

Consumer Protection Unit secures more than \$23,000 in student loan debt relief for ITT Tech students

Attorney General Kathy Jennings has announced that her office's Consumer Protection Unit has secured an agreement to recover \$23,362 in debt relief for 5 former ITT Tech students in Delaware as part of a 43-state multistate settlement.

The settlement is with Student CU Connect CUSO, LLC ("CUSO"), which offered deceptive loans to finance students' tuition at the failed for-profit college ITT Tech. Nationally, the settlement will result in debt relief of more than \$168 million for more than 18,000 former ITT students.

The CUSO Loan program originated approximately \$189 million in student loans to ITT students between 2009 and 2011. Due to the high cost of the loans – which for many students carried interest rates far above those of federal loans – and ITT graduates' lack of success in finding jobs that earned enough to make repayment feasible, CUSO's loan default rate is expected to exceed 90%.

ITT filed bankruptcy in 2016 following action by the U.S. Department of Education to restrict its access to federal student aid, and amid investigations by state attorneys general which revealed that ITT, with CUSO's knowledge, offered students temporary credit to cover the gap in tuition and federal student aid. When credit payments came due, ITT pressured and coerced students into accepting loans from CUSO, using tactics that included pulling students out of class and threatening to expel them if they did not accept the loan terms.

Under the settlement, CUSO agrees to forego collection of the outstanding loans. Impacted borrowers will receive notice and loans will be automatically discharged within 30 days of the final agreement. The settlement does not affect borrowers' federal loans. CUSO is also required to cease doing business and supply credit reporting agencies with information to update affected borrowers' credit reports.

A related settlement between CUSO and the U.S. Bankruptcy Trustee was approved on June 14. The attorneys general settlement is also contingent on federal court approval of a related settlement between the CUSO and the federal Consumer Financial Protection Bureau, which was filed Friday.

Students who have questions about the CUSO settlement or believe a private college or loan servicer has treated them unfairly can contact the Consumer Protection Unit at (302) 577-8600, or [file a consumer complaint form](#).