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MADIGAN FILES LAWSUITS AGAINST STUDENT LOAN DEBT RELIEF SCAMMERS***Attorney General Continues Crackdown on Scam Artists Preying on People Struggling to Repay Student Loans & Launches Student Loan Helpline for Borrower Assistance***

Chicago — Attorney General Lisa Madigan today filed five lawsuits against companies targeting people struggling to repay their student loan debt. The Attorney General alleged that the scam operators charge borrowers hundreds to thousands of dollars in upfront fees with the false promise that they can relieve borrowers' debt loads or have them forgiven entirely under programs endorsed by President Obama's administration.

Madigan's lawsuits are her latest crackdown on a new wave of scams leveled at the growing numbers of Americans who hold student loan debt. Student loan debt levels have grown to historic proportions, now affecting nearly 40 million Americans with \$1.2 trillion in outstanding debt. Scam artists have taken notice, soliciting borrowers to pay large upfront fees for so-called debt relief options and programs that do nothing to reduce their debt loads or, in many cases, are options already available to these borrowers free of charge. Madigan was the first state attorney general to [file lawsuits](#) against these new scams in July 2014.

"These scams are proof that the rate of student loan debt in this country has skyrocketed, and it has already destabilized the financial security of millions of people across the country," Madigan said. "When people cannot make their loan payments, they don't get to build the future that they dreamed about when they went to college. We cannot allow these scams to continue."

Madigan filed suit today against the following companies: Consumer Financial Resources LLC, of Texas, which operated as Student Loan Resolve; Federal Student Loan Alliance LLC, based in California; Interactiv Education LLC, based in Florida, that operated as Direct Student Aid; the Chicago-based Nationwide Student Aid; and Student Consulting Group Inc., based in Georgia, that solicited consumers as University of One and Help Assist Me Default Resolution Services.

The lawsuits allege the companies advertise heavily, offering borrowers a number of options to ease their debt burden based on the companies' alleged expertise. In reality, Madigan alleges, the companies sought to scam desperate people into paying as much as \$1,250 upfront for bogus services or free services, including assistance enrolling in loan forgiveness programs for public service employees, including teachers, nurses, police officers, firefighters and employees of non-profit organizations. Often these companies employ a one-size-fits-all approach to student loan debt relief, promising complete loan forgiveness without analyzing borrowers' individual situations to determine whether they are eligible for the programs and without explaining all the required steps borrowers must take to qualify for loan forgiveness.

The companies advertise that they can stop wage garnishments, prevent or remove tax liens, reduce monthly payments, or remove default status. Borrowers from around Illinois filed complaints against Interactiv Education, Consumer Financial Resources, Federal Student Loan Alliance, Nationwide Student Aid and Student Consulting Group, but none received the help promised by the companies' advertisements.

Madigan's lawsuits allege that the five companies are violating an Illinois law that she wrote to ban companies from charging people upfront fees for so-called debt settlement services.

The lawsuits allege the companies are in violation of the Illinois Consumer Fraud and Deceptive Business Practices Act, the Credit Services Organizations Act, and the Debt Settlement Consumer Protection Act. In 2010, Madigan crafted and helped pass the Debt Settlement Consumer Protection Act to ban companies from charging upfront fees to consumers for help with debt relief. Today's lawsuits allege the companies are not complying with the requirements of the Debt Settlement Consumer Protection Act and in addition are not providing any meaningful assistance to reduce consumers' student loan debt.

In announcing the lawsuits, Madigan also announced a new helpline within her office to assist borrowers who hold student loans. Madigan's Student Loan Helpline, 1(800) 455-2456 (TTY: 1 (800) 964-3013), will be answered by trained staff in her office who can assist borrowers understand their repayment options and how to avoid default. Callers to the helpline can also file complaints with Madigan's Consumer Fraud Bureau if they have problems with their loans or complaints of similar student loan debt relief scams.

Information about the helpline and legitimate student loan debt relief can also be found on Madigan's [website](#).

Attorney General Madigan is a national leader in investigating and enforcing consumer protection violations in the higher education field. She has pursued litigation against national for-profit colleges for fraudulent marketing practices, and she is leading a multistate investigation into the student loan provider Sallie Mae, now Navient. Madigan has also testified about the role of states in higher education before the U.S. Senate, including a call for stronger protections under federal law for student loan borrowers.

Assistant Attorneys General Erin Grotheer, Paul Isaac, Joseph Pham, Rebecca Pruitt and Connor Tubbs are handling the cases for Madigan's Consumer Fraud Bureau.

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