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NEWS FOR IMMEDIATE RELEASE

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AG Kaul Gets More than \$5.5 Million in Debt Relief for Former ITT Tech Students in Wisconsin

MADISON, Wis. – Attorney General Josh Kaul announced today that Wisconsin has secured an agreement to obtain \$5,806,642.25 in debt relief for 647 former ITT Tech students as part of a 43-state multistate agreement. Nationally, the agreement will result in debt relief of more than \$168 million for more than 22,000 former ITT students.

“The full discharge of these debts means much-needed relief for those who attended ITT Tech,” said Attorney General Kaul. “Students working to earn a degree should never be subject to deceptive, misleading, or abusive practices from the school they’re attending.”

The agreement is with Student CU Connect CUSO, LLC (“CUSO”), which offered loans to finance students’ tuition at ITT Tech, the failed for-profit college. ITT filed bankruptcy in 2016 amid investigations by attorneys general 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.

A related agreement between the CUSO and the U.S. Bankruptcy Trustee was approved on June 12. The Attorney Generals’ agreement is also contingent on federal court approval of a related agreement between the CUSO and the federal Consumer Financial Protection Bureau which is also being announced today.

The attorneys general alleged that ITT, with CUSO's knowledge, offered students Temporary Credit (TC) upon enrollment to cover the gap in tuition between federal student aid and the full cost of the education. The TC was due to be repaid before the student's next academic year, although ITT and CUSO knew or should have known that most students would not be able to repay the TC when it became due. Many students reported that they thought the TC was like a federal loan and would not be due until six months after they graduated.

When the TC became due, however, ITT pressured and coerced students into accepting loans from CUSO, which for many students carried high interest rates, far above rates for federal loans. Pressure tactics used by ITT included pulling students out of class and threatening to expel them if they did not accept the loan terms. Because students were left with the choice of dropping out and losing any benefit of the credits they had earned – ITT's credits would not transfer to most other schools – most students enrolled in the CUSO loans. Neither ITT nor CUSO made students aware of what the true cost of repayment for the TC would be until after the credit was converted to a loan.

Additionally, the default rate on the CUSO loans was extremely high (projected to exceed 90%) due to both the high cost of the loans as well as the lack of success ITT graduates had getting jobs that earned enough to make repayment feasible. The defaulted loans continue to affect students' credit ratings and are usually not dischargeable in bankruptcy.

Under the agreement, the CUSO, under threat of litigation, has agreed that it will forego collection of the outstanding loans. The CUSO, which was organized for the sole purpose of providing the ITT loans, will also cease doing business. Under the Redress Plan, CUSO's loan servicer will send notices to borrowers about the cancelled debt and ensure that automatic payments are cancelled. The agreement also requires the CUSO to supply Credit Reporting Agencies with information to update credit information for affected borrowers.

Students with questions about their rights under the agreement will receive information in the notices that are sent. Students may also contact the Wisconsin Department of Justice's Public Protection Unit by telephone at (608) 266-1852, or email at consumerprotection@doj.state.wi.us.