



## PRESS RELEASE

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### **Attorney General Frosh Announces Over \$6M in Debt Relief for Former ITT Tech Students in Maryland** *44 Attorneys General Achieve Settlement with Private Lender for More Than 18,000 Students Nationwide*

**BALTIMORE, MD (June 14, 2019)** – Maryland Attorney General Brian E. Frosh announced [an agreement](#) to obtain \$6,021,455.80 in debt relief for 582 former ITT Tech students in Maryland as part of a multistate settlement with Student CU Connect CUSO, LLC (CUSO). Nationally, the settlement will result in debt relief of more than \$168 million for more than 188,000 former ITT students.

CUSO offered loans to finance students' tuition at ITT Tech, a for-profit college that, prior to its closure, enrolled students at 149 locations throughout the country, including two in Maryland. ITT filed for bankruptcy in 2016 amid investigations by state attorneys general, led in part by Maryland, and following action by the U.S. Department of Education to restrict ITT's access to federal student aid. The CUSO loan program originated approximately \$189 million in student loans to ITT students between 2009 and 2011.

“Maryland students were often pressured into signing off on these predatory loans,” said Attorney General Frosh. “This settlement requires CUSO to provide debt relief to Maryland students who we allege were misled into taking out loans while they were working hard to further their education. My office will continue to work to help Marylanders who are hurt by predatory for-profit schools.”

The attorneys general allege that ITT provided Temporary Credit to its students to cover the gap between the tuition and the federal student aid, but when the Temporary Credit became due, ITT pressured and coerced students into accepting loans from CUSO, which often carried interest rates that far exceeded rates for federal loans. The high-pressure tactics used by ITT allegedly included pulling students out of class and threatening to expel them if they did not accept the loan terms. Because ITT's credits would likely not transfer to other schools, most students were forced to choose between enrolling in the CUSO loans or dropping out of school and losing any benefit of the credits they had earned.

According to the allegations, neither ITT nor CUSO made students aware of what the true cost of repayment for the Temporary Credit would be until after it was converted to a loan. The default rate on CUSO loans was projected to exceed 90% due to both the high cost of the loans and the

inability of students to obtain jobs that earned enough to make repayment feasible. The defaulted loans continue to affect students' credit ratings.

In the settlement, CUSO agreed to forego collection of the outstanding loans and cease its operations. CUSO's loan servicer will send notices to borrowers about the cancelled debt and ensure that automatic payments are cancelled. The settlement also requires CUSO to ask credit reporting agencies to delete any reference to these loans from the credit reports of affected borrowers.

Students with questions about their rights under the settlement will receive information in the notices sent by CUSO. Students may also contact the Attorney General's Consumer Protection Division at 410-528-8662 with additional questions or concerns.

In making today's announcement, Attorney General Frosh thanked Assistant Attorney General Christopher Madaio for his work on the case.