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May 19, 2017

James Manning
Acting Undersecretary of Education
U.S. Department of Education
400 Maryland Ave, SW
Washington, DC 20202

Dear Undersecretary Manning:

As you know, on January 13, 2017, the Department of Education formally announced its decision “to grant borrower defense relief for federal student loan borrowers who attended the now-defunct American Career Institute (ACI) in Massachusetts.” As the Department explained, the basis for this decision included ACI’s own admissions, set forth in a Consent Judgment obtained by my office, that it “it made false and misleading representations to students, misstated job placement rates and employed instructors who were unauthorized to teach under applicable state laws.”

On January 18, 2017, the Department emailed all Massachusetts ACI federal student loan borrowers and informed them that the “Department has decided to forgive your federal student loans under the borrower defense to repayment rule, 34 C.F.R. §685.206(c).” The Department’s email further informed ACI borrowers that “the Department will notify your loan servicer of the approved claim, and the forgiveness should be completed within the next 90-120 days.” The time period specified in the Department’s email to ACI borrowers – “90-120 days” – has now expired.

Over the past several weeks, my office has contacted hundreds of ACI borrowers to inquire regarding the current status of their federal loans. These communications revealed that no ACI borrowers appear to have received a discharge of their federal loans pursuant to the borrower defense to repayment rule.

I note that the Department, in its emails to Massachusetts ACI borrowers, described those borrowers as having “approved claim[s]” for the discharge of their federal student loans. No further review by the Department is necessary. All that remains is for the Department to identify for servicers the borrowers whose loans have been discharged.



My office has attempted to contact you directly by email and telephone on several occasions to discuss this matter informally. We have received no response from you to those attempted communications.

Accordingly, by this letter, I am seeking an explicit reaffirmation of the Department's commitment to inform ACI borrowers' servicers of those borrowers whose federal students loans have been discharged and a date by which ACI borrowers can expect this process to be complete. It is my sincere hope that this matter can be resolved without further action by my office.

Given the extreme financial distress that ACI borrowers continue to experience, I respectfully ask that you respond to this letter by May 26, 2017.

Sincerely,



Maura Healey
Massachusetts Attorney General