



July 6, 2017

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**MADIGAN, ATTORNEYS GENERAL SUE U.S. DEPARTMENT OF EDUCATION & SECRETARY DEVOS FOR ABANDONING CRITICAL STUDENT PROTECTIONS**

***Attorneys General File Lawsuit Against Education Secretary DeVos for Delaying Rules That Protect Students & Taxpayers from Abuse by Predatory For-Profit Schools***

**Chicago** — Attorney General Lisa Madigan and 18 other attorneys general today filed a lawsuit against the U.S. Department of Education and Education Secretary Betsy DeVos for abandoning critical federal protections that were set to go into effect on July 1.

The lawsuit, filed in U.S. District Court in the District of Columbia, alleges the Department of Education violated federal law by abruptly rescinding its Borrower Defense Rule, which cracked down on abusive higher education institutions that defraud students by allowing those students to obtain loan forgiveness. The rule was finalized in November 2016 following the collapse of Corinthian Colleges, a national for-profit chain that operated Everest College campuses in the Chicago area before its closure. The rule also provides automatic relief for students who are unable to finish their degrees because their school closes. In Illinois, there are over 50 closed campuses. Under the Borrower Defense Rule, former students of those schools who did not take out subsequent federal student loans qualify for automatic closed school discharge of their loans.

"Students should not have to pay for student loans they obtained to attend fraudulent schools that promised education and training that they did not provide," Madigan said. "The Department of Education has clear evidence of Corinthian's widespread fraud, yet it has delayed relief for thousands of these former students and others who are still on the hook for their student loan debt."

In May, Secretary DeVos announced the Department was reevaluating the Borrower Defense Rule. On June 14, the Department announced its intent to delay large portions of the Borrower Defense Rule without soliciting, receiving, or responding to any comment from any stakeholder or member of the public and without engaging in a public deliberative process. The Department simultaneously announced its intent to issue a new regulation to replace the Borrower Defense Rule.

In a short notice published in the Federal Register, the Department cited pending litigation in the case *California Association of Private Postsecondary Schools (CAPPS) v. Betsy DeVos* as the reason for delaying implementation of the Borrower Defense Rule. Madigan was among a [coalition of attorneys general who filed](#) a motion to intervene in the CAPPS case last month to defend students and taxpayers from the legal challenge to the Borrower Defense Rule brought by a trade association representing for-profit schools. Madigan and other attorneys general argued in their lawsuit filed today that "the Department's reference to the pending litigation is a mere pretext for repealing the Rule and replacing it with a new rule that will remove or dilute student rights and protections."

Without the protections of the current Borrower Defense Rule, many students who are harmed by the misconduct of for-profit schools are unable to seek a remedy in court. For-profit schools commonly require students to sign mandatory arbitration agreements and class action waivers to avoid legal actions by students who have been harmed by schools' abusive conduct. The Borrower Defense Rule limits the ability of schools to use mandatory arbitration agreements and class action waivers.

Today's lawsuit asks the court to declare the Department's delay notice unlawful and order the Department to implement the Borrower Defense Rule.

The Department of Education's negotiated rulemaking committee helped develop the Borrower Defense Rule – in large part as a result of state and federal investigations into for-profit schools, such as Corinthian Colleges. Under the rule, a successful enforcement action against a school by a state attorney general entitles borrowers to obtain loan forgiveness, and enables the Department of Education to seek repayment of any amounts forgiven from the school.

Attorney General Madigan has investigated numerous for-profit schools for fraud and repeatedly called on the U.S. Department of Education to immediately forgive federal loans of students who attended fraudulent for-profit schools.

Madigan's office runs a free Student Loan Helpline to provide student borrowers with free resources about repayment options, avoiding default or to file a complaint about loan servicing at (800) 455-2456 (TTY: 1-800-964-3013). More information can also be found on her [website](#).

Joining Madigan in filing today's lawsuit are attorneys general from: California, Connecticut, Delaware, Hawaii, Iowa, Maryland, Massachusetts, Minnesota, New Mexico, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia, Washington, and the District of Columbia.

A copy of the lawsuit can be found [here](#).

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