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In May 2018, a federal court issued an injunction barring the Department of Education from collecting on tens of thousands of former Corinthian students. These students were deceived and defrauded by Corinthian, and were identified for full loan cancellation under the prior administration. The DeVos Department of Education came up with an illegal “partial relief” formula that required these same students to repay 70% of their student loans. The court issued the injunction because Corinthian targeted economically vulnerable students, who would be unable “to pay for basic life expenses like food and rent” if forced to repay their loans.

The Department violated this injunction over 45,000 times. The Department has not revealed how much money they have illegally taken from these students.

The Court held DeVos in contempt, finding that the Department’s behavior was “at best...gross negligence” and “at worst, and intentional flouting of the Court’s order.”

As of December 2, 2019, the Department could not say that they had returned all wrongfully taken money. They also cannot offer convincing assurance that the collection will not continue. In fact, they continue to downplay their responsibility.



Secretary Betsy DeVos ✓
@BetsyDeVosED

Loan servicers made an error on a small # of loans. We know & we’re fixing it. I’m leading a total overhaul of @FAFSA loan servicing, which you know and support. It should be beneath a senator to lie, but unfortunately it’s not your first time...this week:
[foxnews.com/media/resurfac...](https://www.foxnews.com/media/resurfac...)

In the recent Compliance Report filed December 2, 2019, the Department blamed “an isolated miscommunication between FSA and its servicers” for the noncompliance. It also revised its estimate of impacted students upwards by 300 percent, acknowledging that it had demanded payment from over 45,000 students, not just 16,000 (as it had told the court in November).

Borrowers most impacted are those who were already struggling and in default on their loans. In violation of the injunction, the Department seized tax refunds and wages from 2,358 former Corinthian students. Below is a summary of the harm the Department caused to these students.¹

Nearly all (99%) class members had specific plans for the wages or tax refunds that the Department illegally took. Corinthian targeted people who were economically vulnerable, living close to or below the poverty line. People and families at this income level live paycheck to paycheck, and have no savings set aside for unexpected shortfalls. Similarly, low-income Americans rely on the annual tax refund—often an Earned Income Tax Credit—to dig themselves out of financial holes.

When the Department violated the injunction and illegally took the wages and tax refunds from these individuals, they were left in dire straits. **Three out of four had to borrow money to cover basic expenses.** They turned to family, friends, and churches. Many put expenses on credit cards. They also turned to pawn shops and payday lenders. Among the companies that class members turned to are Ace Cash Express, Advance America, Amscot, Arrowhead Advance Loans, Bright Start Cash Loans, Check ‘n Go, Express Loan, FinFit, First Cash, Justice Finance, Kashable, MoneyTree, Opp Loans, Payday Advance, Security Finance, Speedy Cash, Synchrony Car Care, and World Finance.

The vast majority (80%) were unable to meet existing financial obligations, placing their basic necessities, like housing and utilities, at risk. More than half (57%) missed a mortgage or rent payment. One out of two experienced an interruption/cancellation of utility or other services.

“I was in housing court. I had to miss time off from work and was threatened eviction.”

-- Kenya Vaughan, New York, NY

Even when the Department eventually refunded the money, students are further behind than where they should be. **Most (70%) incurred late fees because they missed payments. The majority (67%) lost opportunities and are no longer able to obtain or do the thing that they originally intended to do.**

“I planned to pay my car off, move out on my own with my child, and pay off loans I had. Just being a single mother I live on that refund to come in so my child has some extra time and we can go places. My son is has asthma and sometimes needs hospital visits.

¹ Data is based on information collected from 215 members of the *Calvillo Manriquez* class who experienced involuntary collection (seizure of benefits, tax refunds, and/or wages) in violation of a court order. Information was reported from residents of Arizona, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Hawaii, Illinois, Indiana, Kansas, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Texas, Utah, Virginia, Washington, and West Virginia.

When he gets really sick I couldn't even take him anywhere or do anything for his birthdays because I didn't have the money! It made my life a living hell. Once I got my refund back, I had to pay everyone back that I borrowed from with interest instead of just being able to pay it off and do the things I wanted to do if I would have had it! Being a single mother is hard and when they took that money it made my life so much more hard than it should have been!"

-- Heather Bracale, Puyallup, WA

For those whose wages were garnished, they experienced embarrassment and—in some cases—negative employment consequences. Some left their job so that they could avoid garnishment for a period of time.

"I started attending Everest right after finding a place to live for me and my children, I was painted a picture of rescue and refuge in a career that would save me and my children from poverty, as long as I put in hard work. Having the garnishment on my check made me relive everything. It reminded me of where I was at during that time of my life. I desperately pushed through and had absolutely nothing to show for it. I know if I my wages hadn't been garnished I would have my new reliable car. I wouldn't have stress due to trying to feed my children over paying my bills or registration. My daughter would've had her sweet 16 party, an important milestone in a young woman's life."

--Arlene Alarcon, Fontana, CA

It is time for the Department to do the right thing, and what is required by law, and cancel these debts, rather than cruelly inflicting harm.

"Please help the people of America by getting rid of student debt once and for all. This will help us young people, especially, get into the work force with much more ease and peace of mind. This action will also benefit us in the aspect of providing more for our families and loved ones, therefore to sustain a steady middle class in what seems a country with a huge gap between the wealthy and the poor."

--Carlos Alfredo Del Cid Rodriguez, Sacramento, CA