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July 26, 2016

The Honorable John King
United States Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20202

Re: Judgment Entered Against American Career Institute and Application for Borrower Defense and Other Group Discharges

Dear Secretary King,

On June 2, 2016, our office successfully concluded its enforcement action against the American Career Institute (ACI), a for-profit school with five branches in Massachusetts that suddenly and without warning closed in 2013. Our enforcement action required us to analyze millions of records, take 47 depositions of ACI's officers, employees and students, and overcome ACI's vigorous opposition. After more than two years of hotly contested litigation, ACI conceded that it violated the Massachusetts Consumer Protection Act. Moreover, in the consent judgment, ACI explicitly admitted that the school:

- Misrepresented the job placement rates of its graduates to prospective students and pressured prospective students to enroll with false promises and by creating a false sense of urgency;
- Signed student signatures on records without the students' knowledge or permission, including enrollment agreements;
- Employed grossly unqualified teachers, failed to provide necessary books and instructional materials, and sent students to worthless, menial externships; and
- Falsified records used to track student grades and attendance, as well as job placements, claiming that students worked at companies that did not exist or that never hired an ACI graduate.

Quite simply, ACI students did not receive the education and job training they were promised and for which they paid. As a result, ACI students now find themselves in dire straits, unable to find the jobs that they counted on to pay back their federal loans. ACI is now defunct and is devoid of any assets that might be used to pay the $25 million judgment the

Commonwealth obtained. However, consistent with long-standing federal law, the Department of Education can and should discharge the federal student loans of ACI graduates.

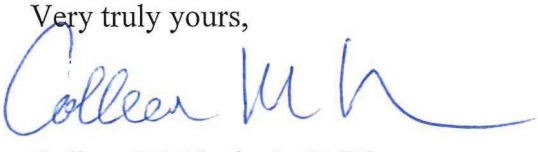
Enclosed you will find our application, submitted on behalf of ACI students, for the discharge of their federal student loans. Given the extensive and outrageous nature of ACI's misconduct, the Department should discharge the loans of all 4,458 students who attended ACI during its three year existence. At a minimum, however, we urge the Department to take expedited action with regard to the following categories of students:

- 1,354 students to whom ACI misrepresented the job placement rates of specific instructional programs;
- 1,404 students who were enrolled at ACI when or shortly before it closed and did not do a teach-out or transfer to a new school; and
- 101 students who lacked a high school diploma, GED, or did not pass an ability-to-benefit test, but whom ACI enrolled anyway.

As demonstrated by ACI's own admissions, as well as the documentation accompanying our application, all of these students are plainly entitled to a discharge of their federal student loans under existing federal law. No purpose would be served by requiring ACI graduates to submit individual application forms; indeed, such a requirement would undeservedly prolong their distress. Instead, we urge the Department to act on the enclosed global application immediately.

We look forward to working with the Department to ensure that ACI's students receive the loan discharges, refunds and other relief to which they are legally entitled. We request an opportunity to meet with the Department to discuss our application. To that end, please contact us at your earliest convenience.

Very truly yours,



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Enclosure.