

# NEWS BRIEF

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## **Supreme Court Refuses to Block \$6 Billion Student Debt Relief Settlement**

On Thursday, April 13, 2023, the U.S. Supreme Court declined to block a nearly \$6 billion class-action settlement related to canceling student loans for hundreds of thousands of borrowers. This class-action settlement pertains to loans that borrowers claim should be canceled because they were taken out based on misrepresentations made by their colleges. The Supreme Court justices did not comment in making their ruling.

The settlement was originally approved by a U.S. District Court in California in November 2022. That case was based on complaints that more than 150 colleges made false recruiting claims, leaving many students unable to find jobs. Everglades College, Lincoln Educational Services Corp. and American National University appealed to the Supreme Court to halt the District Court's ruling and hear the case. These organizations operate colleges that the federal government placed on a list of more than 150 institutions linked to claims of substantial misconduct. Lincoln Educational Services and American National University are for-profit schools.

Lower courts had previously denied the schools' attempts to stop the settlement while they appealed. Additionally, the U.S. Department of Justice had already started implementing the settlement agreement before the organizations' petition to the Supreme Court.

### **What's Next?**

This settlement is unrelated to the Biden administration's student debt relief plan, which is significantly broader and would impact substantially

more borrowers. In February, the Supreme Court heard arguments regarding the Biden administration's plan and seemed skeptical that the program was lawful. The court will likely issue a ruling on the administration's debt relief plan in the near future.

We will keep you apprised of any notable changes.

