



September 14, 2018

## **MADIGAN WINS FEDERAL COURT RULING AGAINST EDUCATION SECRETARY DEVOS FOR DELAYING STUDENT LOAN PROTECTIONS**

### ***Judge Rules that U.S. Department of Education's Delay of the Borrower Defense Rule Violated Federal Law***

**Chicago** — Attorney General Lisa Madigan won a victory in federal court against Education Secretary Betsy DeVos after challenging the U.S. Department of Education's plan to abandon federal protections for students cheated by predatory, for-profit schools. The federal court opinion called Secretary DeVos' actions unlawful and ordered an immediate hearing in Washington, D.C., to determine remedies.

[The decision, issued Wednesday](#) by the U.S. District Court in Washington, D.C., is the result of a [multistate lawsuit](#) filed last year by Madigan and 18 other attorneys general, alleging that the U.S. Department of Education violated federal law by abruptly rescinding its Borrower Defense Rule. This Rule was designed to hold abusive higher education institutions accountable for cheating students and taxpayers out of billions of dollars in federal loans.

"Even in the face of clear evidence of widespread fraud at for-profit schools, the Department of Education has continued to delay relief for thousands of former students who are stuck with student loan debt but no degree to show for it," Madigan said. "The court's decision is a step toward making sure those students receive the relief they deserve."

The Borrower Defense Rule was finalized by the Obama administration in November 2016 after nearly two years of negotiations, 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 was set to go into effect on July 1, 2017.

In May 2017, Secretary DeVos announced that the department was reevaluating the Borrower Defense Rule and later announced its intent to delay large portions of the 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.

A status conference with the court to address remedies was scheduled for today.

Without the protections of the Borrower Defense Rule, many students defrauded by for-profit schools are unable to seek a remedy in court. The Rule prohibits schools from enforcing mandatory arbitration agreements and class action waivers, which are commonly used by for-profit schools to thwart legal actions by students who have been harmed by schools' abusive conduct.

The Rule also provides federal student loan relief for students whose campuses abruptly closed without offering students the option to complete their program of study. Students who attended those campuses and do not or cannot transfer those credits within three years will have the loans used to attend the school discharged. There are over 50 qualifying campuses in Illinois.

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 also created a free Student Loan Helpline to provide borrowers with free resources about repayment options, avoiding default or how 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](#).

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