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ATTORNEY GENERAL RAOUL ANNOUNCES \$9.4 MILLION IN RELIEF FOR FORMER ITT TECH STUDENTS IN ILLINOIS

Relief for Illinois Students is Part of \$330 Million National Settlement

Chicago — Attorney General Kwame Raoul today announced [a settlement agreement](#) that includes more than \$9.4 million in student loan debt relief to former Illinois students of the failed, for-profit ITT Tech. The relief is part of a \$330 million national settlement reached by Raoul's office, 47 other attorneys general and the Consumer Financial Protection Bureau (CFPB) with PEAKS Trust, which operated a private loan program for ITT Tech (ITT) students.

Nationally, the settlement will result in debt relief for more than 35,000 former students, and approximately 43,000 loans will be discharged. PEAKS Trust is a special purpose entity that, with ITT, operated a private loan program for ITT students. ITT filed bankruptcy in 2016 amid investigations by Illinois and other states' attorneys general, and following action by the U.S. Department of Education to restrict ITT's access to federal student aid.

"This settlement holds PEAKS accountable for its role in misleading ITT Tech students in Illinois about the loans it offered," Raoul said. "Especially during this time of uncertainty brought on by COVID-19, the settlement will provide much-needed relief to students who were pressured into taking on these loans. I urge students and their families to utilize the free resources offered by my office before taking out loans for college or other educational opportunities."

PEAKS was formed after the 2008 financial crisis when private sources of lending available to for-profit colleges diminished. ITT developed a plan with PEAKS to offer students temporary credit to cover remaining tuition not covered by federal student aid.

By entering into the agreement, or Assurance of Voluntary Compliance, PEAKS acknowledges the following:

- ITT and PEAKS knew or should have known that the students would not be able to repay the temporary credit when it became due nine months later. Many students complained that they thought the temporary credit was like a federal loan and would not be due until six months after they graduated.
- When students were required to start repaying the temporary credit, ITT pressured and coerced students into accepting loans from PEAKS. For many students, the loans carried interest rates far exceeding rates for federal loans. Pressure tactics used by ITT included pulling students out of class and threatening to expel them if they did not accept the loan terms. ITT credits would not transfer to most schools, and many low-income ITT students were forced to choose between enrolling in PEAKS loans or dropping out and losing any credits they had earned.
- The default rate on the PEAKS loans is projected to exceed 80 percent, due to both the high cost of the loans and the lack of success ITT graduates had getting jobs that earned enough to make repayment feasible. The defaulted loans continue to affect students' credit ratings and are usually not dischargeable in bankruptcy.

Under the settlement, PEAKS has agreed that it will forgo collection of the outstanding loans and cease doing business. PEAKS will notify borrowers of the canceled debt and ensure that automatic payments are canceled. The settlement also requires the PEAKS to supply credit reporting agencies with information to

update affected borrowers' credit information. ITT operated several campuses in Illinois, including Arlington Heights, Oak Brook, Orland Park and Springfield.

Students do not need to do anything to receive the debt relief. PEAKS' notices will explain students' rights under the settlement. Students may direct questions to PEAKS by emailing customerservice@peaksloans.com or calling 866-747-0273. Student borrowers who have questions or need assistance can also call the Attorney General's Student Loan Helpline at 1-800-455-2456. Students can also contact the [Consumer Financial Protection Bureau](#) at 855-411-2372.

Illinois is a national leader in investigating and enforcing consumer protection violations in the higher education field. Attorney General Raoul has overseen the rollout of the state's first Student Loan Ombudsman, a position created by the Student Loan Servicing Rights Act, to provide a resource for student borrowers struggling with student loan payments. [In June 2019](#), Attorney General Raoul announced a \$168 million settlement with student loan lender Student CU Connect CUSO, LLC, which resulted in debt relief for 18,664 former ITT students.

Student borrowers can file complaints against their student loan servicers by visiting the Illinois Attorney General's website. Resources about student loans are also available on the [Attorney General's website](#).

Joining Raoul in the settlement are the CFPB and the attorneys general of Arizona, Arkansas, California, Colorado, Connecticut, Delaware, the District of Columbia, Florida, Georgia, Hawaii, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming.