



FREQUENTLY ASKED QUESTIONS Corinthian Students – Motion to Intervene

1. Why is this action necessary?

No one is affected more by the misrepresentations of Corinthian Colleges than the former students, who thought they were accessing a higher education in pursuit of the American dream and instead became victims to a predatory lender. The State of California's suit implicates the students' rights, including their potential right to have their loans discharged, and to provide refunds. These students are seeking to intervene in the lawsuit to ensure their voices are heard in a case that will significantly affect their finances and their futures.

2. What do the students want out of this lawsuit?

The State of California [filed suit against Corinthian Colleges, Inc., in October 2013](#) on behalf of the taxpayers of California, for "false and predatory advertising, intentional misrepresentations to students, securities fraud and unlawful use of military seals in advertisements." While it's critical that taxpayers recover the public funds that made up nearly all of Corinthian's revenue, the stakes are highest for former students, who should have a seat at the table in this suit. Tens of thousands of former students were the primary victims of Corinthian's predatory practices. They want their interests to be represented, including:

- They want to have their loan debt discharged--the federal defense to repayment regulation permits a discharge of a debt to a school that has violated the law.
- They want the debt relief to be class-wide. They have had their credit destroyed, their lives ruined, and years of sacrifice wasted. Many are working in the same minimum wage jobs that they would have been working in had they not gone to Corinthian schools, only now they have crushing debt as well.
- They want to be paid back money they were forced to pay for a phony education that did them no good.
- They want an opportunity to get the education they were looking for before Corinthian derailed their lives. This could involve the right to transfer or to enroll in a public school, or a waiver of fees.
- They want to ensure that Corinthian is prevented from doing what they did to these students in the future.

3. Why are they acting now?

Since this lawsuit was filed in 2013, more information has come to light about the broad scope and impact of Corinthian College's illegal practices—so much so that the company buckled under the pressure and abruptly closed its doors in April 2015. The need is particularly urgent now because of the closure of the remaining campuses. Some of the intervenors are students who until last week were still attending these schools. There have been no hearings on the merits in this case, and discovery has been stayed. Intervention has become even more necessary since the federal Department of Education recently announced its plan to create a formal process for students to discharge their loans on the grounds that their school violated their rights under state law. Meanwhile, other for-profit colleges who are also under investigation are now pursuing the students who were victims of this fraud and attempting to persuade them to take actions against their own interests that would invalidate their ability to pursue relief. It's become clear that the students of Corinthian must have an opportunity to participate in this suit to ensure that the students' interests are fully represented in any further resolution.

4. How will a potential bankruptcy filing by Corinthian affect this action?

This case will go forward no matter what. We have not seen the reported bankruptcy filing, and we will need to review those papers before moving forward. However, there are mechanisms to obtain relief from a stay in bankruptcy court, so that we can proceed in state court--as well as mechanisms to participate in the bankruptcy process.

5. Aren't the students already represented by the Attorney General in the state's lawsuit on behalf of the people of California?

The Attorney General represents the people of the State of California in this suit and she represents investors in Corinthian, but she does not represent the students. In fact, the state's web site advises Corinthian students to "consider contacting an attorney to explore your options." This intervention is not a criticism of her, but instead a recognition that the people who have the most to lose in this case--students who are in debt for tens of thousands of dollars, most of whom earn minimum wage--have the right to a seat at the table. The decisions the Attorney General could make during litigation or regarding an acceptable compromise could be far different than what the individual students who are affected would make. Finally, her pursuit of statutory penalties and relief for investors in Corinthian will determine the amount that is recoverable or available on behalf of the students who were the direct victims of Corinthian's practices. Both California and federal courts have a process in the law to let parties whose interests are affected by a lawsuit intervene in a case so they can protect their interests. Students should have a voice in that determination, and will have that opportunity as intervenors.

6. Why should Corinthian students have their debt forgiven, when there are plenty of students in debt to other for-profit colleges who won't get the same benefit?

Unlike most of America's colleges and universities, Corinthian's programs and practices were so fraudulent that they could not stand up to criminal and civil investigations and led to the company's eventual collapse. It's unconscionable that the company's students, who were working hard to better themselves, are now left with degrees of no value and crippling debt that's a direct result of misleading practices—debt that threatens to ruin their financial futures and their ability to meet their basic needs (see our student stories for details). These students are the victims of fraud and deserve the opportunity to participate in restitution for Corinthian's actions based on opportunities available to them under existing laws.

7. What did Corinthian do that was so wrong compared to other for-profit colleges?

Corinthian Colleges became a subject of state and federal investigation into its practices, with accusations of fraud, misrepresentations of job placement figures, and aggressive and misleading marketing to vulnerable, low-income students eligible for maximum federal student aid, which became the company's primary source of revenue. The company has been fined and/or sued by the U.S. Department of Education, the Consumer Financial Protection Bureau, and the California attorney general, as well as the attorneys general of Massachusetts and Wisconsin.

8. No one forced these students to take on debt. Isn't it ultimately each person's responsibility to pay back their student loans like everyone else?

People who take on debt have the right to know how much it is going to cost them and what they are getting in return. Students tell us that Corinthian never told them what the real cost to them would be, and actually lied to them about how much they would end up owing. Corinthian also lied to them about what they were getting in return. Corinthian misrepresented the salaries

and jobs students would get, telling them virtually anything they wanted to hear in order to sign the students up. This is fraud. When debt is incurred through violations of state law, borrowers are entitled to relief in accordance with existing state and federal procedures. This relief includes opportunities for “defense to repayment” debt relief; “closed-school discharges” of debt; and restitution for criminal acts, including payment of interest on private “Genesis” loans.

9. What role does the U.S. Department of Education play in this?

We call on the Department of Education to create a comprehensive means for students from any college to request a Request for Repayment when the college attended has violated the law. However, with the evidence that already exists against Corinthian and its schools, there is no justification not to provide all students who attended these schools with a class-wide defense to repayment, so they do not have to repay the debt they incurred under false pretenses.

10. How is this request different from the other legal actions and requests being made by former Corinthian students?

A potential motion to intervene gives the entire class of former students of Corinthian and its subsidiaries a formal opportunity to participate as a party in the State of California’s suit against Corinthian. It’s the first time the interests of this entire class of students will have legal standing as parties to the suit, giving them a voice in any potential resolution of this legal action.

11. How is a Corinthian degree “useless”?

Students tell us that they don’t get interviews when they include their college on their resumes. Students have told us that employers tell them they don’t recognize degrees from those schools. Students tell us that their credits don’t transfer to other colleges as they had been told they would.

12. How many colleges are at issue, and how many students are affected?

As of June 30, 2013, Corinthian reported that it operated some 22 schools in California. The total number of students who have enrolled in those schools since 2007 are in the tens of thousands.

13. Why don’t the students just file a separate action?

They may, individually or collectively. However, they also have a right to intervene in this action because the resolution of this case could have a very serious effect on the students.

14. What is the next step in this case?

We will evaluate our legal options in light of today’s bankruptcy filing, and the case will go forward no matter what, either in state court or bankruptcy court.