

September 13, 2021

Via Electronic Mail

Richard Cordray
Chief Operating Officer
Federal Student Aid
U.S. Department of Education
400 Maryland Ave, SW
Washington, DC 20202

Dear Mr. Cordray:

On September 30, 2021, La'James International College¹ ("LJIC")'s program participation agreements ("PPAs") with Federal Student Aid ("FSA") will expire. We encourage FSA to take this opportunity to bring the school fully into compliance with Title IV regulations before issuing new PPAs.

LJIC has engaged in myriad unlawful educational practices and deceptive behaviors over the past few years, including misrepresentations to students about the timing and availability of living expense disbursements. In May 2020, our organization sued LJIC for these misrepresentations on behalf of four former and current LJIC students seeking to represent a class of fellow students.² The court certified the class, and the case is currently stayed, pending LJIC's appeal.³

The State of Iowa likewise concluded that LJIC has been making misrepresentations about financial aid. In 2016, Iowa entered into a Consent Judgment with LJIC, with the purpose of halting the school's many unlawful practices.⁴ However, the Settlement Administrator supervising the Consent Judgment concluded that LJIC was making misrepresentations regarding living expense disbursements in a December 2018 report.⁵ Iowa gave LJIC notice in August 2020 that it was in violation of the Consent Judgment, in particular, a prohibition on "any false, deceptive, or misleading statements concerning financial aid."⁶ Because of this misconduct, Iowa extended the administrator's term, which remains in effect.

LJIC is also on your office's radar. FSA placed LJIC on Heightened Cash Monitoring 2 on August 28, 2017, where it remains today, due to the "potential of severe program review findings such as failure to make refunds or return of Title IV funds."⁷ In May 2020, LJIC agreed to pay approximately \$500,000 to settle numerous potentially adverse findings in three campuses⁷

¹ OPEID Nos. 01300600, 00959300, 02274100, 02134500, 00842400.

² *Detmer v. La'James Coll. of Hairstyling Inc. of Fort Dodge*, No. 05771 LACL147597 (Polk Cnty. Dist. Ct., May 12, 2020).

³ Order Granting Pl.s' Mot. For Class Certification (Feb. 2, 2021), *id.*

⁴ Proposed Consent Judgment at ¶ 72, *Iowa v. La'James Coll. of Hairstyling Inc. of Fort Dodge*, Equity No. EQCE077018 (Polk County Dist. Ct., Jun. 29, 2016).

⁵ Administrator Report at 19, *Iowa v. La'James Coll. of Hairstyling Inc. of Fort Dodge*, Equity No. EQCE077018 (Polk County Dist. Ct., Dec. 19, 2018).

⁶ Letter from Max M. Miller, Assistant Att'y Gen., Iowa Dep't of Just., to Douglas E. Gross and Rebecca A. Brommel, BrownWinick Law (Aug. 13, 2020).

⁷ U.S. Dep't of Educ., Fed. Student Aid, Heightened Cash Monitoring, <https://studentaid.gov/data-center/school/hcm>.

program reviews, and attested that it had “established policies and procedures in place to ensure that repeat violations will not occur in the future.”⁸ Yet, the misrepresentations continue.

The expiration of LJIC’s PPAs presents an opportunity to ensure that LJIC reforms its behavior and stops harming its students. To that end, we make two requests. First, before FSA awards new PPAs to LJIC, it mandates that LJIC fully disburse all Title IV funds, including living expense stipends, that it owes to its current and former students. Second, before issuing new PPAs, we request that you determine whether LJIC is in full compliance with the Consent Judgment. *See* 20 U.S.C. § 1094(a)(1); 34 C.F.R § 668.14(b)(1); 34 C.F.R 668.13(c)(4)(ii).

We appreciate your commitment to overseeing Title IV institutions, including ensuring that schools make all required disbursements and do not mislead students. LJIC has spent far too long misleading hundreds of students, many of whom faced severe economic hardships because LJIC has not timely disbursed their Title IV funds. We strongly encourage your office to use all the tools at your disposal to make sure LJIC fully complies with Title IV.

Sincerely,

Aaron Ament
President
National Student Legal Defense Network

⁸ Settlement Agreement, U.S. Dep’t of Educ. and La’James In’l Coll., *et. al.* (May 2020).