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ATTORNEY GENERAL MADIGAN FILES AMICUS BRIEF SUPPORTING STUDENTS DEFRAUDED BY CORINTHIAN COLLEGES

Madigan & Coalition of Attorneys General Say Education Department Must Provide Full Loan Relief for Defrauded Students

Chicago — Attorney General Lisa Madigan joined a coalition of eight attorneys general in filing an amicus brief in support of students defrauded by Corinthian Colleges.

Madigan and the other attorneys general filed the brief in *Calvillo Manriquez v. DeVos* in the U.S. Court of Appeals for the Ninth Circuit, supporting a district court's order stopping the U.S. Department of Education (Department) from giving only partial loan relief to defrauded students who took out loans to attend Corinthian, which operated Everest Colleges in Illinois. The Department had been granting as little as 10 percent loan relief to students who attended the now-defunct college. The Department has appealed the district court's decision.

"The Department of Education refuses to provide loan forgiveness to students who were defrauded by Corinthian Colleges," Madigan said. "Borrowers should not be on the hook for student loan debt they acquired when Corinthian Colleges turned out to be a scam."

Corinthian intentionally targeted low-income students through deceptive practices and false advertising that misrepresented job placement rates and school programs, among other egregious misconduct. In response to rising fraud in the for-profit college industry, the Department enacted new regulations to improve the loan forgiveness process for students defrauded by their schools. This process ultimately led to the development of the Obama Administration's Borrower Defense Rule.

However, recently the Department has made it almost impossible for students to obtain relief. In 2017, under current Education Secretary Betsy DeVos, the Department abruptly halted approval of all borrower defense claims. The *Calvillo Manriquez* suit challenged this partial relief policy and sought an injunction from the district court to halt the Department's practice. By granting the preliminary injunction, the district court stopped the Department from shortchanging defrauded Corinthian students. In its decision, the district court also stopped collection efforts on federal direct student loans originating from Corinthian's fraud.

Joining Madigan in filing the amicus brief were the attorneys general of California, Maryland, Massachusetts, New Jersey, North Carolina, New York and Washington.

Attorney General Madigan is a national leader in investigating and enforcing consumer protection violations in the higher education field. She has investigated multiple for-profit schools for fraud, has repeatedly called on the U.S. Department of Education to immediately forgive federal loans of students who attended fraudulent for-profit schools, and in December 2017 sued the Department over its unlawful and involuntary collection of student loans for defrauded students who attended Corinthian.

Madigan's office runs a Student Loan Helpline to provide student borrowers with free resources about repayment options, avoiding default or filing 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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