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NEWS FOR IMMEDIATE RELEASE

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**AG Kaul Joins 29-State Coalition Requesting Secretary DeVos Discharge
Student Loans for Closed Dream Center Education Holdings Schools**

MADISON, Wis. – Wisconsin Attorney General Josh Kaul joined a bipartisan coalition of 29 state Attorneys General requesting that U.S. Department of Education (DOE) Secretary Betsy DeVos exercise her authority to extend the closed school discharge 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.

“People who had the misfortune of attending a school that was mismanaged shouldn’t be saddled with debt for their unfinished degree,” said Attorney General Kaul. “Secretary DeVos should use her authority to discharge the debts of more students who were affected by Dream Center Education Holdings, LLC’s mismanagement.”

The Attorneys General write in the letter that a “wide variety of regulators, including the DOE 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.”

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Under 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 only allowed 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, unless the Secretary approves a longer period.

The letter details the myriad of ways in which DCEH violated federal and state law, and grossly mismanaged the schools, which led to the schools' rapid closures in less than 18 months after DCEH acquired the entities. Two egregious examples include:

- DCEH failed to inform students that two of its schools lost their accreditation for several months—during which time students registered for additional terms and incurred additional debts, for credits that could not be used.
- DCEH failed to distribute over \$16 million in federal loan credit balance refunds to students. These were student loan stipends often used for food and housing expenses.

In Wisconsin, more than 121 Wisconsin borrowers could benefit if Secretary DeVos were to extend the closed school discharge timeframe.

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