Biden Administration Sued Again Over Languishing Debt Relief Claims Disproportionately Shouldered by Communities of Color

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Advocates aim to secure relief for former Westwood College students

WASHINGTON – A group of student, consumer advocacy, and civil rights organizations today filed a lawsuit against U.S. Education Secretary Miguel Cardona and the Department of Education on behalf of former Westwood College students who have been waiting nearly six years for the Department to award them relief from loans incurred by Westwood’s deceptive and misleading tactics. The groups representing affected borrowers include Student Defense, the Lawyers’ Committee for Civil Rights Under Law (Lawyers’ Committee), and the National Consumer Law Center. The lawsuit, Hemphill v. Cardona, was filed in the U.S. District Court for the District of Columbia.

In November 2016, the Illinois Attorney General filed a group Borrower Defense to Repayment application to the Department of Education on behalf of defrauded students who attended Westwood College’s criminal justice program in Illinois. The group application followed a settlement reached between the State of Illinois and Westwood that resulted in the discharge of institutional loans. However, the settlement did not address federal student loans held by the Department of Education. The agency has since relied upon the work of the Illinois Attorney General to grant a subset of students debt relief, but never acted on the Illinois Attorney General’s application, leaving hundreds or even thousands of students encumbered by unlawful student loans.

Research cited in the lawsuit highlights how students of color were disproportionately defrauded by Westwood’s misrepresentations. From 2004 until 2015, Westwood’s student population was approximately 44% Black and 21% Latinx, nearly triple and one and a half times the statewide average enrollment among these groups respectively. The Department’s failure to act on the Illinois Attorney General’s application disproportionately denies relief to communities of color who already face heightened levels of debt and economic insecurity.

“For nearly six years, across administrations, the Department has shirked its obligations, leaving countless borrowers in the dark about whether or when they’ll receive the relief they’re owed under federal law,” said Student Defense Litigation Director Eric Rothschild. “The Department has everything they need to free borrowers from financial limbo and offer them a well-deserved fresh start. It’s beyond time they act on it.”

Earlier this month, Illinois Attorney General Kwame Raoul sent a letter to the Department urging the agency to grant the Westwood group borrower defense application. The letter pointed to the Department’s findings regarding the significant misrepresentations to students who enrolled at the institution.

“There is no more analysis or evidence needed: Westwood defrauded all students who attended its Illinois criminal justice program,” Illinois AG Raoul wrote. “The Department – and only the Department – knows which defrauded borrowers continue to carry federal loan debt for their time at Westwood.
These consumers continue to be harmed by the student loan debt they carry and its negative impact on their lives.”

“While the Department has delayed responding to the Illinois Attorney General’s application, borrowers have struggled under the burden of these loans, in some cases being forced to choose between paying their student loan bill and paying for other necessities like food and rent,” said Kyra Taylor, staff attorney at the National Consumer Law Center. “The Department of Education must act quickly when it becomes clear that a school has harmed students. It should not leave students in limbo, repaying debts that should be canceled.”

This is the second lawsuit filed against the Department seeking to resolve pending group Borrower Defense claims in the last two months. Last month, a group of consumer and students’ rights organizations — including Student Defense, the Project on Predatory Student Lending, and the National Consumer Law Center — filed a lawsuit against the Department seeking to resolve outstanding group borrower defense claims for students who attended Kaplan Career Institute in Massachusetts.

“The Department of Education’s failure to act disproportionately—and unjustifiably—abandons low-income Black and Latinx borrowers who are particularly burdened by unaffordable and unfair debt after generations of discriminatory and government-sanctioned policies that strip wealth from communities of color,” said Genevieve Bonadies Torres, associate director of the Educational Opportunities Project with the Lawyers’ Committee for Civil Rights Under Law. “By neglecting its legal obligations to defrauded students who are entitled to relief, the Department’s inaction exacerbates existing racial disparities in educational outcomes and economic opportunity.”

Student Defense previously highlighted the stories of two defrauded Westwood College Students — Jaime Murrillo and Luis Tayahua — on “Shattered,” a website chronicling the devastating impact of predatory for-profit college programs, produced in collaboration with the creators of the documentary Fail State.

A copy of the lawsuit can be found here.