.
- i. “Institutional Loan Debt” means any obligation or alleged obligation of a Student to pay money to Respondent as a result of an Institutional Loan.
- j. “Program of Study” means a series of courses, seminar, or other educational program offered at a school operated by Respondent, for which Respondent charges tuition, fees, or both, which is designed to lead toward a degree, certificate, diploma, or other indication of completion, and which (a) is eligible for Title IV funding, (b) involves more than 25 contact hours in a credit-bearing course, (c) is designed to make a Student eligible to sit for any state or national certification or licensing examination, or (d) is designed to prepare a Student for another series of courses, seminar, or other educational program that is eligible for Title IV funding.
- k. “Related Consumer Action” means a private action by or on behalf of one or more consumers or an enforcement action by another governmental agency brought against Respondent based on substantially the same facts included in this Order.
- l. “Relevant Period” means the period from January 2009 to the date of this Order.

- m. “Respondent” means Bridgepoint Education, Inc., which does business through its subsidiaries Ashford University and the University of the Rockies, and its successors and assigns.
- n. “Student” means any natural person being recruited for enrollment, or who is or was enrolled, in Ashford University or the University of the Rockies.

IV Bureau Findings and Conclusions

The Bureau finds the following:

- 4. Respondent is a publicly traded for-profit corporation that does business through its subsidiaries Ashford University and the University of the Rockies, two for-profit colleges that have enrolled hundreds of thousands of Students over the past several years.
- 5. Respondent is a “covered person,” as that term is defined by 12 U.S.C. § 5481(6).
- 6. From 2009 until recently, Respondent operated an in-house institutional-lending program.
- 7. A Student who took out an Institutional Loan at Respondent’s schools typically met with a financial-aid advisor.
- 8. Respondent’s representatives typically provided Students with information about the Institutional Loans. The representatives in many instances made oral statements to Students about the potential costs of the loans, including that Students normally paid off Institutional Loans from Respondent with \$25 monthly payments.

9. During the Relevant Period, thousands of Students borrowed a total of roughly \$23,544,184 through Respondent's Institutional Loan program, and Respondent collected roughly \$4,973,102 in principal and interest from these loans. Approximately \$18,571,082 in Institutional Loan Debt remains outstanding.
10. As described above, in connection with the oral marketing and promotion of Respondent's Institutional Loans, in numerous instances Respondent, expressly or impliedly, made oral statements to Students about the potential costs of the loans, including that Students could pay off Institutional Loans with monthly payments of as little as \$25.
11. In fact, in many instances typical payments on Institutional Loans were greater than \$25. Respondent's statements induced Students to take out Institutional Loans. Thus, Respondent's representations, described above, constitute deceptive acts or practices in violation of §§ 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

ORDER

V Conduct Provisions

IT IS ORDERED, under §§ 1053 and 1055 of the CFPA, that:

12. Respondent and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, may not violate §§ 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531, 5536, including by making false, deceptive, or misleading statements regarding actual or typical monthly payments Students are obligated to make in connection with Institutional Loans.

13. Within 15 days after the Bureau makes the Electronic Financial Impact Platform available to Respondent for Students' use, Respondent must require all Students, before enrolling in a Program of Study, to generate a personalized disclosure using the Bureau's Electronic Financial Impact Platform. Students who are ineligible for federal student aid or who are not borrowing funds to finance their education are exempted from this requirement.
14. Respondent must undertake reasonable efforts, upon request by the Bureau, to examine and test any preliminary versions of the Electronic Financial Impact Platform that the Bureau presents to Respondent and to cooperate with the Bureau in implementing the platform.
15. The Bureau agrees to confer with Respondent prior to delivery of the Electronic Financial Impact Platform or before making any material modifications to the Electronic Financial Impact Platform, and to consider any recommendations that Respondent makes regarding the Electronic Financial Impact Platform.
16. For each Institutional Loan Debt, Respondent is permanently restrained and enjoined from:
 - a. furnishing information about the Institutional Loan Debt to third parties, including consumer-reporting agencies, except that Respondent may furnish such information as necessary to remove tradelines placed with any consumer-reporting agency about any Institutional Loan Debt, as required under the Redress Plan described in Section VIII, below;
 - b. engaging in any collection activity with respect to the Institutional Loan Debt;

- c. accepting any future payment on the Institutional Loan Debt, provided however, that in the event a payment is discovered to be accepted and processed in error, Respondent may return the payment to the payor within a reasonable time; and
- d. reselling, transferring, or assigning the Institutional Loan Debt.

VI Compliance Plan

IT IS FURTHER ORDERED that:

- 17. Within 90 days from the Effective Date, Respondent must submit to the Enforcement Director for review and determination of non-objection a comprehensive compliance plan designed to ensure that Respondent's lending practices comply with the terms of this Consent Order. The Compliance Plan must include, at a minimum, detailed steps for addressing each action required by this Order and specific timeframes and deadlines for implementing the steps described above.
- 18. The Enforcement Director will have the discretion to make a determination of non-objection to the Compliance Plan or direct Respondent to revise it. In the event that the Enforcement Director directs Respondent to revise the Compliance Plan, Respondent must revise and resubmit the Compliance Plan to the Enforcement Director within 45 days.
- 19. After receiving notification that the Enforcement Director has made a determination of non-objection to the Compliance Plan, Respondent must implement and adhere to the steps, recommendations, deadlines, and timeframes in the Compliance Plan.

VII
Role of the Board

IT IS FURTHER ORDERED that:

20. The Board, or a Committee thereof, must review all submissions (including plans, reports, programs, policies, and procedures) required by this Consent Order before they are submitted to the Bureau.
21. Although this Consent Order requires Respondent to submit certain documents for the review or non-objection by the Enforcement Director, the Board has the ultimate responsibility for proper and sound management of Respondent and for ensuring that Respondent complies with this Consent Order.
22. In each instance that this Consent Order requires the Board to ensure adherence to, or undertake to perform certain obligations of Respondent, the Board, or a Committee thereof, must:
 - a. authorize whatever actions are necessary for Respondent to fully comply with the Consent Order;
 - b. require timely reporting by management to the Board on the status of compliance obligations; and
 - c. require timely and appropriate corrective action to remedy any failures to comply with Board directives related to this Section.

VIII
Order to Pay Redress

IT IS FURTHER ORDERED that:

23. Within 10 days of the Effective Date, Respondent must reserve or deposit into a segregated account an amount not less than \$4,973,102 million, which represents the approximate amount of payments, including principal and interest, collected

by Respondent on Institutional Loans, for the purpose of providing redress to Eligible Students.

24. Within 45 days of the Effective Date, Respondent must submit to the Enforcement Director for review and non-objection a comprehensive written plan for providing redress consistent with this Order (Redress Plan). The Enforcement Director will have the discretion to make a determination of non-objection to the Redress Plan or direct Respondent to revise it. If the Enforcement Director directs Respondent to revise the Redress Plan, Respondent must revise and resubmit the Redress Plan to the Enforcement Director within 15 days. After receiving notification that the Enforcement Director has made a determination of non-objection to the Redress Plan, Respondent must implement and adhere to the steps, recommendations, deadlines, and timeframes in the Redress Plan.
25. The Redress Plan must require Respondent to:
 - a. provide to each Eligible Student that paid Institutional Loan Debt in whole or in part a cash refund of all amounts paid in connection with the Institutional Loan Debt;
 - b. withdraw, dismiss, forgive, or cancel all outstanding Institutional Loan Debt; and
 - c. remove all tradelines placed with any consumer-reporting agency about any Institutional Loan Debt.
26. The Redress Plan must include (1) a description of the process by which all Eligible Students will be notified of the redress; (2) a description of the means by which Eligible Students will be located, and the steps Respondent will take with

respect to consumers whose redress payments are returned as undeliverable or not cashed within a prescribed period (3) the form of the letter or letters (Redress Notification Letter) to be sent notifying Eligible Students of the redress; and (4) the form of the envelope that will contain the Redress Notification Letter. The Redress Notification Letter must explain how the redress amount was calculated; that the cancellation of Institutional Loan Debt is in accordance with the terms of this Order; and that the consumer will not be subjected to any new debt-collection or credit-reporting activities related to the Institutional Loan Debt. Respondent must not include in any envelope containing a Redress Notification Letter any materials other than the approved letters and redress checks, unless Respondent has obtained written confirmation from the Enforcement Director that the Bureau does not object to the inclusion of such additional materials.

27. After completing the Redress Plan, if the amount of redress provided to Affected Consumers is less than \$4,973,102, Respondent must, within 30 days of the completion of the Redress Plan, pay to the Bureau, by wire transfer to the Bureau or to the Bureau's agent and according to the Bureau's wiring instructions, the difference between the amount of redress provided to Eligible Students, and \$4,973,102.
28. The Bureau may use these remaining funds to pay additional redress to Eligible Students. If the Bureau determines, in its sole discretion, that additional redress is wholly or partially impracticable or otherwise inappropriate, or if funds remain after the additional redress is completed, the Bureau will deposit any remaining funds in the United States Treasury as disgorgement. Respondent will have no

right to challenge any actions that the Bureau or its representatives may take under this Section.

29. Respondent may not condition the payment of any redress to any Eligible Student under this Order on that Eligible Student waiving any right.

IX
Order to Pay Civil Money Penalties

IT IS FURTHER ORDERED that:

30. Based on the factors set forth in § 1055(c)(3) of the CFPA, 12 U.S.C. § 5565(c)(3), a judgment for a civil money penalty is hereby entered in favor of the Bureau and against Respondent in the amount of \$8,000,000.
31. Within 10 days of the Effective Date, Respondent must pay the civil money penalty by wire transfer to the Bureau or to the Bureau's agent in compliance with the Bureau's wiring instructions.
32. The civil money penalty paid under this Order will be deposited in the Civil Penalty Fund of the Bureau as required by § 1017(d) of the CFPA, 12 U.S.C. § 5497(d).
33. Respondent must treat, for all purposes, the civil money penalty paid under this Order as a penalty paid to the government. Regardless of how the Bureau ultimately uses those funds, Respondent may not:
 - a. claim, assert, or apply for a tax deduction, tax credit, or any other tax benefit for any civil money penalty paid under this Order; or
 - b. seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made under any

insurance policy, with regard to any civil money penalty paid under this Order.

34. To preserve the deterrent effect of the civil money penalty in any Related Consumer Action, Respondent may not argue that it is entitled to, nor may Respondent benefit by, any offset or reduction of any monetary remedies imposed in the Related Consumer Action because of the civil money penalty paid in this action (Penalty Offset). If the court in any Related Consumer Action grants such a Penalty Offset, Respondent must, within 30 days after entry of a final order granting the Penalty Offset, notify the Bureau, and pay the amount of the Penalty Offset to the United States Treasury. Such a payment will not be considered an additional civil money penalty and will not change the amount of the civil money penalty imposed in this action.

X
Additional Monetary Provisions

IT IS FURTHER ORDERED that:

35. In the event of any default on Respondent's obligations to make payment under this Order, interest, computed under 28 U.S.C. § 1961, as amended, will accrue on any outstanding amounts not paid from the date of default to the date of payment, and will immediately become due and payable.
36. Respondent must relinquish all dominion, control, and title to the funds paid to the fullest extent permitted by law and no part of the funds may be returned to Respondent.

37. Under 31 U.S.C. § 7701, Respondent, unless it already has done so, must furnish to the Bureau its taxpayer-identifying numbers, which may be used for purposes of collecting and reporting on any delinquent amount arising out of this Order.
38. Within 30 days of the entry of a final judgment, consent order, or settlement in a Related Consumer Action, Respondent must notify the Enforcement Director of the final judgment, consent order, or settlement in writing. That notification must indicate the amount of redress, if any, that Respondent paid or is required to pay to consumers and describe the consumers or classes of consumers to whom that redress has been or will be paid.

XI Reporting Requirements

IT IS FURTHER ORDERED that:

39. Respondent must notify the Bureau of any development that may affect compliance obligations arising under this Order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor company; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order; the filing of any bankruptcy or insolvency proceeding by or against Respondent; or a change in Respondent's name or address. Respondent must provide this notice at least 30 days before the development if practicable, but in any case no later than 14 days after the development.
40. Within seven days of the Effective Date, Respondent must designate at least one telephone number and email, physical, and postal address as points of contact, which the Bureau may use to communicate with Respondent. Respondent must

also designate someone, providing a name, email, and physical address, who will accept service of process for Respondent.

41. Respondent must report any change in the information required to be submitted under Paragraph 40 at least 30 days before the change if practicable, but in any case no later than 14 days after the development.
42. Within 90 days of the Effective Date, and again one year after the Effective Date, Respondent must submit to the Enforcement Director an accurate written compliance progress report (Compliance Report) that has been approved by the Board, or a Committee thereof, which, at a minimum:
 - a. describes in detail the manner and form in which Respondent has complied with this Order; and
 - b. attaches a copy of each Order Acknowledgment obtained under Section XII, unless previously submitted to the Bureau.
43. After the one-year period, Respondent must submit to the Enforcement Director additional Compliance Reports within 30 days of receiving a written request from the Bureau.

XII Order Distribution and Acknowledgment

IT IS FURTHER ORDERED that:

44. Within 30 days of the Effective Date, Respondent must deliver a copy of this Order to each of its Board members and executive officers, as well as to any managers, employees, or other agents and representatives who have responsibilities related to the subject matter of the Order.

45. For five years from the Effective Date, Respondent must deliver a copy of this Order to any business entity resulting from any change in structure referred to in Section XI, any future board members and executive officers, as well as to any managers, employees, or other agents and representatives who will have responsibilities related to the subject matter of the Order before they assume their responsibilities.
46. Respondent must secure a signed and dated statement acknowledging receipt of a copy of this Order, ensuring that any electronic signatures comply with the requirements of the E-Sign Act, 15 U.S.C. § 7001 et seq., within 30 days of delivery, from all persons receiving a copy of this Order under this Section.

XIII Recordkeeping

IT IS FURTHER ORDERED that:

47. Respondent must preserve and create, for at least five years from the Effective Date, the following business records:
 - a. all documents and records necessary to demonstrate full compliance with each provision of this Order, as well as all submissions to the Bureau.
 - b. all documents and records pertaining to the Redress Plan, described in Section VIII.
 - c. copies of all advertisements; websites; sales scripts; training materials; other marketing materials, including materials offered or provided to students regarding admissions that relate in any way to institutional lending.

48. Respondent must retain the documents identified in Paragraph 47 for at least five years.
49. Respondent must make the documents identified in Paragraph 47 available to the Bureau upon the Bureau's request.

**XIV
Notices**

IT IS FURTHER ORDERED that:

50. Unless otherwise directed in writing by the Bureau, Respondent must provide all submissions, requests, communications, or other documents relating to this Order in writing, with the subject line, "In re Bridgepoint Education, Inc., Case No. 2016-CFPB-0016" and send them either:

- a. By overnight courier (not the U.S. Postal Service), as follows:

Assistant Director for Enforcement
Consumer Financial Protection Bureau
1625 Eye Street N.W.
ATTN: Office of Enforcement
Washington, DC 20006; or

- b. By first-class mail to the below address and contemporaneously by email

to Enforcement_Compliance@cfpb.gov

Assistant Director for Enforcement
Consumer Financial Protection Bureau
1700 G Street, N.W.
ATTN: Office of Enforcement
Washington D.C. 20552.

**XV
Cooperation with the Bureau**

IT IS FURTHER ORDERED that:

51. Respondent must cooperate fully to help the Bureau determine the identity and location of, and the amount of injury sustained by, each Eligible Student.

Respondent must provide such information in its or its agents' possession or control within 14 days of receiving a written request from the Bureau.

52. Respondent must cooperate fully with the Bureau in this matter and in any investigation related to or associated with the conduct described in this Order. Respondent must provide truthful and complete information, evidence, and testimony. Respondent must cause Respondent's officers, employees, representatives, or agents to appear for interviews, discovery, hearings, trials, and any other proceedings that the Bureau may reasonably request upon 10 days written notice, or other reasonable notice, at such places and times as the Bureau may designate, without the service of compulsory process.

XVI
Compliance Monitoring

IT IS FURTHER ORDERED that:

53. Within 14 days of receipt of a written request from the Bureau, Respondent must submit additional compliance reports or other requested information, which must be made under penalty of perjury; provide sworn testimony; or produce documents.
54. Respondent must permit Bureau representatives to interview any employee or other person affiliated with Respondent who has agreed to such an interview. The person interviewed may have counsel present.
55. Nothing in this Order will limit the Bureau's lawful use of compulsory process, under 12 C.F.R. § 1080.6 or otherwise.

XVII
Administrative Provisions

56. The provisions of this Consent Order do not bar, estop, or otherwise prevent the Bureau, or any other governmental agency, from taking any other action against Respondent, except as described in Paragraph 57.
57. The Bureau releases and discharges Respondent from all potential liability for law violations that the Bureau has or might have asserted based on the practices described in Section IV of this Consent Order, to the extent such practices occurred before the Effective Date and the Bureau knows about them as of the Effective Date. The Bureau may use the practices described in this Consent Order in future enforcement actions against Respondent and its affiliates, including, without limitation, to establish a pattern or practice of violations or the continuation of a pattern or practice of violations or to calculate the amount of any penalty. This release does not preclude or affect any right of the Bureau to determine and ensure compliance with the Consent Order, or to seek penalties for any violations of the Consent Order.
58. This Consent Order is intended to be, and will be construed as, a final Consent Order issued under § 1053 of the CFPA, 12 U.S.C. § 5563, and expressly does not form, and may not be construed to form, a contract binding the Bureau or the United States.
59. This Consent Order will terminate five years from the Effective Date or five years from the most recent date that the Bureau initiates an action alleging any violation of the Consent Order by Respondent. If such action is dismissed or the relevant adjudicative body rules that Respondent did not violate any provision of

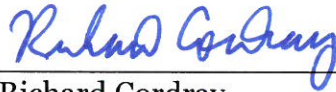
the Consent Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the Consent Order will terminate as though the action had never been filed. The Consent Order will remain effective and enforceable until such time, except to the extent that any provisions of this Consent Order have been amended, suspended, waived, or terminated in writing by the Bureau or its designated agent.

60. Calculation of time limitations run from the Effective Date and are based on calendar days, unless otherwise noted.
61. Should Respondent seek to transfer or assign all or part of its operations that are subject to this Consent Order, Respondent must, as a condition of sale, obtain the written agreement of the transferee or assignee to comply with all applicable provisions of this Consent Order.
62. The provisions of this Consent Order will be enforceable by the Bureau. For any violation of this Consent Order, the Bureau may impose the maximum amount of civil money penalties allowed under § 1055(c) of the CFPA, 12 U.S.C. § 5565(c). In connection with any attempt by the Bureau to enforce this Consent Order in federal district court, the Bureau may serve Respondent wherever Respondent may be found and Respondent may not contest that court's personal jurisdiction over Respondent.
63. This Consent Order and the accompanying Stipulation contain the complete agreement between the parties. The parties have made no promises, representations, or warranties other than what is contained in this Consent Order and the accompanying Stipulation. This Consent Order and the accompanying

Stipulation supersede any prior oral or written communications, discussions, or understandings.

64. Nothing in this Consent Order or the accompanying Stipulation may be construed as allowing the Respondent, its Board, officers, or employees to violate any law, rule, or regulation.

IT IS SO ORDERED, this 8th day of September, 2016.



Richard Cordray
Director
Consumer Financial Protection Bureau