

Agencies

Office of the Attorney General

Attorney General Conway Announces Investigation of For-profit Schools

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Attorney General Jack Conway today announced that his office is launching an investigation into questionable business practices by for-profit postsecondary schools. General Conway believes the practices may violate Kentucky's Consumer Protection Act and other state laws.

"Several students of for-profit schools contacted my office, and I have been monitoring recent legislative hearings regarding this issue," General Conway said. "The information we've obtained so far about the business practices employed by some of these proprietary colleges is troubling."

On Wednesday, December 15, Attorney General Conway's Office of Consumer Protection issued subpoenas to six proprietary colleges who do business in Kentucky. The subpoenas require the schools to provide information about their student-loan default rates, advertising claims to prospective students, student recruitment practices, claims made about job placement, transferability of credits, how financial aid funds for students are managed and dispersed, organizational structure and accreditation claims.

"I want to make sure these institutions are as interested in educating their students as they are in collecting federal loan money," General Conway said. "I want to make sure students aren't being misled and left owing tens of thousands of dollars in student loans for credits that don't transfer or a degree that will not benefit them."

Attorney General Conway determined a closer look at the business practices of for-profit and proprietary colleges was warranted after reviewing information gathered in his office's investigations of Decker College and the American Justice School of Law.

Earlier this year, the Office of the Attorney General's Consumer Protection Division obtained an estimated \$3.6 million in loan reductions for students of the now defunct American Justice School of Law in Paducah. In 2008 Conway's office succeeded in having the U.S. Bankruptcy Trustee forgive more than \$4.5 million in debt for 2200 students of the defunct Decker College.

"I am very concerned that Kentucky students are racking up large debts for degrees or certifications that may have little benefit or value to them in the real world," General Conway said. "While education is vital to our citizens, it must offer legitimate value in relation to its cost and accurate information must be provided to potential students."

Schools offering bachelors or higher degree programs are regulated primarily by the Council for Postsecondary Education. Meanwhile, for-profit schools offering only associate or trade degrees are regulated by the Board of Proprietary Education. By law, six of the eleven members of the Proprietary Board of Education are made up of representatives from proprietary colleges or trade schools. Complaints made to those agencies were also recently reviewed by the Attorney General.

Students wishing to file a consumer protection complaint against a for-profit school may email studentcomplaints@ag.ky.gov or call (502) 696-5380.

The existence of an investigation does not indicate a finding of wrongdoing.