



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE UNDER SECRETARY

In the matter of

Vara, et al.

v.

Cardona, et al.

19-12175-LTS (D. Mass.).

DECISION OF THE UNDER SECRETARY¹

Background

On Nov. 30, 2015, the Massachusetts Attorney General requested that the U.S. Department of Education (ED) grant loan forgiveness to anyone who had borrowed a federal student loan to pay the cost of attendance for any student who had enrolled in Corinthian College's Everest Institute campuses in Brighton, Massachusetts or Chelsea, Massachusetts between 2007 and 2015. The Massachusetts Attorney General's submission to ED included an exhibit that named the 7,241 individuals believed to have attended these two campuses during that time.

On June 25, 2020, the United States District Court for the District of Massachusetts issued a decision in *Vara, et al. v. DeVos, et al.*, 19-12175-LTS (D. Mass.). The court decided that all individuals who borrowed federal student loans to pay the cost of attendance for any of the 7,241 persons named in the Massachusetts Attorney General's exhibit have the right to borrower defense relief under 34 C.F.R. § 685.206(c)(1) (2015). The court also determined that if these borrowers have not yet had those federal student loans completely discharged based on a successful individual borrower defense claim, have not yet received a refund of sums already collected, and have not yet received a favorable decision as to a borrower defense application, they are entitled to full loan discharges.

ED initially appealed the District Court's ruling to the United States Court of Appeals for the First Circuit. The District Court entered a partial stay order, which meant that, while the appeals process was ongoing, ED was not required to discharge or refund the loans at issue.

¹ Formerly *Vara, et al. v. DeVos, et al.*, 19-12175-LTS (D. Mass.).

Withdrawal of the Appeal

In the interests of aligning the agency's litigation position with the Administration's overall goal of providing relief to borrowers where there are findings of fraud or misrepresentation, of resolving this litigation, and of expediting borrower relief, on July 15, 2021, ED filed an Unopposed Motion for Voluntary Dismissal, seeking dismissal of the appeal to the First Circuit. On July 21, 2021, the First Circuit granted ED's motion.

Compliance with the District Court's June 25, 2020 Order

In light of the dismissal of the appeal, the District Court's June 25, 2020 Order is now final and the partial stay granted by the district court is no longer effective. ED recognizes its legal obligation to comply with the June 25, 2020 Order and to fully implement the relief ordered by the district court. Accordingly, ED will provide full loan discharges of all federal student loans associated with enrollment at Everest Institute's Brighton and Chelsea campuses between 2007 and 2015 by the individuals identified in the Massachusetts Attorney General's exhibit.

All such loans that are held by ED will be discharged and any amounts paid towards such loans will be refunded. Credit reporting will be adjusted accordingly. The loans in forbearance or stopped collection will remain in that status until the discharge is processed.

ED also recognizes the need to provide equivalent relief to class members whose federal student loans are held by others (as is often true for Federal Family Education Loans or Perkins Loans). ED is committed to providing equal treatment to this group of borrowers and will be working with loan holders to ensure that class members' privately-held loans are afforded the same treatment as the loans held by ED.

In addition to making this decision publicly available, ED will send a copy to each affected borrower.

Signed this 29th day of July, 2021.


Julie Margetta Morgan
Delegated the Authority to Perform the
Functions and Duties of Under Secretary
Senior Advisor
Office of the Under Secretary

Washington, DC