



Herbert H. Slatery III Attorney General & Reporter

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For-profit education company to forego collecting loans, change practices in agreement with Tennessee, 48 AGs

Settlement will bring \$493.7 million in debt relief for CEC students

For-profit education company Career Education Corp. (CEC) has agreed to reform its recruiting and enrollment practices and forego collecting more than \$493.7 million in debts owed by 179,529 students nationally, in a settlement with Tennessee Attorney General Herbert H. Slatery III and 48 other attorneys general.

The Assurance of Voluntary Compliance filed Thursday caps a five-year investigation.

“This settlement holds CEC accountable for what we allege were unfair and deceptive recruitment and enrollment practices,” said Attorney General Herbert H. Slatery III. “We are pleased Tennessee students will receive debt relief and that the settlement will require CEC to change its business practices for future students.”

CEC agrees to forego any and all efforts to collect amounts owed by former students living in the states participating in the agreement. In Tennessee, 2,866 students will get relief totaling approximately \$5,512,189.

Nationally, the average individual debt relief will be about \$2,750.

CEC has also agreed to pay \$5 million to the states. Tennessee’s share will be \$75,000.

CEC is based in Schaumburg, Ill., and offers primarily online courses through American InterContinental University and Colorado Technical University.

CEC has closed or phased out many of its schools over the past 10 years. Its brands have included Briarcliffe College, Brooks Institute, Brown College, Harrington College of Design, International Academy of Design & Technology, Le Cordon Bleu, Missouri College, and Sanford-Brown.

A group of attorneys general launched an investigation into CEC in January 2014 after receiving several complaints from students and a critical report on for-profit education by the U.S. Senate’s



Health, Education, Labor and Pensions Committee. That investigation revealed evidence demonstrating that:

- CEC used emotionally charged language to pressure them into enrolling in CEC's schools;
- CEC deceived students about the total costs of enrollment by instructing its admissions representatives to inform prospective students only about the cost per credit hour without disclosing the total number of required credit hours;
- CEC misled students about the transferability of credits into CEC from other institutions and out of CEC to other institutions by promising on some occasions that credits would transfer;
- CEC misrepresented the potential for students to obtain employment in the field by failing to adequately disclose the fact that certain programs lacked the necessary programmatic accreditation; and,
- CEC deceived prospective students about the rate that graduates of CEC programs got a job in their field of study, thereby giving prospective students a distorted and inaccurate impression of CEC graduates' employment outcomes. For instance, CEC inaccurately claimed that its graduates were "placed" who worked only temporarily or who were working in unrelated jobs.

CEC denied the allegations of the attorneys general but agreed to resolve the claims through this multi-state settlement.

Former students with debt relief eligibility questions can call 844-783-8629 or 847-783-8629.

They can also email CECquestions@careered.com

The CEC investigation was led by Iowa, Connecticut, Illinois, Kentucky, Maryland, Oregon, and Pennsylvania. The agreement also covers the District of Columbia and the following states: Alabama, Alaska, Arizona, Arkansas, Colorado, Delaware, Florida, Georgia, Hawaii, Idaho, Indiana, Kansas, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming.