CollegeAmerica Colorado Campuses
Borrower Defense Executive Summary

The U.S. Department of Education (ED) has determined that all borrowers who enrolled at CollegeAmerica's brick-and-mortar campuses in Colorado on or after Jan. 1, 2006, and before July 1, 2020, are eligible for an automatic discharge of their related federal student loans. This group discharge will provide relief to borrowers harmed by CollegeAmerica's actions, including borrowers who have not yet applied for borrower defense. **Borrowers do not need to take any action to receive their discharge.**

This group discharge is based on ED's finding that CollegeAmerica and its parent company, the Center for Excellence in Higher Education (CEHE), made pervasive and widespread substantial misrepresentations that borrowers at its Colorado campuses relied on to their detriment. ED relied heavily on evidence provided by Colorado Attorney General Philip Weiser, who led a multi-year investigation of and lawsuit against CEHE and its leadership. As discussed in more detail below, ED's independent review of this evidence resulted in ED's finding that CEHE engaged in serious misrepresentations related to salaries and employment rates of graduates, the affordability of a private loan provided by CEHE to students called EduPlan, and CollegeAmerica's program offerings.

- **Salary Misrepresentations:** From 2006 to 2020, advertising and admissions materials represented that a degree from CollegeAmerica would lead graduates to increase their earnings. For example, CollegeAmerica engaged in an "Education Pays Off" advertising campaign that prominently featured national averages of salaries for different levels of education. The advertisement campaign led viewers to believe that CollegeAmerica graduates would earn salaries comparable to the national averages. In fact, internal CEHE data showed Colorado CollegeAmerica campus graduates on average earned just $25,000 a year five years out of school, less than the salaries of high school graduates publicized by the school. CollegeAmerica used the Education Pays Off campaign frequently and extensively throughout the admissions process and in its marketing materials. But CollegeAmerica's own internal records showed that these representations were false: its graduates were making many thousands of dollars less than the average wages advertised in all years where CollegeAmerica maintained this data. Other CollegeAmerica advertisements suggested that its students were on track to earn millions of dollars more over their lifetime if they obtained a CollegeAmerica degree--but in fact many graduates were not making any additional money due to their CollegeAmerica degree.

- **Employment Rate Misrepresentations**: From 2009 through 2012 and in 2015, CollegeAmerica's campuses in Colorado advertised to prospective students that its graduates enjoyed employment rates of approximately 70%. CollegeAmerica communicated these rates on its website and via recruitment calls, campus tours, and admissions interviews. But CollegeAmerica artificially inflated the employment rates by characterizing graduates as employed in-field or self-employed when those graduates were unemployed, employed in unrelated fields, or employed in the same positions they held before graduation. This included counting a business administration graduate working as a produce clerk and a medical specialties graduate working as a waiter as successful placements. When recalculated, CollegeAmerica's campuses in Colorado actually had, on average, a placement rate of 40%.

- **Misrepresentations about EduPlan, a private loan program**: From 2007 through 2017, CollegeAmerica represented that the EduPlan—a gap funding program that provided students with a private loan to cover CollegeAmerica's tuition—was "affordable." However, CollegeAmerica knew that its students were unable to afford EduPlan loans, because CollegeAmerica consistently received notice that its students were unable to make EduPlan payments, sent delinquent accounts to collections, wrote off the debt from uncollectible EduPlan accounts, and received correspondence from its accreditor that the EduPlan loans could not be accurately portrayed as "affordable." In fact, some years as many as 70% of CollegeAmerica borrowers who enrolled in the Colorado campuses defaulted on EduPlan loans. Overall, more than 850 CollegeAmerica students had judgments filed against them by CEHE's debt collectors.

- **Misrepresentations about program offerings**:

    - From 2006 until 2010, CollegeAmerica represented that its Medical Specialties program could lead to EMT certification. Yet, CollegeAmerica admitted that it never offered EMT classes at its Colorado campuses that qualified students for the EMT certification test in Colorado.

    - From 2006 until 2012, CollegeAmerica also represented that its Medical Specialties program could lead to Limited Scope Operator X-ray certification in Colorado. But, CollegeAmerica's program did not offer the required externship hours, nor did it obtain any X-ray machines for students to complete the imaging hours required for certification.

    - From 2012 until 2014, CollegeAmerica represented to students in course catalogs that it offered a sonography program at its campuses in Colorado, despite never offering this program at these campuses, and never hiring instructors or buying materials necessary for this program.

CollegeAmerica's advertising campaigns distributed misleading messaging across all media types, including in newspapers, direct mailers, emails, television commercials, and online.

Prospective students relied on CollegeAmerica's misrepresentations when making their decision to enroll. CollegeAmerica developed its advertising to focus on its claims of increased earnings and employment opportunities because it knew that employment and salary information was important to students. Borrowers had no way to know these representations were false because CollegeAmerica did not disclose the actual employment and earnings data of its graduates publicly. CollegeAmerica targeted individuals with low socioeconomic status, including unhoused individuals, who were particularly susceptible to claims about higher earnings. CollegeAmerica also routinely used aggressive admissions practices to push students to enroll, rushing students through the enrollment process without giving them an opportunity to read or understand the documents and preventing prospective students from getting outside support when deciding to enroll.

CollegeAmerica's misconduct harmed borrowers because it left them with high amounts of debt and without the promised earning capacity or employment necessary to pay for their education. Borrowers who enrolled in CollegeAmerica based on the representation of an "affordable" monthly payment plan via EduPlan were saddled with debt at high interest rates, many suffered credit rating harm because of payment defaults and over a thousand accounts were sent to collections and eventually lawsuits. Additionally, borrowers who enrolled in CollegeAmerica based on misrepresentations about program availability or eligibility for certifications were denied the opportunity to receive the promised benefits.

ED's findings are based on a group discharge request from the Colorado Attorney General's Office as well as an independent review by ED of materials provided by that office. The Colorado Attorney General's Office provided the trial record of a litigated case against CollegeAmerica that it won on the merits and that included the testimony of over 40 witnesses, including expert witnesses, and over 300 exhibits, including expert reports. The Colorado attorney general also provided sworn statements of former CollegeAmerica employees and former CollegeAmerica students; internal CollegeAmerica policies and procedures and emails from CollegeAmerica; and accreditor correspondence and findings. Federal Student Aid's Borrower Defense Group conducted an independent review of this evidence as well as of information in borrower defense applications and other materials.

Due to the overall lack of value in a CollegeAmerica education, and CollegeAmerica's failure to rebut ED's presumption of 100% relief, ED determined that 100% relief for CollegeAmerica borrowers who attended a Colorado campus within the eligible time period is appropriate.

In sum, because CollegeAmerica made pervasive and widespread substantial misrepresentations that borrowers relied on to their detriment across its Colorado campuses, ED concluded that CollegeAmerica's misrepresentations likely would have negatively affected all or nearly all students who enrolled at a Colorado campus in or after 2006 and thus a group discharge is appropriate. The Colorado CollegeAmerica campuses stopped enrolling new students in 2019 and closed by September 2020.