

Attorney General Ellison leads multistate action that secures \$2.1M in private debt relief for former Argosy University students

Entities controlling Argosy student debt agree to cancel private debt across 12 campuses nationwide; includes \$135K in relief for former students of Eagan campus, bars further collection and negative credit reporting

Also resubmits bipartisan request for federal student debt relief for Argosy students

February 28, 2022 (SAINT PAUL) — Minnesota Attorney General Keith Ellison announced today that he has secured an agreement with the current owners of Argosy University's student debt to cancel outstanding principal and interest for students who attended Argosy in the years before the schools' abrupt closure in 2019. Attorney General Ellison led a bipartisan coalition of nine other states in securing the agreement, which will be filed in respective state courts and in a federal receivership court. In total, the agreement cancels nearly \$2.1 million in institutional debt that students at 12 Argosy campuses around the country took out directly from the school. The multistate deal includes \$135,000 in relief for Minnesota students who attended Argosy's Eagan campus, in addition to discharged debt for Minnesota students who attended Argosy's online campuses. The agreement also prevents further collection and negative credit reporting against harmed students.

"People take out student loans to help them and their families afford their lives, and they trust that the schools they attend are well managed and telling them the truth. Argosy University's owners mismanaged the schools and misled their students and the public about their financial state, nonprofit status, and options for students before closure," **Attorney General Ellison said**. "While those owners went insolvent, I'm glad my office was able to negotiate with the current holders of the schools' institutional student debts and agree to cancel them. I hope this relief is a step forward for those students who were stuck with burdensome debt when Argosy closed and left them high and dry."

Discharge of private "institutional" loan debt for Argosy students

As detailed in the agreement filed in court, Attorney General Ellison alleged that when Argosy was purchased by Dream Center Education Holdings in 2017, it falsely marketed to prospective students that it was a "nonprofit" institution. He also alleged that the owners misled students about their ability to obtain degrees and provided misleading and incomplete information leading up to the school's ultimate closure. The schools issued so-called "institutional loan debt" to students who were enrolled based on these marketing and recruitment practices.

Mismanagement by Dream Center ultimately led to insolvency and closure of Argosy schools in 2019, which upended the lives Argosy students, including 1,100 Minnesotans who attended the Eagan campus and other Minnesotans who attended online. The schools ended up entering federal receivership, a process similar to

bankruptcy that can limit the financial relief available to students and other aggrieved creditors.

Once in receivership, ownership of Argosy's institutional student debt changed hands, but the Attorney General's Office was able to secure today's agreement with the entities that now control the debt.

Minnesota Attorney General Keith Ellison, who led negotiations, was joined by the attorneys general of Arizona, Colorado, Florida, Georgia, Illinois, Tennessee, Utah, Virginia, and the State of Hawaii Office of Consumer Protection. The agreement will be filed in the Ohio federal court overseeing the receivership.

Continuing pursuit of federal student debt relief

Today's announcement coincides with other recent action taken by Attorney General Ellison to seek relief for Minnesotans from federal student loans taken out to attend Argosy and other schools owned and closed by the Dream Center owners. On December 21, 2021, Attorney General Ellison resubmitted a request for debt relief to U.S. Department of Education Secretary Miguel Cardona for federal student debt taken out by students during the time covered by today's settlement. The request was made by Attorney General Ellison and Oregon Attorney General Ellen Rosenblum and resubmitted a 2019 letter that they led on behalf of a bipartisan group of 30 attorneys general to then-Secretary Betsy DeVos.

As detailed in the original letter, the attorneys general highlighted numerous examples of Dream Center's misrepresentations and mismanagement and detailed the unfairness of collection by the federal government as to students that attended those schools leading up to the closure. While some of those students were eligible for discharge, it was limited to those who attended within 120 days of closure. Students who stopped attending before then due to Dream Center's instability and who were unable to complete their education continue to face collection on federal debts for which they received nothing in return. While under management of Secretary DeVos, the U.S. Department of Education in July 2020 summarily denied the relief sought by the attorneys general with almost no explanation.

In concert with today's action, Attorneys General Ellison and Rosenblum are urging the new administration and current U.S. Secretary of Education Miguel Cardona to reconsider that decision.

Under Secretary Cardona, the Department has already taken important steps to relieve defrauded students from federal debt, including by granting loan forgiveness for students who attended fraudulently marketed programs and revoking unfair DeVos-era policies that prevented defrauded students from obtaining full debt cancellation when they demonstrate fraud. Attorney General Ellison also secured over \$23 million in debt relief from the Department of Education for students who fraudulently enrolled at the Minnesota School of Business and Globe University.

"I am hopeful that, under new leadership, the U.S. Department of Education will faithfully examine this petition for relief for students unfairly saddled with federal student debt. Federal law empowers the Secretary to recognize the unfair circumstances that federal student loan borrowers who attended Dream Center schools faced and to cancel that debt accordingly. I hope that this application will lead to expanded debt relief to help people who were victimized by these schools afford their lives, as the law intends," Attorney General Ellison said.

