



PRESS RELEASE

Attorney General Frosh Joins Coalition Urging U.S. Education Secretary DeVos to Discharge Federal Loans for Students of Failed Dream Center Schools

BALTIMORE, MD (October 23, 2019) — Maryland Attorney General Brian E. Frosh today joined a bipartisan coalition of 30 state attorneys general requesting that U.S. Department of Education Secretary Betsy DeVos exercise her authority to extend the closed school discharge, or debt cancellation, timeframe for students who were enrolled in schools operated by the Dream Center Education Holdings, LLC (DCEH). The letter details extraordinary misconduct and mismanagement by DCEH, which prevented students from obtaining degrees, and unfairly left them to repay federal student loan debt from their time attending the failed schools.

“Secretary DeVos continues to stand up for predatory, for-profit schools instead of the vulnerable students who have been ripped off. She has the authority to extend the debt cancellation timeframe to include all students affected by DCEH’s egregious violations of the law and poor management of their schools,” said Attorney General Frosh. “We are asking her to grant this extension for students who were lured into bad loans for their education, and ended up only with debt, no degree and useless school credits.”

The attorneys general write in the letter that a “wide variety of regulators, including the U.S. Department of Education, have found that DCEH violated numerous federal and state laws, was noncompliant with accreditors and grossly mismanaged its schools—including Argosy University, the Art Institutes, and South University—leading to the schools’ recent closures. These closures prevented students from completing their programs of study, leaving borrowers with substantial student loan debt and nothing to show for it.” DHEC also failed to distribute over \$16 million in federal loan credit balance refunds to students. Students often used these credit balance refunds to pay for food and housing expenses.

Under a closed school discharge, former students may be eligible for a 100 percent discharge of their federal student loans if they were unable to complete their program because their school closed. Closed school discharge is available for students who were enrolled at the time the school closed, were on an approved leave of absence when the school closed, or withdrew within 120 days of the school’s closure, however the Secretary may approve a longer period. The attorneys general’s letter asks Secretary DeVos to extend this timeframe from 120 days of closure back to October 17, 2017, the date that DHEC officially began to operate the closed schools.

In addition to Maryland, the letter was signed by the attorneys general of California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Hawaii, Idaho, Illinois, Iowa, Kentucky, Maine, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New Mexico, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Vermont, Virginia, Washington, and Wisconsin.

