



University of Phoenix Settles False Claims Act Lawsuit for \$67.5 Million

WASHINGTON, Dec. 15 /PRNewswire-USNewswire/ -- The Justice Department announced today that the University of Phoenix has agreed to pay the United States \$67.5 million to resolve allegations that its student recruitment policies violated the False Claims Act.

This case began as a whistleblower action filed in the Eastern District of California under the False Claims Act, which permits private citizens to bring lawsuits for fraud on behalf of the United States and to share in any recovery. Whistleblowers Mary Hendow and Julie Behn, two former University of Phoenix employees, alleged that the university accepted federal student financial aid while in violation of statutory and regulatory provisions prohibiting post-secondary schools from paying admissions counselors certain forms of incentive-based compensation tied to the number of students recruited. Though the United States did not intervene in this action, the Government provided support and assistance to the whistleblowers at many stages of the case, including filing friend-of-the-court briefs when the case was on appeal to the Ninth Circuit. The two whistleblowers will receive \$19 million from the settlement.

"The Government recognizes the important role institutions like the University of Phoenix play in providing higher education for many people. At the same time, we must ensure that all educational institutions comply with the law and do not misuse taxpayer funds," said Tony West, Assistant Attorney General of the Civil Division of the Department of Justice. The Assistant Attorney General noted that the Justice Department's Civil Division, the U.S. Attorney's Office for the Eastern District of California and the Department of Education worked together on this case.

"This settlement showcases how a working relationship between the Government and private whistleblowers can bring about effective results in terms of protecting taxpayer dollars," said Benjamin Wagner, U.S. Attorney for the Eastern District of California.

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