



PRESS RELEASE

Attorney General Frosh Announces Over \$9.4M in Debt Relief for Former ITT Tech Students in Maryland *CFPB, 48 Attorneys General Provide Debt Relief for Approximately 35,000 Students Nationwide*

BALTIMORE, MD (September 15, 2020) – Maryland Attorney General Brian E. Frosh announced an agreement to obtain \$9,466,891 in debt relief for approximately 1,100 former students of ITT Technical Institute in Maryland as part of a multistate settlement with the PEAKS Trust entities (PEAKS), along with 47 other Attorneys General and the Consumer Financial Protection Bureau. Nationally, the settlement will result in debt relief of more than \$330 million for approximately 35,000 former ITT Tech students.

PEAKS, a private loan program affiliated with Deutsche Bank entities, provided 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 Tech filed 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 Tech's access to federal student aid.

"Maryland students were deceived when they were pressured into taking on these predatory loans," said Attorney General Frosh. "PEAKS will be required by this settlement to provide debt relief to Maryland students who we allege were misled while they were working hard to further their education."

The Attorneys General allege that ITT Tech developed a plan with PEAKS to offer its students a short-term loan called "Temporary Credit" to cover the gap between the tuition and the federal student aid. ITT Tech and PEAKS knew or should have known that the students would not be able to repay the Temporary Credit when it became due nine months later, at a time when most students had not yet graduated from their programs. When the Temporary Credit expired, ITT Tech coerced students into accepting loans from PEAKS, which often carried interest rates that far exceeded rates for federal loans. The high-pressure tactics used by ITT Tech allegedly included pulling students out of class and threatening to expel them if they did not accept the loan terms. Because ITT Tech's credits would likely not transfer to other schools, most students were forced to choose between taking the PEAKS loans or dropping out of school and losing any benefit of the credits they had earned.

According to the allegations, neither ITT Tech nor PEAKS made students aware of what the true cost of repayment for the Temporary Credit would be until after it was converted to a loan with

PEAKS. The default rate on the PEAKS loans was projected to exceed 80%, due to both the high cost of the loans and the inability of students to obtain gainful employment.

In the settlement, PEAKS agreed that it will forgo collection of the outstanding loans and cease doing business. PEAKS or its loan servicer will send notices to borrowers about the cancelled debt and ensure that automatic payments are cancelled. The settlement also requires PEAKS to ask credit reporting agencies to delete any references to those loans from the credit reports of affected borrowers.

Students will need to do nothing to receive the debt relief and will receive information from PEAKS or its servicer that will explain their rights under the settlement. Students may direct questions to PEAKS at customerservice@peaksloans.com or 866-747-0273, or [the Consumer Financial Protection Bureau](#) at (855) 411-2372. Students may also contact the Attorney General's Consumer Protection Division at 410-528-8662 with additional questions or concerns.

In June 2019, Attorney General Frosh was part of a [\\$168 million settlement](#) that resulted in debt relief for 18,664 former ITT students. That agreement was with Student CU Connect CUSO, LLC, which also offered loans to finance students' tuition at ITT Tech.

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