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## Attorney General Maura Healey

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For Immediate Release - April 09, 2015

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## AG Healey Leads Multistate Effort to Cancel Loans of Students Who Attend Predatory For-Profit Schools

Letter Calls on U.S. Department of Education to Take Swift Action to Protect Students Victimized by For-Profit Schools like Corinthian

**BOSTON** – In a continued push to help students who were deceived by Corinthian Colleges, Attorney General Maura Healey today led a multistate effort urging the federal government to immediately relieve the debt burden of thousands of students who attended the schools.

AG Healey, joined by the Attorneys General of California, Connecticut, Illinois, Kentucky, New Mexico, New York, Oregon and Washington, submitted a letter to Arne Duncan, the U.S. Secretary of Education, also requesting that the Department of Education establish clear systems to help individual student borrowers obtain relief when for-profit schools violate state law.

“Corinthian took advantage of students who were trying to build a better life for themselves and their families,” AG Healey said. “It is critical that we work together to counter fraud and abuse within the for-profit school system and provide relief for those students who now face incredible financial burdens. We urge the Department to help students who went to schools that violated our laws.”

As explained in the [letter](#), the Department has legal authority to help students who have been harmed by for-profit schools like Corinthian. The Higher Education Act, department regulations, and federal student loan documents all make clear that students can assert legal claims against schools as a defense to repayment of their loans.

In addition to calling for the cancellation of Corinthian loans, the letter urges the Department to clarify the grounds needed for students to have their loans discharged, and to specify a process for students to help them raise these issues with their loan servicers and obtain relief. The letter also suggests that the Department develop a process by which the findings in a state attorney general’s investigation could be utilized as a defense to repayment – or forgiveness of federal loans – for all affected students.

As alleged in a [lawsuit against Corinthian, brought by the AG’s Office](#) in April 2014, along with cases brought by the California and Wisconsin Attorneys General and the Consumer Financial Protection Bureau, Corinthian’s acts and practices provide its student borrowers with state law defenses to repayment. These enforcement actions together show that Corinthian misrepresented to students:

- the urgency of enrollment to secure a spot in a program;
- the school’s historical success placing students in jobs in the students’ field of study;
- the earnings of graduates;
- the availability of advertised programs;
- the employment assistance the school provides graduates;
- the school’s role in its private loan program;
- the nature, character, and quality of educational programs;
- the school’s purported affiliation with the United States Military;
- the transferability of credits;
- the availability of externships; and
- the nature and availability of financial aid.

“Our greatest concern comes from certain large, predatory for-profit schools that are actively undermining our federal loan programs, depriving students of the education they promise and that the students deserve,” the letter states.

According to the [letter](#), 40 million Americans have an outstanding student loan, up from 29 million in 2008. Borrowers carry an average balance of \$29,000 in student loan debt. Nationwide, student loan debt now stands at \$1.2 trillion, representing an increase of more than 150 percent since 2005. The U.S. Senate Health, Education, Labor and Pensions Committee reported that, during the 2009-2010 school year, for-profit colleges took in \$32 billion in taxpayer-backed student aid and spent nearly 25 percent of their revenue on marketing and recruiting, exceeding what was spent on student

instruction.

In December 2014, a group of United States Senators wrote to ask the Department to use its authority to discharge the loans of students enrolled in Corinthian programs and to establish clear procedures for borrowers to assert their rights when schools break the law. In February 2015, [AG Healey wrote](#) to urge the Department to exercise its authority under statute, regulations, and loan contracts to assist student borrowers.

Today's letter is part of AG Healey's extensive consumer protection campaign and comprehensive and ongoing investigation into the for-profit education industry. For more information, [click here](#).

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