

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE ATTORNEY GENERAL
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Attorney General Racine & 18 Counterparts Sue U.S. Education Secretary Betsy DeVos for Abandoning Borrower Protections

Suit Seeks to Protect Students and Taxpayers from Abuse by Predatory For-Profit Colleges

WASHINGTON, D. C. – Attorney General Karl A. Racine has joined a coalition of 19 state attorneys general in suing the U.S. Department of Education (DOE) and Education Secretary Betsy DeVos for abandoning a critical federal protection for students. The Borrower Defense Rule is designed to act as a shield for students who have been defrauded by predatory for-profit colleges.

DeVos' decision puts in limbo thousands of District residents, whom the rule would have enabled to gain relief from loans they took out when they were misled into enrolling in predatory schools.

"Students in the District and across the country have been buried under unsustainable debt thanks to predatory for-profit schools," said Attorney General Racine. **"Over the last 10 years, total U.S. student debt has ballooned from \$450 billion to more than \$1.3 trillion -- with much of that debt falling on people who were promised unrealistic job and salary prospects by predatory institutions. This is clearly not the time to abandon protections for students who have been defrauded."**

The [suit](#), filed by the attorneys general in United States District Court for the District of Columbia, alleges that DOE violated federal law when it abruptly rescinded the Borrower Defense Rule. The rule was finalized by the Obama Administration and was supposed to go into effect on July 1, 2017. The rule would hold abusive higher education institutions accountable for cheating Americans out of billions of dollars in federal loans. It lays out a fair and transparent process for students who have been defrauded by their schools to apply for federal student loan relief and includes additional safeguards that benefit taxpayers.

Without the protections of the Borrower Defense Rule, many students who are harmed by the misconduct of for-profit schools are unable to seek a remedy in court. The Borrower Defense Rule limits the ability of schools to force students to sign mandatory arbitration agreements and class-action waivers, which are commonly

used to avoid negative publicity and to thwart legal actions by students who have been harmed by schools' abusive conduct.

Corinthian Colleges Case

The rule came after the collapse of Corinthian Colleges, a national for-profit chain with 91 campuses nationwide. The schools closed down in 2015, following investigations and legal actions by DOE and state attorneys general. The investigation showed Corinthian made widespread misrepresentations to prospective students, who were lured by promises of a good education and well-paying jobs while being saddled with mountains of unaffordable debt. [Last year, Attorney General Racine and a bipartisan group of 47 state attorneys general notified](#) students who attended Corinthian-affiliated schools that they may be eligible to have their loans discharged. Nearly 400 District residents are former Corinthian College students waiting to hear from DOE concerning whether their loans will be discharged. In June, 2017, [Attorney General Racine and 18 of his counterparts from other states urged Secretary DeVos and DOE to stop delaying](#) loan relief for Corinthian students.

In May 2017, Secretary DeVos announced that DOE was re-evaluating 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. DOE simultaneously announced its intent to issue a new regulation to replace the Borrower Defense Rule.

In a short notice published in the Federal Register, DOE cited pending litigation in *California Association of Private Postsecondary Schools (CAPPS) v. Betsy DeVos* as an excuse for delaying implementation of the Borrower Defense Rule. State attorneys general argue in their lawsuit 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." The lawsuit, available [here](#), asks the court to declare DOE's delay notice unlawful and to order the agency to implement the Borrower Defense Rule.

The attorneys general of Massachusetts, California, Connecticut, Delaware, the District of Columbia, Hawaii, Iowa, Illinois, Maryland, Minnesota, New Mexico, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia, and Washington state joint the lawsuit.

Online Student Loan Resources for District Residents

If you are struggling with the burdens of student loans from for-profit schools or other institutions, visit the Office of the Attorney General (OAG) [Student Loan Resource Page](#). OAG's Student Loan Resource Page provides District residents with free resources about repayment options and up-to-date information about how to manage student loan debt -- including [a targeted one-page education piece on student loan scams](#). OAG's Student Loan Resource Page is available at oag.dc.gov/studentloans.

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