

# The Office of Attorney General George Jepsen

Press Releases



## STATE OF CONNECTICUT ATTORNEY GENERAL GEORGE JEPSEN

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### Conn. Leads Settlement with Career Education Corp., Will Bring \$493.7M in Debt Relief for Students For-profit education operator will forgo collecting loans, change practices

For-profit education company Career Education Corp. (CEC) has agreed to reform its recruiting and enrollment practices and will forgo collecting approximately \$493.7 million in debts owed by 179,529 students nationally through a settlement with 49 attorneys general, Attorney General George Jepsen said today.

Connecticut co-led a five-year multistate investigation into the company, which was launched after numerous complaints from students of predatory and deceptive practices and a critical report on for-profit education by the U.S. Senate's Health, Education, Labor and Pensions Committee.

"For far too long, unscrupulous for-profit colleges have put money before people, engaged in deceptive recruiting practices, and left students with a burden of crushing debt while providing them with useless degrees that wouldn't lead them to gainful employment," said Attorney General Jepsen. "Today, we are holding Career Education Corp. responsible for the misrepresentations it made to these students. It is my hope that this debt relief will help to ease the burden on students who were trying to better themselves, their careers and their livelihoods but were instead tricked into programs and degrees that were sometimes worthless."

CEC is based in Schaumburg, Ill., and currently offers primarily online courses through American InterContinental University and Colorado Technical University. The company closed or phased out many of its schools over the past decade, and included brands such as Briarcliffe College, Brooks Institute, International Academy of Design & Technology, Brown College and Le Cordon Bleu.

The states' investigation found that CEC used emotionally charged language to pressure students into enrolling in CEC schools and deceived students about the total costs of enrollment. Admissions representatives were instructed to inform prospective students only about the cost per credit hour without disclosing the total number of required credit hours.

The states alleged that CEC misled students about the transferability of credits and misrepresented the potential for students to obtain employment by failing to disclose that certain programs lacked necessary accreditation and by distorting graduation and job placement rates. The states contended that students who enrolled in CEC would not have otherwise done so, could later not obtain professional licensure, and were saddled with substantial debts that they could not repay or discharge.

Under the agreement, CEC has agreed to forgo any and all efforts to collect amounts owed by former students living in Connecticut and other participating states. Nationally, the average individual debt relief will be about \$2,750; approximately 1,415 former students residing in Connecticut will receive debt relief through this settlement.

Additionally, CEC must:

- Be accurate in its representations regarding accreditation, selectivity, graduation rates, placement rates, transferability of credit, financial aid, veterans' benefits and licensure requirements.
- Not enroll students in programs that do not lead to state licensure when required for employment.
- Provide a single-page disclosure to each student that includes anticipated total direct cost to the student, the program completion rate, median earnings for completers and the job placement rate, amongst other information.
- Not engage in deceptive or abusive recruiting practices, and not contact students who indicate they no longer wish to be contacted.
- Implement disclosures that provide specific information about debt burden and post-graduation income.
- Establish a risk-free trial period for undergraduate students.

An independent monitor selected by the attorneys general will oversee CEC's compliance with the settlement. Connecticut co-led the states' investigation with the attorneys general of Iowa, Illinois, Kentucky, Maryland, Oregon and Pennsylvania.

Former students with questions about eligibility for debt relief can [contact CEC \(http://www.careered.com/About-Career-Education/Contact-Us\)](http://www.careered.com/About-Career-Education/Contact-Us) or call the Office of the Attorney General at 860-808-5318.

Assistant Attorney General Joseph Chambers, head of the Finance Department, assisted the Attorney General with this matter.

[Please click here to view Connecticut's settlement document.](#)

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Media Contact:

Jaclyn M. Severance  
[jaclyn.severance@ct.gov](mailto:jaclyn.severance@ct.gov) (<mailto:jaclyn.severance@ct.gov>).  
860-808-5324 (office)  
860-655-3903 (cell)

Consumer Inquiries:

860-808-5318  
[attorney.general@ct.gov](mailto:attorney.general@ct.gov) (<mailto:attorney.general@ct.gov>).

Social Media:

Facebook: [Attorney General George Jepsen](http://www.facebook.com/AGGeorgeJepsen) (<http://www.facebook.com/AGGeorgeJepsen>)  
Twitter: [@AGJepsen](http://twitter.com/AGJepsen) (<http://twitter.com/AGJepsen>)