



DEENA'S 2024 BORROWER DEFENSE TO REPAYMENT GUIDE

**Created for Former Students of
The Art Institute Schools**

Written by Deena Alansky.
With Contributions from:
Kim Tran, Tarah Fritts Gramza,
Ashley Pizzuti, and Tony Strata.

With Special Thanks to Theresa Sweet, whose hard work and dedication in the Sweet v. Cardona Class Action Lawsuit restarted the Borrower Defense to Repayment program and has provided much needed debt relief to thousands of borrowers. Her efforts continue to benefit all applicants today. I also want to thank the Harvard Law School's Project on Predatory Student Lending, who fought tirelessly for justice in this case.

**DEENA'S 2024 BORROWER
DEFENSE TO REPAYMENT GUIDE
TABLE OF CONTENTS**

INTRO & DISCLAIMER	3
BACKGROUND & ELIGIBILITY REQUIREMENTS	4
FEDERAL STUDENT LOAN CONSOLIDATION.....	5-6
WEBSITES, ARTICLES, AND VIDEOS—TO HELP WITH THE APPLICATION PROCESS	6
GETTING STARTED—GATHERING EVIDENCE & DOCUMENTS	6
EVIDENCE OF FRAUD FOR YOUR APPLICATION	6-8
SOCIAL MEDIA & RELEVANT WEBSITES	8
TWO WAYS TO APPLY: ONLINE & SNAIL MAIL	9-11
ADDING ADDITIONAL EVIDENCE AFTER SUBMITTING YOUR APPLICATION	11-12
ADMINISTRATIVE FORBEARANCE	12
ELIGIBLE FOR ADMINISTRATIVE FORBEARANCE—BUT SERVICER REQUESTS PAYMENT	13
INTEREST WILL CONTINUE TO ACCRUE & PLAYING THE LONG GAME	13
WHAT HAPPENS IF YOUR BDTR APPLICATION IS APPROVED?	14
WHAT HAPPENS IF YOUR BDTR APPLICATION IS NOT APPROVED?	14-15
COMMERCIALY-BACKED FFELP LOANS—INELIGIBLE FOR REIMBURSEMENT	15-16
TAX IMPLICATIONS FROM DISCHARGED LOANS AND/OR REFUNDS.	16
AVOIDING STUDENT LOAN SCAMS	16-17
FILING COMPLAINTS ABOUT THE ART INSTITUTE	17-19
PLEASE HELP SPREAD THE WORD	19
CLOSING REMARKS	19
DOCUMENTARIES & VIDEOS	20
ADDENDUM—HISTORY OF SWEET V. CARDONA	20-21

Apply for Borrower Defense Loan Discharge

DEENA'S 2024 BORROWER DEFENSE TO REPAYMENT GUIDE

<https://studentaid.gov/borrower-defense>

BORROWER DEFENSE HOTLINE: 1-855-279-6207

Hours: 8:00 a.m. - 8:00 p.m. (ET), Monday through Friday.

EMAIL:

FSAOperations@ed.gov

CustomerService@studentaid.gov

DEPARTMENT OF EDUCATION'S ADDRESS:

U.S. Department of Education

Federal Student Aid Information Center

P.O. Box 1854, Monticello, KY 42633

***PLEASE NOTE:** The Borrower Defense to Repayment Program only applies to FEDERAL STUDENT LOANS. If you have private student loans, this program unfortunately does not apply to you. If you have loans from more than one school, only include the specific loans on your application for the school that committed fraud. *DO NOT INCLUDE loans from other schools that did not commit fraud!* Including those loans will DELAY the processing of your application--because it will take extra time for the staff at the DOE to separate eligible loans from ineligible loans. You do not want to delay the process.

DISCLAIMER

***DISCLAIMER:** By reading this guide, you agree to use it at your own risk, and you absolve the author and contributors of any liability. This guide is meant to help borrowers who were defrauded by their schools navigate and understand the Borrower Defense to Repayment application process and how the program works. However, I AM NOT AN EXPERT! I am simply sharing what I have learned.

*PLEASE NOTE:

- I am NOT a legal expert or an attorney.
- I am NOT a tax expert or an accountant.
- I am NOT an employee of the Department of Education.
- I am just a volunteer who has created this FREE GUIDE to try and help people.

→ I CANNOT GUARANTEE THAT YOUR APPLICATION WILL BE APPROVED! ←

Please seek out professional, legal advice for any legal questions you may have about the Borrower Defense to Repayment program and/or the application process. And please seek out a qualified tax professional for any tax questions you may have, especially regarding state and local taxes on discharges and refunds, which vary from state to state. And please contact the Department of Education's Borrower Defense Hotline with questions about your application. **GOOD LUCK, EVERYONE!** I hope this helps.

Contact Deena Alansky at: borrower.defense.to.repayment@gmail.com.

BACKGROUND

My name is Deena Alansky, and I'm a full class member of the Sweet v. Cardona Class Action Lawsuit. I filed my Borrower Defense to Repayment (BDTR) application in Jan. 2022. It was an incredibly frustrating experience, as the BDTR website kept crashing on me, and the PDF version kept freezing—not allowing me to input any additional info. I lost many hours of work, and it took three attempts before I was finally able to complete and submit my application. I want to make this process easier for you than it was for me.

I decided to create this guide for any new members of this group who are just now hearing about the Borrower Defense to Repayment Program for the first time. It will cover the most frequently asked questions and offer some guidance through the process.

Please don't be discouraged by not being part of the Sweet v. Cardona class action lawsuit. I truly believe that the lawsuit has paved the way for future applications to be reviewed more fairly.

I want to encourage anyone who ever attended any of the Art Institute schools to apply. The Art Institute schools were included in the list of 153 named schools in the settlement agreement. None of those schools would have made that list if the government didn't already have substantial evidence that these schools committed fraud.

Plus, the Art Institute's parent company, EDMC, was sued by the Justice Department in 2011, and settled for 95.5 million in 2015! The government has long known about their fraudulent actions. Therefore, I believe your chances of approval are extremely high.

- <https://petapixel.com/2011/09/02/us-gov-sues-the-art-institutes-for-11-billion-fraud/>
- <http://tinyurl.com/illegal-recruiting-fraud>

ELIGIBILITY REQUIREMENTS

Borrowers with *any type of federal student loan*, such as FFEL, FFELP, Direct, Direct Consolidation, Parent Plus, Stafford, etc. who were DEFRAUDED by their school are eligible to apply for the Borrower Defense.

4 Different Types of Direct Federal Student Loans:

- Direct Subsidized Loans
- Direct Unsubsidized Loans
- Direct PLUS Loans
- Direct Consolidation Loans

Visit the Federal Student Aid website to determine your loan type, how much you still owe, and the name of your loan servicer. <https://studentaid.gov/> Or give them a call at: 1-800-433-3243.

WHAT CONSTITUTES FRAUD? Your school committed fraud if they misled or lied to you, and/or omitted pertinent information that affected your decision to attend that school and take out student loans. A few examples are: showed you fake job placement statistics, lied about: the total cost of tuition, future income potential, career services after graduation, credits being transferrable to other schools, accreditation status, industry connections, quality of instructors, quality of the programs, and/or engaged in high pressure sales tactics to get students to quickly enroll and take out student loans.

FEDERAL STUDENT LOAN CONSOLIDATION

PLEASE NOTE: If you have FFEL or FFELP loans, you will need to consolidate your student loans into a DIRECT LOAN to qualify for this program. However, this can be done either before or after filing your BDTR application. This is free and fairly straightforward to do at <https://studentaid.gov/loan-consolidation/>, but there are some very serious consequences you should consider before consolidating—in case your BDTR application is denied.

CONSIDERATIONS BEFORE CONSOLIDATING YOUR LOANS: If your application is denied, when your administrative forbearance ends, you might end up paying a higher interest rate on your student loans after consolidating—compared to before consolidating, any unpaid interest will be added (capitalized) to the balance, and you may lose credit towards other forgiveness programs, such as IDR plans and PSLF.

You CAN apply for Borrower Defense to Repayment without consolidating your FFELP loans—and without going into administrative forbearance. You can choose to keep paying on your student loans to continue making progress toward another forgiveness program—at the same time as you’re waiting for your BDTR application to be processed. *Your application will most likely take a few years to be reviewed and processed due to the huge backlog.* So, you can cover all the bases, if desired.

This is a personal decision that all BDTR applicants must make for themselves based on their own unique set of circumstances. If your application is approved, you will then need to consolidate, but at that point, you’ll know it’s a sure thing. But you are legally entitled to go into administrative forbearance after you submit your BDTR application, so you’ll have to decide whether or not to keep paying on your loans.

- <https://studentaid.gov/manage-loans/consolidation>
- <https://studentaid.gov/articles/5-things-before-consolidating-student-loans/>
- <https://studentaid.gov/help-center/answers/article/how-to-consolidate-loans>

BUT... if you attended an Art Institute school, I personally believe your chances of approval are extremely high! The Art Institute schools across the country were routinely lying to prospective students about future income potential, job placement statistics, career services, total cost of tuition, credits being transferrable, accreditation status, etc. And if the admissions staff engaged in high-pressure sales tactics with you, as was often the case, that will also strengthen your claim.

While I can’t 100% guarantee that your BDTR application will be approved, I think your chances of approval are excellent. The government has known about the widespread fraud committed by the Art Institute schools for many years. You still have to submit corroborating evidence with your application, of course. But much of the fraud has been well established, well documented, and is already known by the DOE. This is a huge advantage, and hopefully, it will give you some peace of mind while filling out your application.

NEVER CONSOLIDATE OUTSIDE OF THE DEPARTMENT OF EDUCATION: You should NEVER consolidate your federal student loans outside of the Department of Education’s DIRECT STUDENT LOAN PROGRAM.

If you consolidate and turn your loans into PRIVATE LOANS—you will lose your eligibility for the Borrower Defense to Repayment program, and any other government student loan forgiveness program.

RELATED LINKS:

- <https://www.bankrate.com/loans/student-loans/borrower-defense-to-repayment/>
- <https://www.bankrate.com/loans/student-loans/federal-direct-loan/>
- <http://tinyurl.com/borrower-defense-and-my-loans>
- <https://www.nerdwallet.com/article/loans/student-loans/what-are-ffel-loans>
- <https://studentaid.gov/manage-loans/consolidation#benefits>
- <https://studentaid.gov/articles/what-to-know-about-ffel-loans/>
- <https://www.consumerfinance.gov/ask-cfpb/what-is-a-federal-direct-loan-en-1553/>

WEBSITES, ARTICLES, AND VIDEOS—TO HELP WITH THE APPLICATION PROCESS

- https://nylag.org/wp-content/uploads/2022/03/NYLAG_FSLBDTR_ApplicationGuide.pdf
- <https://www.aloannomore.com/where-do-i-start.html>
- <https://www.aloannomore.com/defense-to-repayment.html>
- <https://www.nerdwallet.com/article/loans/student-loans/borrower-defense-repayment>
- https://youtu.be/YcAOlqG3bu8?si=hFG42ohzgL_a2Tld
- <https://studentaid.gov/manage-loans/forgiveness-cancellation/borrower-defense>
- <https://docs.google.com/document/d/1-cuU3Q1kO3bx5hhbOj9kCm3oy86ddrKw5mUPInXOKNM/>
- <https://www.ppsl.org/borrower-defense-faqs>

GETTING STARTED—GATHERING EVIDENCE & DOCUMENTS

- Scan your diploma and transcripts, if available and save files.
- Take screenshots of your current student loans from your servicer's website.
- Look for old versions of Art Institute websites using the Wayback Machine, an archive of old websites no longer in existence. <https://archive.org/web/> You may be able to find some evidence of fraud, such as the fake job placement statistics.
- Search this group's files and featured/pinned posts. Many people have uploaded documents to help assist others in the application process. There's a lot of evidence there for the taking.
- Look for any old emails, letters, brochures, and marketing materials you may have from when you were a student that demonstrate their fraud. Take screenshots and/or scan documents to include.
- Search Google for news articles describing the fraud committed by the Art Institute schools! (Google is your friend! I have posted many articles below, but you can look for more.)
- Organize all of your evidence into a folder on your computer for easy access when filling out your BDTR application. *Give the folder a really good name that you'll remember.*

EVIDENCE OF FRAUD FOR YOUR APPLICATION

EVIDENCE OF FRAUD—COMPILED BY KIM TRAN

Originally posted by Kim Tran, who compiled this information on our behalf. *THANKS, KIM!* This covers all the years and all the schools formerly owned by EDMC, the parent company of the Art Institute schools.

- <http://tinyurl.com/2012-lawsuit-fraud-evidence>
- <http://tinyurl.com/2012-report-edmc-background>
- <http://tinyurl.com/2018-lawsuit-fraud-evidence>

EVIDENCE OF FRAUD—COMPILED BY TONY STRATA

<http://tinyurl.com/EDMC-evidence-of-fraud>

Tony Strata created this compilation of some of the best evidence that EDMC (the parent company of the Art Institute schools) defrauded students before shutting down. *THANKS, TONY!* He pulled it from all of the lawsuits that were eventually combined into a multi-state lawsuit by the Department of Justice that ended with EDMC settling for \$95.5 million in 2015.

Anyone who attended an AI school can use evidence from this document in their BDTR application. The Higher Education Act compensation ban, and the inflated cost of tuition, apply to all former AI students.

The evidence is organized by the categories in the BDTR application. Everything is sourced so you can pull excerpts that apply to you for the application and upload this for your supporting evidence, or just upload the entire document as evidence by itself.

If you have already applied, you can add this document to your application by replying to the confirmation email you received from the DOE after submitting your BDTR application—and sending it as an email attachment, *being careful NOT TO CHANGE THE SUBJECT LINE in the email*. The subject line will have your application number, which is very important.

Or you can snail mail it to them. If you choose to send any supporting documents via the U.S. Mail, I highly recommend using a cover letter that includes your name, address, phone number, email address, and most importantly, your APPLICATION NUMBER! And I recommend sending it certified mail with a return signature post card requested. This is your proof that you sent the documents.

EVIDENCE OF FRAUD—COMPILED BY TARAH FRITTS GRAMZA

<http://tinyurl.com/school-evidence-spreadsheet>

- ***PLEASE NOTE:** Tarah's spreadsheet is a veritable treasure trove of links to extremely relevant documents and websites that you can include as evidence in your application. *THANKS, TARAH!*
- **Click on the links in ROW 5:** Evidence in some documents may pertain to multiple schools, so search each document for the Art Institute, or one of the parent companies: Education Management Corporation (EDMC), or Dream Center Educational Holdings.
- **Click on links in ROW 164:** This row contains evidence that is specifically geared towards AI schools.

EVIDENCE OF FRAUD—COMPILED BY DEENA ALANSKY

- <http://tinyurl.com/illegal-recruiting-fraud>
- <https://petapixel.com/2011/09/02/us-gov-sues-the-art-institutes-for-11-billion-fraud/>
- <https://gritdaily.com/art-institutes-growing-issues/>
- <http://tinyurl.com/dream-center-lawsuit-AI-fraud>
- <http://tinyurl.com/AI-fraud-battle-with-DOE>
- <https://news.artnet.com/art-world-archives/debt-ridden-students-art-institutes-1322102/amp-page>
- <https://stromlaw.com/whistleblower-lawsuit-filed-against-art-institute-parent-company/>
- <http://legalservicescenter.org/student-loan-truth-jessicas-art-institute-story/>

- <http://tinyurl.com/higher-ed-financial-nightmare>
- <http://tinyurl.com/state-attorney-general-sues-AI>
- <https://casetext.com/case/harrington-v-art-institutes-intl>
https://www.huffpost.com/entry/edmc-professors-and-stude_b_1909449
- <https://consumer.ftc.gov/consumer-alerts/2021/10/profit-colleges-notice>
- <https://thecollegeinvestor.com/40244/for-profit-college-student-loan-forgiveness-list/>
- <http://tinyurl.com/against-predatory-schools>
- <https://www.courthousenews.com/for-profit-college-chain-cant-shake-lawsuit/>
- <http://tinyurl.com/EDMC-whistle-blower>
- <http://tinyurl.com/former-EDMC-employee>
- <https://www.help.senate.gov/imo/media/doc/Bittel.pdf>
- <http://tinyurl.com/NEIA-EDMC-complaint>
- <https://www.help.senate.gov/imo/media/doc/Bittel.pdf>
- <http://tinyurl.com/NEIA-deceptive-acts>
- <https://www.reuters.com/article/us-education-forprofit-idUSTRE68R6Bl20100928/>
- <http://tinyurl.com/EDMC-job-placement-rates>

*You can create a word document with links to all these articles to submit as evidence. This will help keep your file size down during the application process—because the BDTR website has a very small total file size limit of only 5 MB. You can reach your storage limit very quickly. But after you submit your initial application, you can add more evidence. You can send the complete articles via email or snail mail to the DOE as additional evidence to add to and strengthen your case. *More details on Pages 11-12 of this guide.*

SOCIAL MEDIA & RELEVANT WEBSITES

These Facebook groups can be of great assistance in filing your BDTR application. Members have posted advice, guidance, and evidence to help with this process. I encourage you to join these groups, if you haven't already. After you join, PLEASE read all of the FEATURED POSTS in the Facebook groups, and check the FILES SECTION for evidence. Also use the FB group's SEARCH tool BEFORE asking a question. Chances are, the question has already been asked and answered. I'm also linking to other relevant sites.

A.I. Confidential

<https://www.facebook.com/groups/powerinnumbersai>

Borrower Defense - Student Loan Discharge

<https://www.facebook.com/groups/borrowerdefense>

I Am AI

<https://www.facebook.com/groups/aistudents>

The Debt Collective

<https://debtcollective.org/>

The Project on Predatory Student Lending

<https://www.ppsl.org/>

Project on Predatory Student Lending @EdDebtJustice

<https://twitter.com/eddebtjustice>

TWO WAYS TO APPLY: ONLINE & SNAIL MAIL

APPLYING ONLINE—PREPARATION

I highly recommend using a computer or tablet, as opposed to a smartphone. Some things really work better on a bigger screen. If you don't have a computer or tablet, then perhaps you can ask to borrow one from a family member or a friend.

AVOID FRUSTRATION! CREATE A SEPARATE WORD DOCUMENT

The Borrower Defense to Repayment website is notorious for freezing, crashing, and losing all your work! You can protect yourself from this frustration by creating a standalone word document that is basically a duplicate of the application. Then SAVE it often, and you can be assured of not losing your work.

This will also let you take your time in answering the questions without worrying about the website timing you out and losing your work. When you're done answering all the questions in the word document, you can then quickly transfer all your answers into the actual online application. And if the website crashes, at least you won't lose any of the answers that you worked so hard to write.

Of course, you can also try filling out the PDF version of the application, if you like. However, the PDF kept freezing on me midway through and wouldn't let me input any additional info, so I gave up on it. But you can try it. You might have better luck than me. I filed in Jan. 2022. Maybe the site's improved since then. Maybe?

PDF version of the application:

<https://studentaid.gov/sites/default/files/borrower-defense-application.pdf>

CREATING A DUPLICATE APPLICATION

Create a separate, stand-alone word document on your computer that is identical to the Borrower Defense to Repayment application by copying EVERY QUESTION from the PDF into a word document on your computer. *Deena's Tip: You can do "Select All > Copy" on the PDF, and then "Paste" into the word document. You might lose the formatting, but you can go through and add spacing. It'll only take a few minutes, and it's not too difficult.)

Don't worry too much about the formatting of the word document because you will be copying and pasting those answers into the online application when you're finished. *This duplicate copy of the application is just for you!*

When you finish creating this document, take your time, and answer all the questions to the best of your ability, SAVING your work as you go. Don't overthink the answers, and it's OK if you don't have an answer to every single section. Just answer as many questions as you can... to the best of your ability.

APPLYING ONLINE USING THE BDTR WEBSITE

After you have answered all the questions in your word document, go back to the online application on the Borrower Defense to Repayment website. Make the word document half your screen size, and place it on the left side. Make the BDTR website half your screen, and place it on the right side. Then copy and paste your answers from the word document into the website.

This way, you can get through the application very quickly (because you've already answered all the questions), and you will prevent it from timing out—because you will always have the website in your view—so you will see every 10 or 15 minutes when a little window pops up asking, “Are you still there?”

And... if the website crashes and/or doesn't save your application, at least you won't lose all your work—because you'll have it all saved in a separate word document.

Also... the total file size limit that you can upload for your supporting documents is incredibly small! It's only 5 MB. If you have access to a web server, you can upload your supporting documents, and create a word document with LINKS to all your evidence. This will help keep your file size down.

Another option is to upload your documents to your personal Google Drive, and then add the links to a word document, and submit the word document as evidence.

WHAT IF YOU RUN OUT OF SPACE TO UPLOAD ALL YOUR DOCUMENTS?

If you exceed the 5 MB file storage space when uploading your evidence, you can send additional evidence via email OR snail mail *after submitting* your Borrower Defense to Repayment application. Please refer to the section titled “Adding More Evidence After Submitting Your BDTR Application” on Pages 11-12.

APPLYING VIA SNAIL MAIL

If you absolutely can't get the online application on the BDTR website to work, and you can't get the PDF application to work (it froze on me), and you don't feel like creating your own standalone word document, you can go old school, and PRINT OUT your application, fill it out completely by hand, and then mail it to the Department of Education, along with all of your supporting evidence and documents.

You can also try downloading and saving the PDF application to your local computer, as opposed to filling it out online. You might be able to complete the application that way, and then print it out with all of your answers neatly typed in the form.

But if the PDF freezes on you (like it did for me), you can just print the application from the PDF, and write in all your answers by hand. Obviously, it will take longer that way, and you'll need to have good penmanship, but it's still doable for many people. When you've completed the application, I encourage you to scan and print it—to create a duplicate copy for your records.

DEENA'S ADVICE FOR SNAIL MAIL APPLICATIONS:

- Print all of the articles and documents from the Evidence section to include with your application.
- For evidence documents that lists multiple schools, add a cover page stapled to the top page of the article with instructions to see a specific page number regarding the Art Institute or one of its parent companies, Education Management Corporation (EDMC) or Dream Center.
- Put everything (your printed application and all supporting evidence documents) in a folder before mailing your package to the DOE. It will help them keep all your important documents together.
- Write your name, address, phone number, and email address on the folder.
- Send your application CERTIFIED MAIL WITH A RETURN SIGNATURE POST CARD REQUIREMENT. That way you will have a receipt from the Post Office—as proof that you sent your application, and someone's signature from the DOE—as proof they received it.
- Save the receipt and the signature card in a safe place after you get them.
- Take photos of your receipt and signature card—and save them to a new folder, or put them in your Favorites folder—so you can easily find them later, if needed.

After a couple weeks, you should be able to call the BDTR hotline and/or log into studentaid.gov to see if your application has been added to your account and to get your application number.

ADDING MORE EVIDENCE AFTER SUBMITTING YOUR BDTR APPLICATION TWO METHODS: SNAIL MAIL & EMAIL.

SNAIL MAIL METHOD: SENDING PRINTED DOCUMENTS

After you have submitted your online application, I highly recommend printing out the full articles from the Evidence section, plus any other supporting documents you have, and send them via snail mail to the DOE—as evidence to be added to your application.

This is also useful if you discover new evidence months after initially submitting your application... because it will most likely take YEARS before your application is reviewed, so you'll have plenty of time to add more evidence.

I highly recommend including a COVER PAGE for all your printed material. It should have your name, address, email, phone number, and **APPLICATION NUMBER** on it. You should receive an application number in your confirmation email after submitting your online application.

I also recommend putting all of your printed material in a folder before you send it. It will be less likely for a DOE employee to lose and/or misplace something if it's all together in a folder. You might even want to put your documents in a 3-ring binder and/or have a header on every printed page with all of your info, *especially your name and application number.*

And lastly, I would encourage you mail your package to the DOE via registered mail with a return signature post card required—as proof of your submission. Save your receipt from the USPS, and save the return signature post card when it arrives. You can also take pictures of these items, and save the pics to a new folder and/or your Favorites folder on your phone. This way, you can provide evidence that you sent the documents, if it's ever needed.

EMAIL METHOD: ATTACHING FILES

EMAIL: You can submit additional evidence to be added to your BDTR application by replying to the confirmation email you'll receive from the DOE—*being careful NOT TO CHANGE anything in the subject line.* (This is vitally important because your application number will be in the subject line.) Then you can attach the full articles listed in the previous section—as evidence to be added to your application.

DEENA'S TIP: To send full articles via email, copy and paste the articles into word documents, then save each article as a PDF. I would try to delete the ads, if possible, to make the articles easier to read. And I would include the link to each article just below the subject line of the article. Then you can attach the files to your email and send.

ADMINISTRATIVE FORBEARANCE

ELIGIBILITY: As soon as you submit your Borrower Defense to Repayment application, you become eligible to have your federal student loans put into administrative forbearance indefinitely—until your BDTR application has been reviewed and fully processed, even if it takes years. It will take a few weeks to take effect, but after that, you can legally stop paying on your student loans until the DOE has made a decision on your case. During this time, your loan servicer can't report you to the credit bureaus, and any collection attempts must cease.

IS ADMINISTRATIVE FORBEARANCE RIGHT FOR YOU? You must decide this for yourself based on your own unique set of circumstances. If you are currently already enrolled in another student loan forgiveness program, such as IDR or PSLF, then you might choose to continue making payments on your student loans to continue making progress. However, if you feel your case is really strong, and you are confident in being approved, then you might choose to go into administrative forbearance and stop making payments.

THE DECISION IS YOURS ALONE! And it's not an easy one. There is no guarantee that your application will be approved. And if it's denied, and you stopped paying, you also will have all of the accrued interest added to the principle when your loan payments resume. And you may lose out on the other student loan forgiveness programs.

OPTIMISTIC, BUT CAN'T GUARANTEE: While I personally believe that all former Art Institute students have an extremely high chance of approval, I CANNOT GUARANTEE that your application will be approved, so it's entirely up to you to decide how to proceed. But if your loans are Direct Student Loans, and your application is approved, there is a good chance that your payments would be refunded to you, either 100% or at a percentage deemed by the DOA depending on a variety of factors, such as the years you attended, and the years the fraud took place.

AUTOMATIC VS. JUMPING THROUGH HOOPS: Within a couple weeks of submitting your application, your federal student loan account should automatically be put into administrative forbearance with your loan servicer—if you checked the box requesting it when filling out your application. But sometimes it doesn't happen automatically, and you have to jump through hoops to get it done. That's what happened to me.

If your administrative forbearance doesn't get processed within a few weeks of submitting your application, call the Borrower Defense Hotline, and ASK FOR A SUPERVISOR! This is really important because some of the agents do not fully understand the BDTR program as well as a supervisor. I spent three months of frustration calling the Borrower Defense hotline and Navient with no results. But when I asked for a supervisor, my issue was finally addressed, documentation of my pending application was sent to Navient, and three days later, I was finally put into administrative forbearance.

ELIGIBLE FOR ADMINISTRATIVE FORBEARANCE—BUT SERVICER REQUESTS PAYMENT

If your student loan servicer claims that you need to make a payment, even though you know you have the legal right to have your federal student loans put into administrative forbearance, please do the following:

- **Fill out a complaint on the Project for Predatory Student Lending's website**, and let them know. They are keeping track of illegal actions perpetrated by these companies.
<https://ppsl.tfaforms.net/13>
- **File a complaint with the Federal Student Aid Ombudsman's Office and your Servicer's Ombudsman's Office.** <http://tinyurl.com/fsa-ombudsman-file-complaint>
- **Call the Borrower Defense Hotline, and ask to speak to a supervisor.** Explain the situation, and ask them to please send documentation of your pending BDTR application to your servicer ASAP, along with instructions to place or keep you in administrative forbearance until your case has been reviewed and fully processed—regardless of how long it takes!

BORROWER DEFENSE HOTLINE: 1-855-279-6207

Hours: 8:00 a.m. - 8:00 p.m. (ET), Monday through Friday.

**PLEASE NOTE: the best time to call is 8 AM EST when they first open, if possible.*

INTEREST WILL CONTINUE TO ACCRUE

Being in administrative puts a pause on your payments, however, it does NOT put a pause on the interest being added to your federal student loans. You will be taking a calculated risk by filing your BDTR application and going into administrative forbearance. But if your application is approved, you have a good chance to get your remaining federal student loans partially or fully discharged, including the interest. As I have previously stated, I truly believe that anyone who attended any one of the Art Institute schools has an excellent chance of approval—because the DOE already has a mountain of evidence of their fraud.

PLAYING THE LONG GAME

Please note after submitting your application, you may be waiting quite a few years to get results. The Dept. of Education was given one year to process over 260,000 full class members' Borrower Defense applications as part of the settlement agreement for the Sweet vs. Cardona class action lawsuit. They still have not completed that task, and the deadline is January 28, 2024.

In addition, the Dept. of Education was given three years to process over 250,000 post class members' applications. It will take some time for the DOE to get through this enormous backlog of applications before they can begin processing any new applications. So please be patient, and please have faith that your application will eventually be reviewed and hopefully approved.

And in the meantime, as previously mentioned, you can legally stop paying on your federal student loans—after you submit your Borrower Defense application—and after your account has been put into administrative forbearance, *which is your legal, right!*

Also, please note: after your account is put into administrative forbearance, your student loan servicer cannot report you to the credit bureaus for late payments, and any collections efforts must cease.

WHAT HAPPENS IF YOUR BDTR APPLICATION IS APPROVED?

- You will rejoice and celebrate an end (or partial end) to your crushing federal student loan debt!
- You will receive either a full discharge (100%) OR partial discharge of your remaining student loans.
- You may receive a refund of all payments to federal student loans—if paid directly to the DOE. (Commercially-backed FFEL and FFELP loans are ineligible for reimbursement.)
- You will have any negative credit reporting with the credit bureaus removed.
- You will have reinstatement of your federal student aid eligibility—if previously lost.
- You will have your Pell Grant eligibility restored—if you had previously received a Pell Grant.
- Your grant restoration should happen automatically, but unfortunately, sometimes it doesn't. If that happens to you, call Studentaid.gov, and ask them to fix the problem. 800-433-3243.

WHAT HAPPENS IF YOUR BDTR APPLICATION IS NOT APPROVED?

You can submit a request for reconsideration. You should explain what exactly you believe was decided incorrectly and provide corroborating evidence to support your claim.

If your application was denied, but you have discovered new information of fraud or misconduct by your school *that was not mentioned in your original application*, you need to submit a new BDTR application.

If your application is denied, your forbearance will come to an end. During the appeal process, you will unfortunately be required to resume making payments on your federal student loans. If you fail to resume making payments, any one of the following may happen:

- You might be reported to the 3 credit bureaus.
- Collection agencies may begin contacting you.
- Income tax refunds might be seized.
- Wages might be garnished.

<http://tinyurl.com/if-denied-forgiveness-do-this>

You might also be able to appeal the denial in federal court, depending on the facts regarding your individual case. If you decide to go that route, I highly recommend hiring a qualified attorney with expertise in this area.

EXCERPT FROM THE STUDENTAID.GOV WEBSITE REGARDING DENIALS:

<https://studentaid.gov/borrower-defense/>

You may challenge our decision in federal district court. You may also request that we reconsider your application based on at least one of the following grounds:

- Administrative or technical errors.
- Consideration of a state law standard for Direct Loans first disbursed before July 1, 2017.
- Identification of evidence that wasn't previously provided and that we didn't identify in our final decision letter.

If you identify one of the above grounds, you can ask us to reconsider your borrower defense application in one of two ways:

1. Apply for reconsideration by completing the Request for Reconsideration application available to you when you select the “Apply” button above.
2. Mail your request to: U.S. Department of Education, P.O. Box 1854, Monticello, KY 42633.

To qualify for reconsideration, you must submit your request within 90 days of receiving our decision letter. Requests for reconsideration must identify one of the three grounds for reconsideration. We won’t accept any request for reconsideration that includes only new allegations of misconduct by your school. If you include only new allegations of misconduct by your school in your reconsideration request, the request will be rejected.

You must file a new application regarding new allegations of misconduct by your school, other than those described in the borrower defense application identified in your notification email. In the new application, explain in the relevant sections the basis for any new borrower defense claims, and submit all supporting evidence.

COMMERCIALY-BACKED FFELP LOANS—INELIGIBLE FOR REIMBURSEMENT!

If you went to school a long, long time ago, like me, you might have a FFEL or FFELP federal student loan. These can be either commercially or federally held.

If your FFELP was bought by the government, then it’s federally held. This happened to some of these loans when the program was discontinued in 2010. If you have federally-held FFELP student loans, and your BDTR application is approved, you might be eligible for a refund of past payments made directly to the federal government.

But if you have commercially-backed FFELP loans, like me, then you are unfortunately INELIGIBLE for any reimbursements of payments made.

In the late 90s and 2000s, the Department of Education was using money from private lenders to fund FFELP student loans. The DOE says that they can’t refund our money because they can’t force a private lender to return our payments.

But these loans were considered FEDERAL STUDENT LOANS when we signed on the dotted line. It’s not our fault the government didn’t use their own money. They guaranteed these loans to the private lenders, and they still called them Federal Student Loans. But now many of us have lost out on our reimbursement due to having this type of loan, unbeknownst to most of us at the time we took it out.

As mentioned previously, I am a full class member in the Sweet vs. Cardona class action lawsuit, however, I am ineligible for the refund because I unfortunately have commercially held FFELP loans . I strongly believe this is GROSSLY UNFAIR because the hundreds (possibly thousands) of AI students across the county who took out these loans deserve the SAME RELIEF as everyone else—*because we were defrauded, like everyone else!* I paid on my student loans for 20 years, yet I get no reimbursement because of the WAY in which my loans were funded. It’s BS.

I believe that the government should be responsible in reimbursing all holders of commercially-backed FFELP loans—who get their Borrower Defense to Repayment applications approved!

I believe it would take another class action lawsuit to force the DOE to do the right thing, and refund all payments made by defrauded students on commercially-backed FFELP loans. However, I work full time, so I unfortunately can't take the lead on this. I wish I could. But if anyone reading this want to take the reins, I would support you in any way possible. I just literally don't have the time it would take to get this done. But perhaps you do? Please contact me if you're interested in pursuing this. Thanks.

- <https://www.nerdwallet.com/article/loans/student-loans/what-are-ffel-loans>
- <https://studentaid.gov/articles/what-to-know-about-ffel-loans/>
- <https://www.consumerfinance.gov/ask-cfpb/what-is-a-federal-direct-loan-en-1553/>
- <http://tinyurl.com/FFELP-overlooked-borrowers>

TAX IMPLICATIONS FROM DISCHARGED LOANS AND/OR REFUNDS

The IRS and the U.S. Department of the Treasury have stated that loans discharged through Borrower Defense to Repayment (because your school committed fraud and/or closed during your enrollment) are NOT TAXABLE as income on the federal level. However, they might be taxable at the state and local levels, depending on where you live. I haven't found any articles addressing whether or not any refunds/reimbursements of previously made payments would be taxable or not. Before doing your taxes after receiving a discharge of your loans and/or a refund, **I highly recommend consulting a qualified tax advisor, which I AM NOT!**

TAX RELATED LINKS:

- <http://tinyurl.com/ppsl-irs-prevents-tax-burden>
- <https://finance.yahoo.com/personal-finance/tax-on-student-loan-forgiveness-182343895.html>
- <http://tinyurl.com/student-loan-forgiveness-taxes>
- <https://www.taxdefensenetwork.com/blog/is-student-loan-forgiveness-taxable/>
- <http://tinyurl.com/defrauded-students-not-taxed>

AVOIDING STUDENT LOAN SCAMS

NEVER PAY SOMEONE to file your Borrower Defense to Repayment application! It's FREE TO FILE on the studentaid.gov website. There is NO FEE whatsoever for applying. Many unscrupulous people will try to take advantage of you. Knowledge is power, and education is the key to stopping scammers. Learn how to protect yourself. We already got scammed by our schools. We DO NOT need to get scammed again!

STRANGER DANGER: Never respond to unsolicited phone calls or emails by any person, company, or bank who promises to get you a better deal, lower interest rate, reduced monthly payment, or loan forgiveness on your federal student loans. To explore payment options and/or forgiveness programs, you should ONLY go to the DOE's Federal Student Aid website at: <https://studentaid.gov/>, or by calling 1-800-433-3243.

RED FLAGS FOR SCAMS:

- Contact is unsolicited via phone calls, texts, email, snail mail, social media, etc.
- High pressure sales tactics are used and you're asked to make a quick decision.
- Company asks for your social security number or other confidential information.
- You're asked to pay an upfront or monthly fee to access debt relief.
(It's FREE to apply for federal student loan forgiveness programs.)
- The company guarantees loan forgiveness in a short time frame. (Most programs take years.)
- The message contains misspellings and grammatical errors. (Many scams originate overseas.)
- You are asked for your Federal Student Aid (FSA) ID or password. (Your ID can be used to electronically sign documents, and your loan servicer will never ask for it.)
- You are promised forgiveness for private student loans—for an upfront fee.
- You are asked to sign a third-party authorization or power of attorney.

WAYS TO PROTECT YOURSELF:

- Don't click on any links in messages, emails, social media, etc. claiming to be for debt relief. These could be phishing scams designed to steal your personal information. (Phishing scams take you to a fake website that looks almost exactly like the real one, and then steals your private data.)
- Never share your login information for your studentaid.gov account.
- Learn how to identify the red flags for student loan scams.
- Never give third-party authorization or power of attorney to a stranger.
- Read the articles posted below.

RELATED LINKS:

- <https://studentaid.gov/resources/scams>
- <http://tinyurl.com/protection-from-scams>
- <http://tinyurl.com/student-loan-relief-scams>
- <http://tinyurl.com/student-loan-scams>
- <http://tinyurl.com/recognize-student-loan-scams>
- <http://tinyurl.com/avoid-student-loan-scams>

***IF YOU BECOME A VICTIM OF A STUDENT LOAN SCAM, PLEASE REPORT IT!**

The Federal Trade Commission (FTC): <https://reportfraud.ftc.gov/#/>

Your State's Attorney General: <https://reportfraud.ftc.gov/#/>

FILING COMPLAINTS ABOUT THE ART INSTITUTE

**After you finish filing your BDTR application...*

**PLEASE ALSO FILE COMPLAINTS WITH THE FEDERAL TRADE COMMISSION (FTC)
AND THE U.S. DEPARTMENT OF EDUCATION'S OFFICE OF INSPECTOR GENERAL**

**As more people file official complaints against AI schools, the greater our chances of getting a group, school-wide approval for all BDTR applications for all former AI students!*

Help us push for a **GROUP DISCHARGE** of all federal student loans for all former Art Institute students!

Please file a complaint about the Art Institute school you attended. Describe whatever the **FRAUD** was committed against you, such as: high pressure sales tactics, showing fake job statistics, and lies about total cost of tuition, credits being transferrable, accreditation, income potential, and job placement services after graduation, etc. Please tell your personal story of how the fraud has impacted your life.

THERE IS POWER IN NUMBERS, and we really need your help to make this happen. The more complaints these government agencies receive, the more likely it is that the DOE will take action and issue a school-wide group discharge. This is something that each of us can do that collectively will make a huge difference!!! **THANK YOU FOR YOUR HELP!**

FEDERAL TRADE COMMISSION

<https://reportfraud.ftc.gov/#/>



FEDERAL TRADE COMMISSION
ReportFraud.ftc.gov

**Report to help
fight fraud!**

Report Now →

STEP-BY-STEP GUIDE FOR FILING YOUR FTC COMPLAINT—COURTESY OF ASHLEY PIZZUTI

<http://tinyurl.com/guide-to-file-FTC-complaint> THANKS, ASHLEY!

U.S. DEPARTMENT OF EDUCATION'S OFFICE OF THE INSPECTOR GENERAL

<https://oig.ed.gov/oig-hotline>



U.S. Department of Education
Office of Inspector General

OIG Hotline

Report Fraud, Waste, or Abuse to our Hotline

The OIG Hotline is available for anyone who knows of or suspects fraud, waste, abuse, mismanagement, or violations of laws and regulations involving U.S. Department of Education funds or programs. This includes allegations of suspected wrongdoing by Department employees, contractors, grantees, schools and school officials, persons in positions of trust involving Department funds or programs, collection agencies, recipients of student financial assistance, or lending institutions. If you have knowledge of any wrongdoing involving Department funds or operations, let us know!

Check out the links below for more information on what to report, how to file a report, whistleblower protections, and other resources. Or, click the button below to get started.

Click Here to Report Now

PLEASE ALSO SEND A COPY OF YOUR COMPLETED BORROWER DEFENSE TO REPAYMENT APPLICATION TO THE ATTORNEY GENERAL OF YOUR STATE!

FIND YOUR ATTORNEY GENERAL:

<https://www.naag.org/find-my-ag/>



Some attorneys general across the country are already investigating various for-profit schools who are suspected of committing fraud and/or are known to have committed fraud. Your application may provide additional evidence and strengthen their cases. Also, the more applications they receive from former Art Institute students—the greater our chances of obtaining a GROUP, SCHOOL-WIDE DISCHARGE for all remaining student loans for all former AI students. If this happens, it will most likely only apply to those people who have submitted their BDTR applications, so I encourage you to get yours submitted ASAP!

PLEASE HELP SPREAD THE WORD!

Please tell your family and friends about the Borrower Defense to Repayment Program. You probably have some relatives and/or friends who are struggling with crushing federal student loan debt. If they attended a school that COMMITTED FRAUD, then please let them know about this important and potentially life-changing program. People can't apply if they don't know about it, so I thank you in advance for helping to spread the word. We're all in this together, so let's help one another as best we can. THANK YOU.

CLOSING REMARKS

I have just shared a ton of information here. *Kudos to anyone who reads the whole entire thing! LOL.* I hope that this information is helpful to those of you getting ready to file your Borrower Defense to Repayment application.

I truly believe that anyone who attended any of the Art Institute schools has an excellent chance of having their Borrower Defense to Repayment application approved!

**Obviously, I can't guarantee this 100%, but I am extremely optimistic.*

The Dept. of Education already has a ton of evidence of their fraud—from their own investigations, and from the evidence submitted by thousands of former AI students. And don't forget, the Art Institute was sued by the Justice Dept. in 2011, and settled for a \$95.5 million dollar fine in 2015! I know—I sound like a broken record, but it bears repeating because it established a precedent of fraudulent behavior.

THE DOE KNOWS ART INSTITUTE SCHOOLS COMMITTED WIDESPREAD FRAUD!

You can also mention in your application that the Art Institute schools were included in a list of 153 named schools in the Sweet vs. Cardona class action lawsuit settlement agreement. These are schools that are known to the DOE to have committed fraud. And as a result, all of the full class members of the lawsuit who attended any one of those 153 schools received automatic approval of their Borrower Defense applications. The government would not have included any school on that list unless it had ample, concrete evidence of FRAUD! **GOOD LUCK TO EVERYONE! YOU GOT THIS!**

DOCUMENTARIES & VIDEOS

Loan Wolves—Dec. 11, 2022

<https://www.nbc.com/loan-wolves/video/loan-wolves/8000007716>

Borrowed Future—How Student Loans Are Killing The American Dream—Oct. 17, 2022

<https://youtu.be/W7krdoXswQA?si=jmz2qz06MzUzw7Gk>

College, Inc. Produced—by FRONTLINE at PBS—Jun. 14, 2022

https://youtu.be/ULUtX4fZKlk?si=R0mxLRypVkhjOM_n

Fail State—Oct. 28, 2017

<https://tubitv.com/movies/600680/fail-state>

<https://failstatemovie.com/>

A Subprime Education—Produced by FRONTLINE at PBS—Sept. 13, 2016

*Includes interview with then CA Attorney General, Kamala Harris!

<https://www.pbs.org/wgbh/frontline/documentary/a-subprime-education/>

For profit colleges leaving a lot of students' dreams unrealized—ABC News—Sept. 19, 2013

*Includes interview with former student from Art Institute of Tampa

<https://youtu.be/A-q5Wzyoxxo?si=O8e-TCFbckU46TMm>

ADDENDUM—HISTORY OF SWEET V. CARDONA

BACKGROUND OF THE CASE

In case any of you are interested in learning more about the Sweet v. Cardona class action lawsuit, and the subsequent settlement agreement, I'm posting some links below.

One thing you should know is that an amazing woman named **Theresa Sweet** is the main reason why the Borrower Defense to Repayment program has been resumed! Ms. Sweet, along with her dedicated team of volunteers, worked tirelessly on the case for many, many years before it was finally settled.

Under the Trump Administration, former Secretary of Education, Betsy DeVos, had completely halted the program, and thousands of applications remained in limbo for years! Then our hero, Theresa Sweet, joined forces with Harvard Law School's Project on Predatory Student Lending, and filed the 1st class action lawsuit, Sweet v. DeVos. Ms. Sweet won that lawsuit, and the DOE was ordered to resume processing the applications.

In response to the judge's orders, the DOE (under the direction of Betsy DeVos) began "processing" the enormous backlog of Borrower Defense to Repayment applications—by issuing thousands upon thousands of BLANKET DENIALS with no real explanation provided.

Ms. Sweet then responded by filing a 2nd class action lawsuit—regarding the blatant disregard for the fraud allegations described in the applications, and providing no reasons whatsoever for the denials.

Theresa Sweet was able to get all of the previously denied applications REINSTATED as part of the settlement agreement! And when the case was finally settled, all full class members who attended one of the 153 schools named in the agreement received an AUTOMATIC APPROVAL of their Borrower Defense to Repayment application!

The DOE was then given one year to fully process over 260,000 full class members' applications! I'm not sure if they will meet this deadline on Jan. 28, 2024 because many full class members, including me, still have not had our loans discharged. But I am confident that it'll happen eventually because I know that Theresa Sweet and the attorneys at the PPSL are staying on top of this.

Anyway, we owe a WORLD OF THANKS to Theresa Sweet, her devoted team, and the amazing lawyers at the Project on Predatory Student Lending! We should also be thankful for having Miguel Cardona as the Secretary of Education, a man who truly cares about people who were defrauded. And let's not forget Judge "Daddy" William Alsup, the presiding judge in the Sweet v. Cardona case. He demonstrated a level of integrity, empathy, and fairness that is exceeding rare these days, and for which I am very grateful.

I truly believe that the Sweet v. Cardona class action lawsuit has changed the way these applications are processed, and hopefully the entire process will be handled much more fairly moving forward.

SWEET V. CARDONA LINKS

- <https://www.ppsl.org/sweet-v-cardona-class-members>
- <http://tinyurl.com/court-approves-6-billion>
- <https://www.npr.org/2022/11/17/1135615520/student-loan-forgiveness-borrower-defense>
- <https://www.washingtonpost.com/education/2022/11/16/student-loan-settlement-finalized/>
- <https://studentaid.gov/announcements-events/sweet-settlement>
- <https://www.nerdwallet.com/article/loans/student-loans/sweet-v-cardona>
- <http://tinyurl.com/judge-slams-devos-for-denials>
- <http://tinyurl.com/6-billion-settlement-loans>
- <http://tinyurl.com/judge-allows-loan-forgiveness>
- <http://tinyurl.com/supreme-court-loan-forgiveness>
- <http://tinyurl.com/ppsl-independent-nonprofit>
- <https://www.bestcolleges.com/news/sweet-v-cardona-debt-forgiveness-case-advances/>
- <https://www.bestcolleges.com/news/department-education-sweet-settlement-cancel-student-loans/>
- <https://storage.courtlistener.com/recap/gov.uscourts.cand.344091/gov.uscourts.cand.344091.382.0.pdf>
- <http://tinyurl.com/sweet-v-cardona-college-list>
- <https://youtu.be/WG22hJVnM-M?si=Crg7SIOMwRuj5Gy7>
- <https://news.yahoo.com/class-action-settlement-student-loan-relief-205650590.html>
- <http://tinyurl.com/bdtr-applications-ignored-2019>
- <https://thecollegeinvestor.com/40244/for-profit-college-student-loan-forgiveness-list/>
- https://youtu.be/aiV5D0AvvIE?si=JCNp52e0EgwP6t_1&t=1520
- <https://youtu.be/cYSrWWH-Ios?si=TxNiaWookeMhFfxV&t=1567>
- <https://predatorystudentlending.org/wp-content/uploads/2022/06/Sweet-Settlement-Agreement.pdf>

SPECIAL THANKS to Kim Tran, Tarah Fritts Gramza, Ashley Pizzuti, and Tony Strata for giving me permission to include links to their materials in this guide. I really appreciated it. We're all in this together, and hopefully this guide will help more people to apply and receive student loan debt relief in the future.