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Contacts: Robyn Smith, rsmith@nclc.org or
Jan Kruse jkruse@nclc.org, 617-542-8010

ADVOCATES APPLAUD CFPB LAWSUIT AGAINST CORINTHIAN COLLEGES FOR PREDATORY STUDENT LENDING PRACTICES

(BOSTON) Advocates at the National Consumer Law Center (NCLC) applaud today's announcement that the Consumer Financial Protection Bureau (CFPB) has filed a lawsuit against the for-profit school Corinthian Colleges based on allegations of predatory lending and other unfair, deceptive, or abusive practices. The CFPB lawsuit focuses on Corinthian's institutional lending program and deceptive recruitment practices.

NCLC documented similar practices throughout the for-profit school industry in [*Piling It On: The Growth of Proprietary School Loans and the Consequences for Students*](#) (2011) and [*Ensuring Educational Integrity: Ten Steps to Improve State Oversight of For-Profit Schools*](#) (2014). "The CFPB has alleged appalling debt collection tactics by Corinthian toward its current students," says National Consumer Law Center attorney Robyn Smith. "These allegations, along with all the others, highlight the propensity of for-profit schools to prioritize profit-making above their supposed educational mission and the urgent need for states and the federal governments to do a better job protecting students."

The complaint alleges that in its collection attempts, Corinthian harassed students by pulling them out of class, cutting off computer access, withholding their diplomas, and even paying bonuses to staff who successfully force payments out of students. It also alleges the use of bogus placement rates and other deceptive practices that are all too typical in the for-profit higher education sector. "We applaud the CFPB, which has once again demonstrated how important it is to have a federal agency that puts consumers first," says Smith. "We hope that this action will provide real relief to the tens of thousands of students harmed by Corinthian's alleged deceptive schemes."

This lawsuit also highlights the urgent need for broad student debt relief programs and stronger oversight of for-profit schools by both the state and federal governments. "The Department of Education should create an amnesty program providing full federal loan discharges for *all* Corinthian students, even those who are not currently attending Corinthian," says Smith. At least since 2005, as established by the California Attorney General's first investigation, Corinthian was providing students with bogus placement rates and engaging in other deceptive business practices of the types alleged in CFPB's action. In addition, NCLC advocates call on state oversight agencies to:

- protect their own in-state Corinthian students by immediately suspending all current enrollments,
- conduct their own investigations into Corinthian's inflated placement rates and financial condition, and
- create minimum placement rates and completion rates as conditions for state licensure, along with a robust audit and investigation program to ensure that schools are not inflating their reported outcomes and engaging in any other deceptive business practices.

For additional recommendations, see NCLC's recent report: [*Ensuring Education Integrity: Ten Steps to Improve State Oversight of For-Profit Schools*](#).

Other Resources

NCLC's Straight Answers About Corinthian Students' Rights and Options:

<http://www.studentloanborrowerassistance.org/straight-answers-corinthian-students-rights-options/>

CFPB complaint and notice for Corinthian students: <http://www.consumerfinance.gov/newsroom/cfpb-sues-for-profit-corinthian-colleges-for-predatory-lending-scheme/>

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Since 1969, the nonprofit **National Consumer Law Center®** (NCLC®) has worked for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training.

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NCLC's **Student Loan Borrower Assistance Project** provides information about student loan rights and responsibilities for borrowers and advocates. We also seek to increase public understanding of student lending issues and to identify policy solutions to promote access to education, lessen student debt burdens, and make loan repayment more manageable. www.studentloanborrowerassistance.org