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## Kennedy-Western University was a gold mine. A veritable gold mine. And its students were the canaries.

March 6, 2009

by Dave FEATHERLY

I know. I know. Canaries in the mine referred to coal mines but I think the analogy is apt here also.

The use of canaries was to determine the presence of deadly gases before the miners themselves knew if gases were there. When a canary began to show the debilitating effects of a gas, miners could be evacuated or don proper equipment to save their lives.

Students at Kennedy-Western University (which became Warren National University in an effort to gain accreditation), were the first to experience the ills caused by this nefarious operation. After spending thousands of dollars, they came away largely unfulfilled or with a "degree" worth little more than the parchment paper on which it was printed. Thousands of the KWU "canaries" will never recover. Some cages were carried out into the fresh air, others were left inside. Few will be "whole" again.

This story is about the gold mine that this unaccredited operation was. At a thousand dollars an ounce, miners would have a hard time profiting more than the owners of Kennedy-Western did over two decades. This story should explain why the owner(s) of KWU were willing to move their so-called "base of operations" multiple times (Hawaii, Idaho, Wyoming) before finally pulling the plug when its newly-named Warren National University was denied candidacy for accreditation in late 2008.

Miss Cleo persevered on television for years before being brought to ground. She, like unaccredited "institutions" preyed on those who seek a solution in unconventional ways. In her short career, Cleo Harris (who claimed to be Jamaican but was from Seattle) reportedly made over \$10 million from callers desperate to receive some good news in their lives. A telephone operator reading from prepared scripts was what they got.

A master's degree or doctorate, gained from the myriad of unaccredited colleges and universities in the world, may provide that same "good news" for some. And, as was in the case with Miss Cleo, the smallest bit of due diligence would have shown that the unaccredited degree was not going to provide much in the terms of better employment, advancement or higher pay. And, if it did, the day of reckoning could always come when an employer, or an aggressive member of the media, dropped the hammer on an employee and they would lose their pay and/or their job. Stories are abundant about professionals, especially in public jobs, who have had to return higher pay that was based on degrees from unaccredited diploma mills or degree sellers.

And Miss Cleo's lack of credibility had nothing on Kennedy-Western University. Miss Cleo said she was from Jamaica when she was from Seattle. KWU said they were from Cheyenne, Wyoming while they were actually from Aguoura Hills, California.

They had to pretend Wyoming was home and have some kind of presence here to satisfy Wyoming statutes which required a presence in the state. Renting a small basement office in a former downtown J.C. Penney store, staffed by a bare minimum of girls, KWU played the State of Wyoming for fools. For more than a decade.

Making a large (\$5,000 each time) political contribution to the Wyoming Republican Party in the years the Legislature would consider legislation to tighten the screws on the likes of Kennedy-Western University and Preston University (both major operators in the "Psychic Degrees Network") and hosting legislators at football games in Denver, Kennedy-Western spread money and favors around while Preston used junkets to try to influence legislators support. The investment paid dividends in 2003 but not in 2006. Later, the money was paid to attract an impressive board of directors. For principals who made no political contributions to candidates from their home state, or to either political party in California, they laid out money in Wyoming (as was done in Idaho). John Edwards for President in '02 was the only other recorded political contribution made by these people. On the candidate level, contributions from three principals (at the time) of KWU were made to candidate for State Treasurer, Joe Meyer. Joe's wife then served on the Warren National University board of trustees.

When I published a recent interview with the former Chief Academic Officer of Warren National University (and readers should not be confused - Warren National University and Kennedy-Western University were one and the same operation), she estimated that a peak year for the operation might produce \$25 million in revenue. Some scoffed at that estimate. Few want to believe there are that many "suckers" out there - that many who will willingly and readily pony up thousands of dollars of often borrowed money to gain a degree which will have no or limited value or use.

At the time of the interview, an estimate was the best that could be offered. That has changed. Audited financial statements for the years 2002 and 2003 have come into my possession. They will once and for all remove all doubt that Kennedy-Western was a major player in the degree selling business. Insiders have stated that KWU had thousands of students at any one time but that did not tell us to how much revenue they were taking in annually. The \$25 million estimate was almost dead-on. As was the estimate of using 50% of the revenue to generate the revenue - kind of like a politician spending 70% of the money raised to raise the money.

More on the financial dealings of Kennedy-Western in the next print issue of the Cheyenne Herald.

### Kennedy-Western University

#### Statements of Income

	Year ended December 31			
	2003		2002	
<b>Revenues:</b>				
Tuition income	\$23,117,181	93.67%	\$17,253,856	93.64%
Application fees	551,760	2.24%	406,111	2.20%
Student service income	905,630	3.66%	672,128	3.65%
Textbook commissions	104,553	.42%	94,109	.51%
	<b>24,679,124</b>	<b>100.00%</b>	<b>18,426,204</b>	<b>100.00%</b>
<b>Costs and expenses:</b>				
Marketing	7,255,757	29.40%	5,959,172	32.34%
Selling	6,049,341	24.51%	4,654,214	25.26%
Student services	2,482,512	10.06%	2,019,320	10.96%
General and administrative	4,236,332	17.16%	3,921,734	21.28%
	<b>20,023,942</b>	<b>81.14%</b>	<b>16,554,440</b>	<b>89.84%</b>
Income from operations	<b>4,655,182</b>	<b>18.86%</b>	<b>1,871,764</b>	<b>10.16%</b>
<b>Other income (expenses):</b>				
Interest income	103,176	.42%	100,135	.54%
Interest expense	(588,796)	(2.39%)	(774,939)	(4.20%)
Income before income taxes	<b>4,169,562</b>	<b>16.89%</b>	<b>1,196,960</b>	<b>6.50%</b>
Income tax expense	<b>1,680,970</b>	<b>6.81%</b>	<b>501,884</b>	<b>2.72%</b>
<b>Net Income</b>	<b>\$2,488,592</b>	<b>10.08%</b>	<b>\$ 695,076</b>	<b>3.78%</b>

Source: Report of Independent Auditors Ernst & Young, LLP, dated March 26, 2004