

Minnesota School of Business/Globe Executive Summary

Pursuant to 34 C.F.R. § 685.222(e)(3), the Department of Education (“Department”) is charged with conducting a fact-finding process to determine whether each borrower defense application states a basis for a borrower defense. In adjudicating each individual borrower defense application, the Department must consider not only the borrower’s application and accompanying evidence, but also any relevant information in records in the Department’s possession and in submissions from the school, as well as any other information obtained in connection with the fact-finding process.

The Borrower Defense Group (“BDG”) has reviewed evidence within the Department’s possession relating to Globe University (“Globe”) and the Minnesota School of Business (“MSB”) (collectively “MSB/Globe”), including a Minnesota state court order which found sufficient evidence to establish fraud and/or deception in the marketing of MSB/Globe’s Criminal Justice programs. Additional summaries regarding other specific types of borrower defense claims will be submitted for approval separately.

Between 2009 and the schools’ closure on September 14, 2017, Globe operated two campuses in Minnesota and MSB operated ten campuses in Minnesota, as well as an online program.

Applying a preponderance of the evidence standard, BDG has prepared a summary of the evidence relating to MSB/Globe. This summary, the Common Statement of Facts, will be applied in the individual adjudication of MSB/Globe borrowers pursuant to 34 C.F.R. §§ 685.206(c), 685.206(d), and/or 685.206(e) based on the dates of the loans relating to the borrowers’ claims.

Background and History of Globe University and the Minnesota School of Business

This section describes MSB/Globe’s operations, management structure, and ultimate closure. This section also includes a discussion of the Minnesota Attorney General’s investigation and lawsuit against the schools. Additionally, this section discusses the ways in which MSB/Globe misrepresented the nature of its Criminal Justice programs, as held by Judge James A. Moore of the Fourth Judicial District of Minnesota, a judgment that was affirmed by the Minnesota Supreme Court.

MSB/Globe Misrepresented that its Criminal Justice Programs Would Lead to Careers as Police or Probation/Parole Officers After Graduation

This section provides an overview of the Minnesota state court’s findings and order in the case brought by the Minnesota Attorney General, as well as the Department’s own subsequent investigation and the resulting denial of MSB/Globe’s recertification. Additionally, this section discusses Globe/MSB’s bankruptcy proceeding, the Department’s claim in the bankruptcy proceeding, and the settlement reached in the bankruptcy case. The Minnesota trial court found that the evidence at trial established by a preponderance of the evidence that:

- Borrowers who enrolled in MSB/Globe’s Criminal Justice programs were unable to become police, parole, and/or probation officers in the State of Minnesota.
- From 2009 until the closure of its Criminal Justice program at all Minnesota campuses and online, MSB/Globe’s advertising and marketing targeted prospective students throughout Minnesota and misrepresented that its Criminal Justice programs would lead to careers as police or probation/parole officers after graduation. This advertising and marketing violated the Minnesota Consumer Fraud Act (“CFA”) and Deceptive Trade Practices Act (“DTPA”) because police officer positions in Minnesota require degrees from either a Police Officer Standards and Training (“POST”) Board-certified program or a regionally accredited school, and MSB/Globe was neither POST Board-certified nor regionally accredited. Additionally, this advertising and marketing violated the Minnesota CFA and DTPA for graduates of the Criminal Justice associate degree program because probation/parole officer positions in Minnesota require bachelor’s degrees.
- From 2009 until the closure of its Criminal Justice program at all Minnesota campuses and online, MSB/Globe’s admissions representatives directly told prospective students in Minnesota that they could be police or probation/parole officers with an MSB/Globe degree. These statements violated the Minnesota CFA and DTPA because police officer positions in Minnesota require degrees from either a POST Board-certified program or a regionally accredited school, and MSB/Globe was neither POST Board-certified nor regionally accredited. Additionally, this advertising and marketing violated the Minnesota CFA and DTPA for graduates of the Criminal Justice associate degree program because probation/parole officer positions in Minnesota require bachelor’s degrees.

BDG continues its work on the MSB/Globe Statement of Facts and will update this summary memoranda when appropriate.