

Attorney General Raoul Applauds Over \$220 Million In Relief To Thousands Of Defrauded Illinois Students

June 3 2022 8:52 AM



CHICAGO – Attorney General Kwame Raoul today applauded the U.S. Department of Education’s decision to discharge \$5.8 billion in federal student loans held by former students of Corinthian Colleges Inc., which operated in Illinois as Everest College. As part of the relief for borrowers, the federal government will discharge more than \$220 million in loans for over 26,000 defrauded Illinois borrowers, regardless of whether they submitted an individual application for relief to the Department of Education. Impacted borrowers will not need to do anything to receive relief.

“For years, Corinthian intentionally deceived Illinois students with false claims about future job prospects, leaving students unqualified for their career fields and with mountains of debt,” Raoul said. “This long-awaited relief will enable thousands of former Corinthian students to move on with their lives after being intentionally misled and defrauded.”

Under the Department of Education’s action, all Corinthian borrowers will have their federal loans discharged and will no longer owe any amounts on federal loans taken out

to attend Corinthian. The announcement is particularly timely, given the upcoming Aug. 31 expiration of COVID-related relief measures that paused federal student loan payments. Defrauded students will not have to make any further payments on their loans, and those who have outstanding balances will receive refunds for any payments already made.

The Illinois Attorney General's office has long advocated for widespread, group relief for defrauded Corinthian students, opening an investigation into the now defunct college in 2011. After opening its investigation, the Attorney General's office uncovered widespread misrepresentations made to prospective students, including misleading students regarding job placement rates after completing various Corinthian programs. In 2016, the office provided the Department of Education with voluminous evidence from its investigation, as well as a group discharge application on behalf of defrauded Illinois borrowers. In 2017, the office led a national group discharge application to the Department of Education, and Attorney General Raoul again encouraged the federal government to provide relief to borrowers in 2019.

Corinthian, once one of the largest for-profit schools in the nation, declared bankruptcy and shut down its campuses in 2015 amid investigations by the Department of Education and multiple states, including Illinois. After its closure, thousands of former Corinthian students applied individually to the Department of Education for loan relief. At its peak in 2010, Corinthian enrolled more than 110,000 students across 105 campuses nationwide.

The Illinois Attorney General's office has long been a national leader in investigating and enforcing consumer protection violations in the higher education and student loan field. Since entering office, Attorney General Raoul has secured over \$160 million in relief for Illinois borrowers who were deceived by their schools, private lenders or servicers. Earlier this year, Raoul's office announced a \$1.85 billion national settlement with Navient, formerly the nation's second largest student loan servicer. Last year, Attorney General Raoul's office initiated and worked to pass "Know Before You Owe" legislation to alert borrowers of their remaining federal student loan eligibility and help them steer clear of predatory private loans. Raoul has also overseen the rollout of the state's first Student Loan Ombudsman, a position created by the Student Loan Servicing Rights Act, to provide resources for student borrowers who are struggling to make student loan payments.

Attorney General Raoul encourages student borrowers who have questions or are in need of assistance to 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](#).