Attorney General Frosh Announces Over $2.6M in Debt Relief for Former Brightwood College Students in Maryland

Debts Owed to Brightwood by Maryland Students will be Cancelled

BALTIMORE, MD (November 16, 2020) – Maryland Attorney General Brian E. Frosh today announced an agreement to obtain approximately $2,622,877 in debt relief for approximately 1,200 former Maryland students of Brightwood College as part of a settlement between his Consumer Protection Division and Elevation Capital Partners, LLC. The settlement also provides that a significant portion of the payments made by Marylanders to Elevation Capital or its servicers will be refunded.

Brightwood College, which was owned by Education Corporation of America (ECA), operated campuses in Towson, Beltsville, and Baltimore that enrolled students in low-quality programs at a price significantly higher than comparable programs at Maryland’s public institutions. The graduates of ECA’s programs, on average, earned less than graduates at similar programs and had a significantly higher rate of loan defaults. During its recruitment of students, ECA also misled students about its accreditation status, its ability to provide career development services after students graduated, its instructors, and its facilities. After losing its accreditation in December 2018, ECA abruptly closed all of its schools without any prior notice to students and failed to help students transfer to other institutions.

ECA’s high tuition cost gave students little choice but to take on student loans issued by ECA itself, often in addition to other federal or private student loans that students incurred to pay their tuition. After ECA closed, a court-appointed receiver who was managing the assets for the then-shuttered company sold the rights to collect on these student loan debts to Elevation Capital Partners, a third-party debt buyer.

“These student loans should have been cancelled immediately when Brightwood College abruptly closed and the students didn’t receive what they had been promised,” said Attorney General Frosh. “I am pleased that our office has been able to provide relief to Maryland students victimized by Brightwood. Loans owed directly to the school will be cancelled.”

In the settlement, Elevation Capital agreed that it will forgo collection of the outstanding loans owed by Marylanders and refund approximately 75% of the money that Elevation Capital collected from students after it bought the portfolio of loans. The settlement also requires Elevation Capital to ask credit reporting agencies to delete any information about those loans from the credit reports of affected borrowers that it reported to those agencies.
Affected students do not need to do anything to receive the debt relief. Students who are due refunds of payments that they made after ECA transferred the debt will be contacted by the Attorney General’s Office. Students may contact the Attorney General’s Consumer Protection Division at 410-528-8662 with questions or concerns.

In making today’s announcement, Attorney General Frosh thanked Assistant Attorney General Christopher Madaio for his work on the case.