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ATTORNEY GENERAL RAOUL ANNOUNCES SETTLEMENT WITH ITT TECH PRIVATE STUDENT LOAN LENDER

Illinois Students to Receive More Than \$4.5 Million in Debt Relief

Chicago — Attorney General Kwame Raoul, along with 44 attorneys general, today announced a settlement that will provide more than \$168 million in student loan debt relief to former students of the failed, for-profit ITT Tech. The settlement with Student CU Connect CUSO LLC (CUSO) will benefit more than 18,000 students nationwide who took out loans with CUSO to attend ITT Tech.

Under the settlement, CUSO agrees to discharge all outstanding student loans and forgo efforts to collect amounts borrowers still owe. Nearly 500 Illinois students will receive more than \$4.5 million in relief. The settlement was coordinated with the Consumer Financial Protection Bureau (CFPB) and is contingent on federal court approval of a related settlement between CUSO and the CFPB, which includes the detailed plan for consumer redress.

“ITT Tech filed for bankruptcy in 2016, leaving students with useless degrees and debt they have no ability to repay,” Raoul said. “The settlement holds CUSO accountable for its role in taking advantage of students who did not understand repayment terms or the long-term damage that would be done to their credit, which even outlasted the school students attended.”

CUSO originated approximately \$189 million in student loans to ITT Tech students between 2009 and 2011. According to Raoul and the attorneys general, ITT Tech pressured students to take out loans through CUSO by first convincing them to accept temporary credit they would be unable to repay. ITT Tech offered the temporary credit upon enrollment and required students to repay it before the upcoming academic year. Many students accepted the credit believing that, like a federal loan, repayment would not become due until six months after graduation. When students were unable to meet the repayment deadline, ITT Tech coerced them into accepting high-interest loans through CUSO. Neither ITT nor CUSO informed students of the true temporary credit repayment cost until after the credit was converted to a loan. Raoul alleged that students were pulled out of class and threatened with expulsion when they could not repay the temporary credit.

Under the settlement, CUSO agrees to forgo collection of the outstanding loans and supply credit reporting agencies with information to update affected borrowers’ credit information. Additionally, CUSO, which was organized for the sole purpose of providing the ITT loans, will cease doing business. Under a redress plan, CUSO’s loan servicer will send notices to borrowers about the cancelled debt and ensure that automatic payments are cancelled.

Illinois is a national leader in investigating and enforcing consumer protection violations in the higher education field. Recently, Attorney General Raoul has overseen the rollout of the state’s first Student Loan Ombudsman, a position created by the Student Loan Servicing Rights Act, to provide a resource for student borrowers struggling with student loan payments.

Earlier this month, Raoul called on the Department of Education to forgive the federal loans of students who attended the Illinois Institute of Art and were misled by that school’s failure to disclose its lack of accreditation. This year, Raoul has also advocated for protections for veterans in higher education as part of a coalition of state attorneys general.

In January, Raoul's office obtained relief totaling more than \$48 million for more than 16,800 former Illinois students of Career Education Corp. In 2017, the office filed a lawsuit against Navient, one of the nation's largest student loan servicers, after an investigation revealed widespread abuses of student loan borrowers.

Student borrowers who have questions or are in need of assistance can call the Attorney General's Student Loan Helpline at 1-800-455-2456. Borrowers can file complaints against their student loan servicer at the [Illinois Attorney General's website](#).

Student Loan Ombudsman and Assistant Attorney General Joseph Sanders and Assistant Attorney General Gregory Jones handled the case for Raoul's Consumer Protection Division.