An investigation into income share agreement company Vemo Education, Inc. found that it lured students into borrowing ISAs by overstating the price of other student loans while understating the cost of its own product.

Vemo made the alternatives, including federal Parent PLUS Loans, look more expensive than they are.

Vemo used misleading salary information to make its product look cheaper.

Vemo implied that borrowers will pay $5,727 in finance charges over the life of a $10,000 federal Parent PLUS Loan.

For example, Vemo suggested first-year income estimates for a Finance major at the University of Utah is $54,000.

Vemo made ISAs seem more affordable by overstating the finance charge of a Parent PLUS Loan by 24.5%.

Vemo deflated the cost of its ISA by choosing artificially low first-year income for borrowers, lowering the perceived cost of financing by 52.5%.

What Vemo said a Parent PLUS Loan costs:

- Cost of an ISA at the true median first year income ($63,400)
  - The true cost of a Parent PLUS Loan
  - $16,983

What Vemo said the ISA costs with artificially low first-year income ($54,000)

- $14,580
  + $1,124

But in reality, data shows Finance majors at the University of Utah have a median first-year income of $63,400.

The true cost of a $10,000 Parent PLUS Loan would be $4,603.

Vemo’s calculator made borrowers’ income grow slower than advertised.

Vemo’s bad math lowers the perceived cost of an ISA by hundreds of dollars.

When income grows more quickly, ISAs are more expensive.

The examples identified in this infographic are intended to be illustrative of the economic effects of Vemo’s deceptive marketing on students. For further discussion of the practices and assumptions that informed this infographic, see Student Borrower Protection Center and National Consumer Law Center, Petition to the Federal Trade Commission in re: Vemo Education’s Deceptive Marketing Practices (filed May 31, 2020), www.protectborrowers.org/Vemo-Complaint.