Higher Ed Shakedown

Exposing the Secretive Partnership among Biased Bureaucrats, Progressive Activists, and an Ultrawealthy Donor to Eliminate Successful Businesses in Higher Education

MEMORANDUM

To: Interested Parties
From: AAF Research Team
Date: May 23, 2024
Re: Third in a Series: *Exposing the Secretive Partnership among Biased Bureaucrats, Progressive Activists, and an Ultrawealthy Donor to Eliminate Successful Businesses in Higher Education*

Last year the American Accountability Foundation (AAF) launched a series of reports to examine the efforts by a network of progressive government policymakers to snuff out successful businesses serving in the higher education industry — a concerted initiative, underreported in the media, that threatens to limit student choice, inhibit innovation, perpetuate a failing model of education, and advance the far-left's mission of unrestrained student loan forgiveness and eliminating for-profit enterprises from higher education altogether..

The first in the series, *Cordray's Witch Hunt at the Department of Education* (www.DOEDWitchHunt.com) revealed the Department of Education's weaponization of the Federal Student Aid Office to coerce students into traditional public and private four-year colleges. Since AAF's report, Richard Cordray, head of the Federal Student Aid Office, was dumped following the botched rollout of the Free Application for Federal Student Aid (FAFSA)—a national fiasco that delayed college decisions for tens of thousands of high school graduates. But the political investigatory team he built remains in place.

The second report, *The New Liberal Mega Donor* (www.TheRealArnolds.org) pulled back the curtain on the dealings of billionaire benefactor John Arnold, who has funneled $20+ million into proxy organizations to support the Biden Administration's higher education defense—despite a checkered past of his own and an apparent disregard of consequences on underserved students.

This paper, the third in the series, identifies three progressive activist organizations, each funded almost entirely by the Arnold Foundation, that serve as an extension of the Biden Department of Education. Masquerading as independent advocates for student interests, these Administration bedfellows provide the political cover and tactical know-how to harass and shutter successful businesses in higher education. These group's end goal is to restore control of services disrupted by innovation securely under the purview of conventional college administrators, despite their egregious track record, which is typified by their handling of campus pro-Hamas protests.

This paper identifies the origins and key staffing at these organizations; the unique coordinating role each plays; and the novel techniques employed to advance their liberal agenda.

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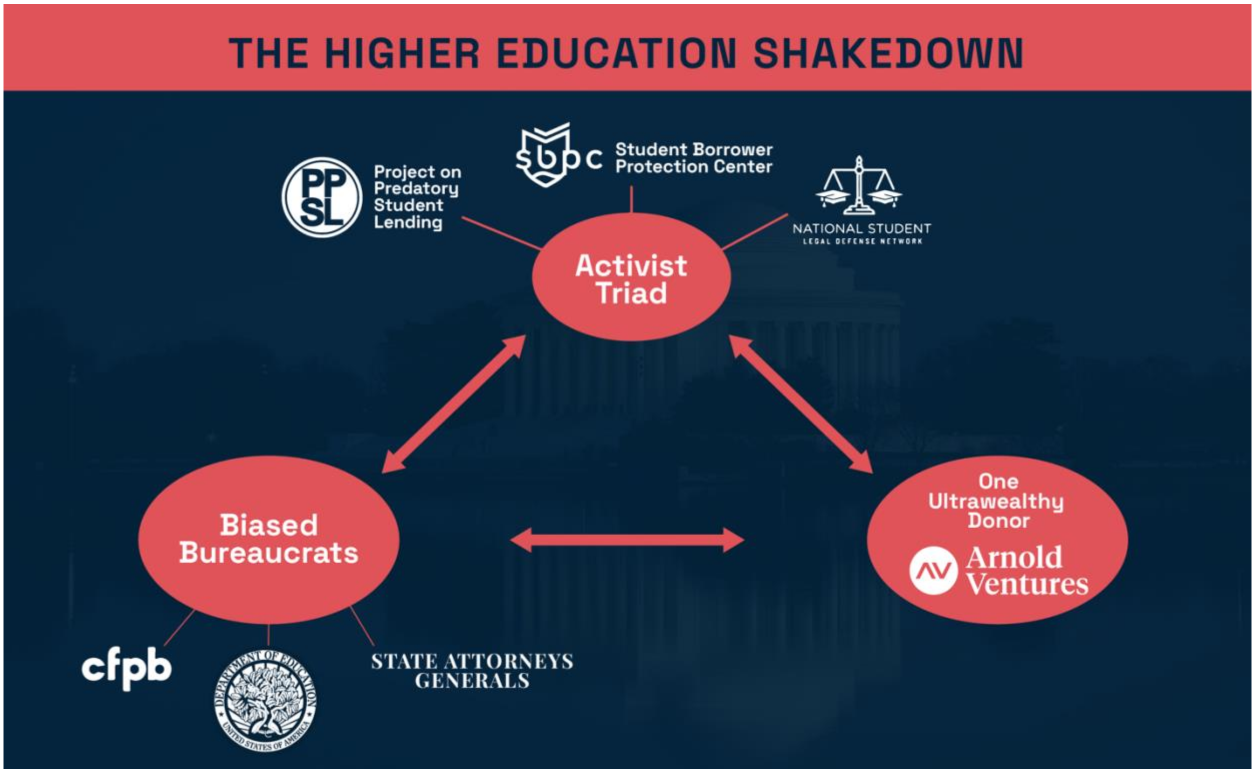

Six Things You Need to Know

1. The Higher Ed Shakedown Is a Secretive Collaboration among Biased Bureaucrats, an Ultrawealthy Liberal Donor, and Three Activist Organizations

The Biden Department of Education, staffed with bureaucratic loyalists and political operatives, recruited a network of liberal activists—many former Obama-Biden Administration officials masquerading as objective, independent education policy "experts"—to target successful businesses that threaten the Department's agenda. These proxies lead litigation and public smear campaigns that are intended to discredit and debase businesses in higher education.

2. $20+ Million Bankrolled by the Arnolds

Under the Biden Department of Education, personnel move freely between government posts, activist organizations, and the Arnold Foundation. The web of shell organizations is bankrolled by an ultrawealthy, liberal mega-donor who has provided more than $20 million of funding to the activist organizations since 2018 . (See TheRealArnolds.org.)

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3. The Department of Ed's Federal Student Aid Office of Enforcement is the Tip of the Spear

As previously reported by AAF, the Department of Education's Federal Student Aid Office of Enforcement, the regulatory authority critical to the Administration's mission to achieve mass student loan cancellation, has rapidly hired new investigators—including a 600 percent budget increase request—to pursue career colleges without guardrails while ignoring the malfeasance of conventional public and private universities and community colleges. While Richard Cordray, the under-qualified and overtly partisan director, has tendered his resignation for fumbling the Free Application for Federal Student Aid (FAFSA), the entire Department remains stocked with liberal zealots, hand-picked personally by Mr. Cordray, and their ideological mission remains unchanged. (See DOEDWitchHunt.com.)

4. An Activist Triad Provides Political Cover to Protect Conventional Higher Ed

Within the Department of Education's activist community, there are three main organizations—an "Activist Triad"—each of which, beginning 5 to 7 years ago, began receiving most of their funding from the Arnold Foundation. This network is designed to enable Administration loyalists to move employment between government posts and seemingly objective advocacy organizations. Each leg of the Activist Triad works at the Department's bidding—to recruit "independent" experts, train new activists, especially in key Democrat states, and wage a campaign of "lawfare" against successful businesses in higher education.

5. Goal: Eliminate Successful Enterprises and Return All Control to University Administrators

The Activist Triad began by targeting proprietary career colleges but has expanded its scope to include other successful vendors—namely Online Program Managers—that support traditional colleges and small and start-up programs. And now, these groups are even going after quasi-government agencies that process student loans, like the Missouri Higher Education Loan Authority (MOHELA). The goal of the Triad is to eliminate all commercial vendors and vest even more control over higher education with college administrators—the same people currently enabling hateful campus protests.

6. Adopting the Novel Tactics of "Lawfare"

The Activist Triad's tactics to advance their liberal policies and harass successful businesses blur the lines of public oversight, including hosting secretive legal trainings for government employees, conducting "experiments" to produce evidence in lieu of organic complaints, and generating a wave of lawsuits.

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Methodology:
This report contains a comprehensive analysis of information obtained through interviews, court records, and other public records.

The American Accountability Foundation (AAF) research team sent the public records requests to ten state Attorney Generals offices that appear to actively communicate with the special interests identified in this report: Arizona, California, Colorado, Connecticut, Delaware, Maryland, Michigan, New Mexico, Oregon, and Washington. Only Washington failed to provide a response.

Owing to the disparities in access permitted under varying state open records laws, results were mixed with some states providing access to documents related to strategic planning and non-litigation communications. Records returned from the states of Oregon and Colorado, provide specific insights to the relationship these outside groups have with working with state Attorney General offices.
Additional information regarding each of these organizations and individuals was gleaned from various open-source publications and websites.

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How We Got Here: Pursuing Plan B for Free College

It's no secret that President Biden and likeminded lawmakers are committed to achieving mass student loan forgiveness to blatantly buy the votes of nearly 15 million twenty-somethings.[1] In the lead-up to the 2020 election, then-candidate Biden made the promise a cornerstone of his campaign.[2] Many observers interpreted the platform as a concession to far-left Democrat voters, with whom support was flagging, that demanded "free college" and cancellation of as much as 95 percent of student debt. Whatever the case, the President and his advisors seem to have drank their own Kool-Aid; the White House has repeatedly advertised that since "day one" President Biden has worked to "fix" the student loan system through "debt cancellation."[3]

Indeed, the Biden Administration sought to make good on its promise in 2022, when it introduced a plan to cancel up to $20,000 of student loans for certain qualifying students.[4] The White House's most recent budget proposes doubling the size of Pell grants but excludes career colleges, which the Administration has sought to paint as "predatory" institutions, despite evidence to the contrary. The Administration has repeatedly touted its record of "holding schools accountable" for high tuition cost increases,[5] though its enforcement has disproportionately targeted for-profit institutions.

The Administration's 2022 $400 billion student debt cancellation plan was foiled by the U.S. Supreme Court, which in a 6-3 decision less than a year later ruled that the proposal violated Executive Branch authority.[6] The Court's ruling stated: "While Congress specified in the Education Act a few narrowly delineated situations that could qualify a borrower for loan discharge, the Secretary has extended such discharge to nearly every borrower in the country. It is 'highly unlikely that Congress' authorized such a sweeping loan cancellation program."[7]

Nevertheless, the Biden Administration has persisted in its mission. Citing an obscure legal settlement, *Sweet v. Cardona*, the Department of Education has handed down $45 million in penalties to over 90 colleges as political cover to start erasing more than $11 billion of federal student loans via group discharges. This appears to be the Administration's strategy, spearheaded by the Department of Education—dredge up dirt on schools, however contrived, and then use those allegations, however flimsy, as grounds to dismiss student debt.[8]

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[1] Average Student Loan Debt by Age [2023]: Facts & Statistics (educationdata.org)
[2] https://www.forbes.com/sites/adamminsky/2020/10/07/biden-affirms-i-will-eliminate-your-student-debt/?sh=6e92213c58a7
[3] https://tinyurl.com/3x2d4typ
[4] https://tinyurl.com/3bj4fkbp
[5] https://www.whitehouse.gov/briefing-room/statements-releases/2022/08/24/fact-sheet-president-biden-announces-student-loan-relief-for-borrowers-who-need-it-most/
[6] https://tinyurl.com/w7jvd9sc
[7] https://www.supremecourt.gov/opinions/22pdf/22-506_nmip.pdf
[8] https://www2.ed.gov/about/overview/budget/budget25/justifications/r-saa.pdf, 40

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This scheme has always been the plan: Swing for the fences, but at least get student loans paid off at schools that are forced to close because of unmitigated and capricious government regulations from the Department of Education, or whose reputations have been sufficiently discredited through the same.

However, the President and his advisors seem to have realized that such sweeping action would require cover fire. Their biggest problem, namely, was students themselves. Generation Z, which the *Wall Street Journal* dubbed the "Toolbelt Generation,"[9] has made an exodus from traditional four-year colleges and universities. Making up the overwhelming majority of American college students, they decline to participate in disruptive rallies and woke culture, and instead opt for higher ed alternatives, like career and vocational colleges, with the intention of finding a job, contributing to their local communities, and repaying their loans.

The Biden Administration seemed to recognize early on that it would need to reframe the narrative around shuttering career colleges in order to achieve its student debt cancellation promises. As AAF reported previously, the President began to stack the bench early in his administration at key agencies, with appointments like Richard Cordray—known partisan cronies that have spent their careers attempting to gut unconventional higher education options and the businesses that support them.

Organizing Activists to Launch a 'Lawfare' Campaign Against Successful Enterprises

Taking the lead from the Obama Administration, the Biden Administration's original target was career colleges, which differ from conventional public and private colleges, universities, and community colleges because they frequently operate as commercial enterprises by paying taxes and returning shareholder value. (By contrast, public and private colleges, universities, and community colleges are tax-exempt and provide no returns to investors, pensioners, and retirees.) However, Team Biden expanded its hit list to include many other successful businesses and vendors that efficiently serve these traditional colleges, such as Online Program Managers and student loan servicers.

Yet, even the Administration would need to build public support to advance its goals, lest it be confronted by concerned stakeholders and lawmakers who would recognize the legislative overstep.

Whether by good luck or good coordination, the White House found a fertile field of activists to carry its water. Following the 2016 election, a swarm of former Obama Administration bureaucrats exited the public sector to start or join student advocacy

[9] https://www.wsj.com/lifestyle/careers/gen-z-trades-jobs-plumbing-welding-a76b5e43?mod=hp_lead_pos8

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organizations, which continued to beat the student debt forgiveness drum. And, fortuitously, many of these groups found a patron in the John & Laura Arnold Foundation, which provided a $20 million seed investment to launch a concerted litigation campaign against successful businesses in the higher ed sector.

With the stage set, these groups initiated a campaign of "lawfare"—series of lawsuits meant more to publicly deface education businesses than protect the students they ostensibly represent. Even before President Biden was elected, these activists began to poison the well of public opinion against higher education businesses, seeding the field for the Biden Administration to pursue student loan forgiveness.

This roster of well aligned "experts" also provided a resonance board for the Administration to legitimize its own policies. The Department of Education knew it could count on these organizations to endorse its policies, provide supporting research and messaging, and even fill policy-making boards to rubberstamp its rule changes. This created a cyclical process; these essentially shell organizations could validate the Administration's policies and positions and hand up policy recommendations, and the Administration in turn could use the support as evidence to advance its positions.

What's more, as this investigation will explain in greater detail, this cadre of organizations had begun to build a vast network of contacts at State Attorney Generals offices years before President Biden's election. It then leveraged those relationships to drum up supposedly organic state-level support for its policies, creating a veneer of grassroots support and diverting attention away from the Department of Education.

Chris Madaio: Prototype for the Higher Ed Shakedown

Christopher J. Madaio may serve as the best example of the Higher Ed Shakedown – from the Maryland State Attorney General's office, to chief attorney for an activist organization, to the most plum assignment of all – the Investigations Director at the Department of Education's Office of Enforcement (Student Financial Aid office).[10]

- Starting as an Assistant Attorney General for the Maryland Attorney General, Madaio has fixated on litigation against education businesses.[11] Over the five years he was with the office, Madaio filed lawsuit[12] after lawsuit against career colleges, testified in front of Congress for stronger oversight,[13] pushed state

[10] https://www.linkedin.com/mwlite/profile/in/christopher-madaio-182b036
[11] https://www.linkedin.com/mwlite/profile/in/christopher-madaio-182b036
[12] https://www.marylandattorneygeneral.gov/press/2019/061419b.pdf
[13] https://www.congress.gov/event/116th-congress/house-event/109532

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legislation[14] and lawsuits to stop proposed rulemaking by the Department of Education.[15]

- In 2021, Madaio became vice president of legal affairs for Veterans Education Success (VES), an ardent opponent of career colleges and a beneficiary of $4.2 million in Arnold foundation grants since 2017.[16] (Laura Arnold was a college friend of Carrie Wofford, the president and founder of VES.) During the period when Madaio led VES' legal department, the Department of Veterans Affairs Inspector General found that VES committed several ethics violations: hiring the husband of a VA official that VES actively lobbied, then failing to disclose it, complaining about his incompetence in private correspondence, and yet paying him a bonus when he was dismissed. The VA official – Charmain Bogue – resigned rather than be interviewed by investigators and yet VES' president refused to be interviewed, presumably under Madaio's counsel.[17]
- Finally, Mr. Madaio has now been rewarded with the plum assignment of directing the U.S. Department of Education's growing investigatory resources against higher ed businesses. As reported elsewhere in this report, while the Financial Student Aid office should have been focused on FAFSA, it has instead diverted resources, including a 600 percent increase, into endless investigations.

*Note: Madaio was first introduced on page 27 of the Cordray Witch Hunt dossier.

Protecting the Status Quo: The Biden Administration's Mission to Prop-up Antiquated, Woke Colleges

More than a year ago, AAF provided evidence of how the Biden Administration was weaponizing the student loan process to eliminate successful businesses serving in the higher ed sector.

Students were fleeing traditional four-year colleges in favor of career colleges, remote learning, and other unconventional higher education options. This created a hitch for the Administration. Traditional colleges are not only bastions of progressive ideology; they are also ardent supporters of wide-scale student debt cancellation and the liberal promise of "free college."

A 2020 analysis found that non-profit and state-supported higher education institutions contributed over $64 million to Democrat candidates in 2018, more than eight-times more than went to Republican candidates.[18] The top three recipients were Senator Bernie Sanders, Senator Elizabeth Warren, and Mayor Pete Buttigieg, who

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[14] https://mgaleg.maryland.gov/cmte_testimony/2020/app/2175_02182020_11176-865.pdf
[15] https://www.courthousenews.com/regulatory-breaks-profit-colleges-spur-challenge/
[16] Arnold Foundation 990's, 2017-2022.
[17] https://www.vaoig.gov/sites/default/files/reports/2022-03/VAOIG-21-02076-119.pdf
[18] https://medium.com/age-of-awareness/the-bias-against-for-profit-education-b4e476070ad6

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were "the loudest champions of free college education and student debt relief," the analysis notes.

During the 2020 election cycle, non-profit and state-run colleges, universities, and employees contributed nearly $340 million to federal candidates—making the sector the sixth largest political contributor in the U.S.[19] Ninety percent of those donations were to Democratic candidates. In 2023, non-profit and state-funded institutions spent $96 million on federal lobbying and employed over 1,100 lobbyists. The entire career college sector, by contrast, spent under $5.5 million—less than a third of what Ivy League schools alone spent.[20]

Debt cancellation for conventional non-profit, public, and private is big business for these schools. Student loan forgiveness, for example, would shift financial liabilities off the schools' books and onto taxpayers' backs. Likewise, brand-name schools generally are equipped with massive financial endowments, which are used to fund programming, marketing, and recruitment—needs that smaller schools are turning to business innovators to fill—and which provide a huge advantage over smaller competitors. Only about a quarter of tuition goes to instruction, according to a 2022 study.[21]

What's more, well-established colleges and universities enjoy preferential treatment from policymakers in Washington, which explains their lavish spending to protect the status quo. A study this year by OpenTheBooks.com found that Stanford, Northwestern and the Ivy League universities have collected more than $33 billion in grants and contracts and another $12 billion in tax breaks on their massive endowments over the last five years.[22]

Beyond Career Colleges to Online Program Managers and Loan Processors

Virtually all successful businesses in the higher education industry exist to meet a need. Consider OPMs, for example. The businesses provide the technology, services, resources, and expertise required to build and deploy online programming–capabilities that many schools lack. They allow schools, particularly smaller schools, to significantly reduce or offload start-up costs and liabilities, which is often necessary to launch a program.

Yet, last year the Department of Education proposed new guidance to establish significant control over colleges' and universities' contractual agreements with

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[19] https://www.opensecrets.org/industries//indus?ind=W04&cycle=2020
[20] https://www.opensecrets.org/industries//lobbying?cycle=2022&ind=W04
[21] https://www.newsnationnow.com/us-news/education/college-crisis/how-higher-education-institutions-spend-tuition-dollars/amp/
[22] https://www.openthebooks.com/substack-wealthy-elite-universities-like-harvard-taxed-you-45-billion-in-last-five-years/

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OPMs.[23] While ostensibly the rule change was meant to broaden the scope of "third-party servicers," as *Inside Higher Ed* reported, it put OPMs "squarely in the center of the bull's-eye."[24] At the same time, the Department of Education announced a review of the Incentive Compensation Rule and the "bundled services," the regulatory framework underpinning OPM business models.

In truth, the Department of Education's real goal is "full-access regulatory review of colleges' contracts and the elimination of these expert intermediaries, putting the full burden of online programming on the shoulders of inexperienced administrators," former Secretary of Education William Bennett wrote in November 2023.[25]

Within weeks the "third-party servicer" proposal was withdrawn. The House Education Chairwoman blamed the Department for "incompetency, poor planning, a failure to think through the serious implications of its proposal, a lack of respect for the concerns of postsecondary institutions, and tone-deafness to private businesses and students."[26]

The Higher Education Loan Authority of the State of Missouri (MOHELA) offers another example of the Administration's efforts to snuff out disruptors that threaten its control over higher education institutions. Established in 1981 by the Missouri Legislature, MOHELA is a "quasi-governmental entity," which allows it to operate independently even though it is an "instrumentality" of the state. Among its operations, the organization services student loans.

Largely unknown for the first 40 years of its existence, MOHELA featured prominently in the U.S. Supreme Court's *Biden v. Nebraska* ruling, in which the Court struck down President Biden's $400 billion student loan forgiveness plan.[27] The Court's decision notes that the Administration's plan "would cost MOHELA, a nonprofit government corporation… $44 million a year in fees," which "is necessarily a direct injury to Missouri itself."[28]

The Department of Education retaliated against MOHELA by siccing its advocacy organization comrades on it, which this paper discusses in greater detail, even though MOHELA did not file and had no role in the state's involvement in the *Biden v. Nebraska* lawsuit.[29] In fact, an analysis by the Roosevelt Institute and the Debt

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[23] https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2023-02-15/requirements-and-responsibilities-third-party-servicers-and-institutions-updated-may-16-2023
[24] https://www.insidehighered.com/news/2023/02/28/amid-pushback-us-delays-guidance-outsourcing
[25] https://www.insidehighered.com/opinion/views/2023/11/02/opm-guidance-threatens-online-learning-opinion
[26] https://www.washingtonpost.com/education/2023/04/12/education-department-delays-third-party-regulation/
[27] https://www.supremecourt.gov/opinions/22pdf/22-506_nmip.pdf
[28] https://www.supremecourt.gov/opinions/22pdf/22-506_nmip.pdf
[29] https://prospect.org/justice/2023-06-19-student-loan-cancellation-supreme-court-mohela/

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Collective found that MOHELA stood to gain if President Biden's plan had moved forward.[30]

The Administration's tunnel-visioned mission to discredit, penalize, and eliminate successful businesses—and, more broadly, any organization that is not specifically a federal agency—has real life implications: It hurts parents, fulltime workers, minorities, veterans, and first-generation college students who tend to choose unconventional higher education options in much greater proportions than traditional college-age students from middle- or upper-class families. In other words, the Biden team's aversion to any disruption in higher education invariably reduces student choice and forces students into programs that may not be well suited to their educational needs.

The Activist Triad

The Department of Education Fields Its Own Bench of "Independent Experts"

The revolving door concept in Washington is hardly new. Personnel frequently move between the public and private sectors. However, the Biden Administration has leveraged this trend to its advantage with remarkable cunning, effectively filling a network of purportedly objective student advocacy organizations that provides a smokescreen for the Department of Education's priorities. While other administrations have come under criticism for such actions[31], the Biden team has largely evaded scrutiny.

Historically, porous doors between government agencies and the private sector have been thoroughly vetted by media, watchdog organizations, and even Congress. Lobbyists, for example, are required to register and report their activities to ensure transparency and public accountability in government affairs. The Biden Department of Education found a loophole—stack the deck with seemingly objective experts, which it can call on to support its bidding. And this cronyism has reached new levels thanks to deep-pocketed funding and concert coordination.

Biden loyalists' movement between government and advocacy groups has been concentrated among several organizations, which, as a result, have developed significant influence. This multi-million dollar effort led to the creation of an "Activist Triad" – three new education-focused legal advocacy organizations: 1) The **Student Borrowers Protection Center (SBPC)**; 2) the **National Student Legal Defense Network (NSLDN)**; and 3) the expansion and conversion of Harvard's **Project on Predatory Student Lending (PPSL).**

[30] https://rooseveltinstitute.org/wp-content/uploads/2023/05/RI_Flawed-Claims-of-Legal-Standing-in-Biden-v-Nebraska_brief_202305.pdf
[31] https://www.americanoversight.org/investigation/influence-access-at-the-department-of-education

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The Activist Triad	Unique Role	Arnold Support
Student Borrower Protection Center (SBPC)	The public relations arm of the Department of Ed, SBPC aims to discredit opponents. SBPC is also the key player in recruiting and mobilizing state attorneys general behind the Department's agenda.	SBPC would have had a tough time launching if it wasn't for early $2.7 million Arnold Foundation grant. Through 2022, they have contributed $3.2 million.
National Student Legal Defense Network (NSLDN)	"Student Defense" acts as an advisor to the Department of Ed on student loan cancellation and advances their policies through lawsuits against education vendors.	Since its creation in late 2017 about 90% ($7.7 million) of NSLDN's budget has been funded by the Arnold Foundation.
Project on Predatory Student Lending (PPSL)	The Department of Ed's Litigator-in-Chief, PPSL uses lawsuits to entangle businesses in costly court battles. PPSL has been instrumental in portraying career colleges as "predators."	Since 2016, the Arnold Foundation has funded $9.9 million, a large majority of PPSL's annual budget.

Student Borrowers Protection Center

In 2011, Seth Frotman began working at the newly formed Consumer Financial Products Bureau (CFPB) under President Obama. A former "student loan ombudsman," Mr. Frotman oversaw the CFPB Office for Students and Young Consumers. In that role, he reviewed complaints from student borrowers about the practices of private lenders, loan servicers and debt collectors. When President Obama left office, Mr. Frotman remained in his position at the CFPB as a holdover under the Trump administration. Mr. Frotman lasted less than a year.

In a scathing resignation letter to acting CFPB Director Mick Mulvaney on August 27, 2018, Mr. Frotman stated that "under your leadership, it has become clear that consumers no longer have a strong" advocate working for them.[32] Director Mulvaney responded publicly that Mr. Frotman overstepped the statutory limits of his position as student loan ombudsman.[33]

Mr. Frotman's grandstanding resignation had the dual purpose of serving as a job application with progressive activists. In November 2018, he joined fellow former Obama CFPB officials Mike Pierce, Mr. Frotman's deputy at CFPB, and Bonnie Latrielle, a trusted senior aide from the student ombudsman office, to launch the Student

[32] https://www.documentcloud.org/documents/4784891-Frotman-Letter
[33] https://www.nytimes.com/2018/11/28/business/student-loans-seth-frotman.html

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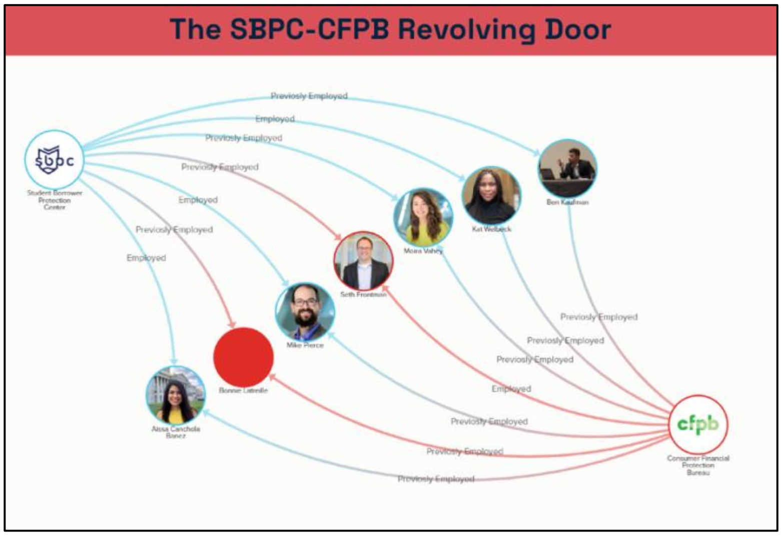
Borrowers Protection Center (SBPC). SBPC received millions of start-up funding from the Arnold Foundation and the Sandler Foundation.[34]

Mr. Pierce still heads the SBPC. Mr. Frotman returned to the CFPB as General Counsel under President Biden. Ms. Latrielle left SBPC to become the student loan ombudsman at the Department of Education.

Since its inception in 2018, SBPC has overtly focused on building state-level opposition to education businesses. The *New York Times* reported that year, for example, that "in particular, [SPBC] will focus on efforts by state lawmakers and attorneys general to increase their oversight of student loan lenders and servicers."[35]



Between 2018 and 2020, SBPC continued to welcome a trove of former CFPB employees into its ranks. At least eight former CFPB officials joined SBPC during that period, and the organization adopted and continued to advocate for several CFPB's policy priorities, all ostensibly centered around student loan forgiveness. Early versions of the SBPC website and much of the information and resources provided on its website and materials were written or produced by CFPB staff.[36]

As part of its state-level mobilization, SBPC targeted State Attorneys General offices under its "States for Student Borrower Protection" campaign, which sought greater oversight of "student loan companies" and a "crack down on their illegal practices."[37]

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34 https://www.nytimes.com/2018/11/28/business/student-loans-seth-frotman.html; IRS 990s for 2019, 2020, 2021 Resource Legacy Fund
35 https://www.nytimes.com/2018/11/28/business/student-loans-seth-frotman.html
36 https://web.archive.org/web/20210809192213/https://protectborrowers.org/other-resources/
37 https://protectborrowers.org/former-cfpb-student-loan-watchdog-launches-new-organization-to-protect-student-borrowers/

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In March 2024, SBPC released its findings from a two-year, self-initiated investigation of MOHELA—the start of which followed closely on the heels of the U.S. Supreme Court's *Biden v. Nebraska* ruling. Among its complaints, SBPC alleged that MOHELA failed to process student loan forgiveness claims fast enough and that it directed customers to call center representatives instead of an automated system. However, as MOHELA pointed out, it could not process claims—the backlog of which SBPC overstated by as much as 50%—until authorized by the Department of Education, and the call routing was actually done at the behest of the Department of Education's Financial Student Aid (FSA) office.

SBPC's "investigation" reveals the organization for what it is: a tough guy ready to do the Department of Education's dirty work. Unlike the Department, a government agency, SBPC could freely take shots at MOHELA without ramification, effectively operating as the Department's PR machine—dragging its target through the mud and seeding the ground for likeminded politicians to sound the alarms.

Not surprisingly, after MOHELA responded to SBPC's allegations, Senator Elizabeth Warren called on Scott Giles, MOHELA's CEO, to testify before the Senate Banking Committee. Beth Akers of American Enterprise Institute defended MOHELA, saying that Senator Warren used her position of authority to bully MOHELA for "standing up for what they believe is right."[38]

The Supreme Court's ruling may also have made MOHELA an appealing target for the SBPC. The Court's ruling, which recognized MOHELA as a government entity, prevents the organization from being able to sue SBPC for libel—even though, as MOHELA stated, it had no role in Missouri's lawsuit that challenged President Biden's student loan forgiven program.[39]

SBPC is financially well resourced. The Arnold Foundation contributed $2.7 million to launch the SBPC and contributed a total of $3.2 million through 2022. Before, the primary financial sponsor was the Resource Legacy Fund (RLF), a Sacramento-based foundation. Since 2022, the organization's primary funding source has shifted to the Shared Ascent Fund (SAF). The Arnold Foundation took down its grant database from its website, making it more difficult to determine its involvement.[40]

The Resource Legacy Fund has historically been directed toward land conservation, but it also funds left-of-center social policy goals.[41] Between 2019 and 2021, RLF was

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[38] https://www.aei.org/education/sen-warren-admonishes-student-loan-servicer-mohela-for-defending-the-constitution/
[39] https://www.washingtonpost.com/education/2022/11/02/mohela-student-loan-forgiveness-lawsuit/
[40] https://freebeacon.com/democrats/meet-the-texas-billionaire-quietly-becoming-the-new-george-soros/
[41] https://www.influencewatch.org/non-profit/resources-legacy-fund/

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the largest financial contributor to SBPC. It then spun the organization off to the SAF, which is headquartered at the same address as RLF.[42]

In July 2021, SAF incorporated at SBPC's address in Washington, DC.[43] In short, SAF started serving as the main fundraiser and fiscal sponsor of SBPC, providing administrative, financial, and other support services for a nominal fee.[44] After SBPC and another group was brought under the umbrella of the SAF, its budget increased from $1.7 million to $8.6 million, according to charitable tax filings.[45]

The key takeaway is that SAF is not an apolitical, advocacy organization. Rather, it is yet another progressive organization whose self-proclaimed mission is to "build and execute campaigns to further a broad proactive agenda" and that offers to "manage entire projects or project components for donors."[46] In other words, its purpose is not to help students but to advance a liberal policy agenda for those with the means to pay for it.

Project on Predatory Student Lending

Established in 2012 at the height of the Occupy Wall Street movement and the nascent formation of the "free college" push, the Project on Predatory Student Lending (PPSL) prides itself on "using bold, strategic litigation and advocacy" to "hold institutions accountable" and "influence policy solutions."[47] As such, it quickly drew the attention of the Arnold Foundation, which has contributed more than $9 million to the organization since 2016. PPSL did not begin filing lawsuits against education businesses before receiving Arnold Foundation funding.

In 2021, PPSL founder Toby Merrill joined the Biden Department of Education as Deputy General Counsel for Postsecondary Education. Her biography states specifically that PPSL represents borrowers in litigation "against for-profit colleges and against the policies that enable them."[48] It makes no mention of other types of higher education institutions. It does acknowledge that PPSL "works closely with numerous state and federal enforcement agencies."

It should raise alarm that one of the Biden Education Department's top lawyer's career dedication was to target "the predatory for-profit college industry" and "the policies that enable them" with "strategic litigation."[49] It is no wonder that Ms. Merrill and the Department of Education have and will continue to ignore the antiquated, woke colleges' malfeasance and turn a blind eye to public, private, and community colleges.

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[42] Review of the RLF 990's
[43] https://corponline.dcra.dc.gov/BizEntity.aspx/ViewEntityData?entityId=4304943
[44] https://sharedascentfund.org/wp-content/uploads/2022/11/Shared-Ascent-Fund-990-2021.pdf
[45] https://sharedascentfund.org/wp-content/uploads/2022/11/Shared-Ascent-Fund-990-2021.pdf
[46] https://sharedascentfund.org/#About-Us
[47] https://www.ppsl.org/about-the-project
[48] https://www2.ed.gov/about/offices/list/ogc/merrill.html
[49] https://www.ppsl.org/about-the-project

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After the U.S. Supreme Court struck down President Biden's student loan cancellation program, the Department of Education turned to its "Plan B": the *Sweet v. Cardona* lawsuit. The case, which presumes the guilt of more than 150 schools, provided the grounds for the Department to pursue a sue-and-settle campaign. Effectively, the settlement authorizes the Secretary of Education to cancel billions of dollars of loans for students at the named schools—which are disproportionately career colleges—thereby making good on the Administration's student loan forgiveness promise, at least on some level.

Notably, the lawsuit prevents the colleges that are listed from responding to allegations made by the Department of Education—even though the Department only offers a one-sentence explanation of why the schools are included.

As Jesse Panuccio, a former U.S. Department of Justice official and a legal representative for one of the named school stated last year: "Being publicly branded a presumptive wrongdoer by one's primary federal regulator, based on undisclosed evidence (or no evidence at all), is a denial of due process and a present and significant injury the appeal states."[50]

The Department of Education's presumption of guilt under *Sweet v. Cardona* has tangible consequences. For example, three intervenor schools documented that they were denied the ability to speak with high school students, lost financing opportunities, and were forced to redirect resources to address questions and concerns from lenders.[51]

At PPSL, Ms. Merrill represented clients in the *Sweet v. Cardona* lawsuit. A week prior to joining the Department of Education, she dropped the case.

Michael Turi, PPSL staff attorney, and Michael Firestone, a member of the PPSL Board of Directors, both previously worked for Maura Healey, former attorney general of Massachusetts, who has led legal attacks against career colleges since as early as 2016.[52]

"You [PPSL] have been an amazing partner with our office," Ms. Healey stated in 2022.[53]

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[50] https://fedsoc.org/events/sweet-v-cardona-the-administration-s-other-student-loan-cancellation-program
[51] https://studentaid.gov/sites/default/files/sweet-court-order-denying-motion-to-stay.pdf
[52] https://www.washingtonpost.com/news/grade-point/wp/2016/04/04/for-profit-college-chain-itt-lands-in-the-crosshairs-of-the- massachusetts-ag/
[53] https://hls.harvard.edu/today/project-on-predatory-student-lending-commemorates-five-years-fighting-the-for-profit-college-industry/

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THE NATIONAL STUDENT LEGAL DEFENSE NETWORK

Not as well known as PPSL or SBPC, the National Student Legal Defense Network (Student Defense) is a legal activist organization. It appears to be 90% funded by Arnold Ventures. Student Defense was created in December 2017 by former U.S. Department of Education officials who oppose career colleges and have devoted much of their careers to attempting to destroy the career college industry.[54]

Student Defense has initiated a variety of suits seeking to shield students from paying back what they owe. In *Nelson v. Great Lakes*, Student Defense sued Great Lakes Higher Education Corporation (Great Lakes), one of seven companies that is tasked with collecting federal student loan debt.[55] The litigation centered around whether the Higher Education Act, the primary federal legislation relating to federal student loans, shields Great Lakes from state consumer protection and debt collection protection laws.[56]

Student Defense vice president Dan Zibel celebrated the result that 44 million student loan borrowers can now object to paying their student loans, not based on miscalculations or illegal interest, but because of subjective disputes of transparency and advertising overstatements.[57]

In 2016, the Obama administration instituted a rule that required the Education Department to discharge student loans when a student's university or college closed.

In *HERA v. DeVos*, Student Defense and other leftwing groups sued Trump administration Secretary of Education for deviating from the Obama administration's automatic discharge rule.[58] The court found that until it is changed through a rulemaking process, the Department of Education is bound to implement the rule.[59]

Among the former Obama officials that are the key drivers of Student Defense:

[54] https://apps.irs.gov/app/eos/details/
[55] https://www.defendstudents.org/cases/nelson-v-great-lakes
[56] https://jlsp.law.columbia.edu/2020/01/28/nelson-v-great-lakes-education-loan-services-inc-and-the-future-of-student-loan-litigation/
[57] https://www.chicagotribune.com/2019/07/02/commentary-got-student-loan-debt-court-ruling-offers-a-lifeline/
[58] https://www.defendstudents.org/cases/hera-v-devos/document/2018-11-13-HERA-v-DeVos-Complaint.pdf
[59] https://www.defendstudents.org/news/nsldn-confirms-ed-will-grant-automatic-closed-school-discharges-to-students-after-three-years

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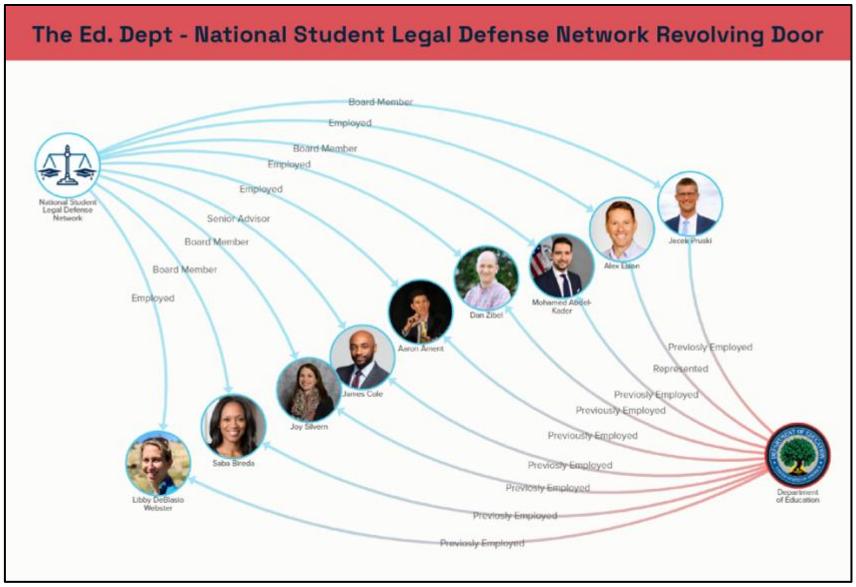

- Aaron Ament, President and Cofounder: Previously Mr. Ament served as Chief of Staff in the Department of Education's Office of the General Counsel. Prior to joining the federal government, he served as an Assistant Attorney General in Kentucky. Mr. Ament played a significant role in the targeting of Corinthian Colleges, Inc., and ITT Technical Institute, while at the Department of Education. As Chief of Staff, he helped create the Student Financial Aid Enforcement Office, which has been weaponized against career colleges.[60]

- Dan Zibel, Vice President, Chief Counsel and Cofounder: Prior to joining Student Defense, Mr. Zibel served as Deputy Assistant General Counsel for Postsecondary Education at the Department of Education, where he targeted career colleges. He served as the lead legal counsel to the Enforcement Unit at Federal Student Aid.[61]

- Alex Elson, Vice President for Policy and Cofounder: Before joining Student Defense**,** Mr. Elson was one of the first attorneys hired by the Department of Education to establish its borrower defense program.[62]

- Libby DeBlasio Webster, Senior Counsel and Co-Director of the PEER Project: Ms. Libby served as a Senior Assistant Attorney General for Consumer Protection at the Colorado Attorney General's Office. In that role, she litigated many law enforcement actions, including a bench trial against Center for Excellence in Higher Education (CEHE) for allegedly misrepresenting its employment outcomes and affordability of institutional student loans. In

[60] https://www.defendstudents.org/about/staff/aaron-ament
[61] https://www.defendstudents.org/about/staff/daniel-zibel
[62] https://www.defendstudents.org/about/staff/alex-elson

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addition to her litigation work, Ms. Libby served on the U.S. Department of Education's negotiated rulemaking committee for the 2014 Gainful Employment Rule. More recently, in addition to her AAG duties, she was the student loan ombudsman for the state of Colorado.[63]

- Alice Yao, Former Senior Counsel: Ms. Yao left Student Defense to join the Department of Education as an attorney in the Office of Civil Rights.

- Mohamed Abdel-Kader, Board of Directors: Mr. Abdel-Kader served as Deputy Assistant Secretary for International and Foreign Language Education in the Department of Education under President Obama.[64]

- Saba Bireda, Board of Directors: Ms. Bireda was a "senior political staff" member of the Obama Department of Education and served as senior counsel in the Department's Office for Civil Rights. An attorney with "almost twenty years of experience in the education field," her past clients include NAACP Legal Defense and Educational Fund, Center for American Progress, the Poverty and Race Research Action Council, and EducationCounsel.[65]

- Jacek Pruski, Board of Directors: Mr. Pruski was Associate General Counsel at the Department of Education, where his portfolio included "civil rights litigation, regulatory drafting, oversight, and strategic projects."[66]

- Joy Silvern, Board of Directors: Ms. Silvern served as the Deputy Chief of Staff at the Department of Education to Secretary Arne Duncan and Secretary John King. Earlier in her career, she worked as a legislative assistant and chief education advisor to Senator Michael Bennet (D-CO).[67]

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63 https://www.defendstudents.org/about/staff/libby-deblasio-webster
64 https://www.usaid.gov/organization/mohamed-abdel-kader
65 https://ed-fund.org/board-member/saba-bireda/
66 https://peerresearchproject.org/about/boards/jacek-pruski
67 https://www.defendstudents.org/about/boards/joy-silvern

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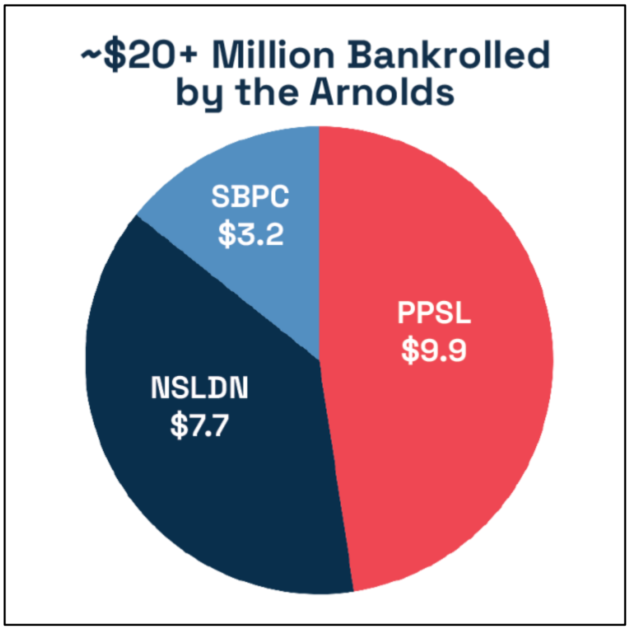
The Novel Tactics of "Lawfare" – Financed by the Arnold Foundation



As explained above, beginning in late 2018 the Arnold Foundation started funneling significant funding into the three legal and policy advocacy organizations with strong connections to the Biden Department of Education—SBPC, PPSL, and Student Defense.

Around this time, the John & Laura Arnold Foundation, "Arnold Ventures," the leading foundation supporter of anti-business advocacy in education, started investing heavily and bankrolling new legal advocacy organizations that weaponize lawsuits and state law enforcement in their advocacy campaigns.

Since 2018, Arnold Ventures has given more than $20 million to these education litigators. The multi-million-dollar effort led to the creation of new education-focused legal advocacy groups. Ardent career college opponent David Halperin recalls that the groups didn't have the legal capability at the time, but the new funding was a game changer.[68]

The millions invested in these groups have led to significant increases in lawsuits targeting education businesses. The organizations have been leading advocates for pursuing student loan positions, including wiping away student loan debt for individuals making more than six figures, which cost taxpayers billions and making education less affordable for students and families who have previously paid their debts.

Even before the Biden Administration's student loan cancellation plan was thwarted by the U.S. Supreme Court, the Department of Education realized that it would need political cover to muscle through its goal. Accordingly, it enlisted its proxies—the purportedly independent student advocacy groups noted above—to gin up political cover.

Here is how they launched a concerted campaign of "lawfare":

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[68] https://hls.harvard.edu/today/project-on-predatory-student-lending-commemorates-five-years-fighting-the-for-profit-college-industry/

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Promulgating a Wave of Lawsuits at the Expense of Traditional Ed Department Responsibilities, Like FAFSA

Equipped with the deep pocketbooks of the Arnold Foundation, the Department of Education's proxies quickly realized they had an advantage over their targets—the financial means to engage in protracted court battles. Unlike defendants, these supposed student advocacy organization's measures of success were not the legal outcomes, but rather public opinion outcomes. By discrediting these schools and vendors, the organizations provided the Department with legitimacy to cancel the loans of students allegedly defrauded by these nefarious actors.

It's quite simple: Ignore the malfeasance and wrongdoing of conventional college and universities, sue "predatory," "for-profit" colleges, and beat the legal tar out of other education businesses. "AEI scholar Michel Brickman concisely summarized the Biden Administration's strategy to target private-sector vendors in five simple steps: (1) Identify a target, (2) Raise 'concerns,' (3) Target suffers from accusations, (4) Government increases regulation, (5) Self-fulfilling prophecy hampers innovation and harms students.[69]

In 2017, coinciding with the Arnold Foundation's influx of funding, these organizations initiated this concerted "lawfare" strategy.

Between 2017 and 2022, PPSL and Student Defense filed no fewer than thirty new cases. Almost all these lawsuits were filed directly against high education companies, and most were filed against career colleges and private service providers. Some of the litigation, such as the PPSL-led *Sweet v. Cardona,* have had a profound impact on education choice.

The third organization, SBPC, focused its attention on state law enforcement, which it sought to recruit to build "grassroots" opposition against education businesses. SBPC's efforts included fraternizing with state public officials, dictating meeting agendas, and even scrutinizing dinner menus at a conference.

The Department of Education's laser focus on selectively targeting career colleges and higher education businesses has come at the expense of the Department's one responsibility—serving students. As noted above, President Biden's 2024 budget included a 600 percent increase in funding for the Federal Student Aid Office of Enforcement. Likewise, the Department of Education's 2025 budget request seeks an additional $56 million from taxpayers to "hire sufficient staff to satisfy the Department's legal obligations in the *Sweet v. Cardona* settlement"[70]—clearly signaling the Administration's doubling down on its lawfare strategy.

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[69] https://thehill.com/opinion/education/4623909-the-federal-government-is-abusing-its-power-to-target-private-sector-education-providers/
[70] file:///C:/Users/peter/Downloads/r-saa.pdf%20(highlight).pdf

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Meanwhile, the Department's lawfare campaign has diverted resources away from important priorities. Under director Richard Cordray, the Federal Student Aid's (FSA) botched rollout of the Free Application for Student Federal Aid (FAFSA) has created uncertainty for millions of prospective college students. As of early May 2024, only 36 percent of high school seniors had completed the application, down 24 percent from last year.[71] About 700,000 fewer students are expected to submit a FAFSA this year, which could cause a four percent drop in college enrollment next fall.[72] Those most affected are minority and lower-income families and first-generation college-goes, who are more reliant on financial aid.

Conducting "Experiments" to Find Evidence Where It Didn't Exist Before

State Attorneys General are influential offices. As such, many advocacy groups have sought to curry favor with these officials to affect policy. However, few have been as successful as the network of third-party education activists recruited by the Biden Administration.

Serving as extensions of the Department of Education, the groups have effectively armed government employees—paid for by taxpayers—to initiate complaints where none existed previously. In other words, because they lacked have the evidence to harass successful education businesses, these organizations aimed instead to direct government employees to find it—a process the Oregon Attorney General called "our own experiment."[73]

AAF's research revealed, for example, that SBPC fostered relationships with at least 19 attorney general (AG) offices, which it leveraged to drive legal actions against education businesses. This is according to thousands of pages of internal records obtained through state open records laws that were submitted over the last three months. Below are a few of the partnerships with AGs that are significant.

In direct response to an email directed by SBPC to its state law enforcement list, Oregon Attorney General Ellen Rosenbaum moved her team into action against private loan servicers:

> "Can you remind me when the loan servicers who do business in Oregon need to be licensed by?... Is there an easy way to check to see which ones are licensed? We might want to consider announcing that list on October 1 so that we can flag any that are not. (ask people to let us know if their LS is not on the

[71] https://www.brookings.edu/articles/fafsa-rollout-means-fewer-students-will-enroll-in-college-next-year/
[72] https://www.insidehighered.com/news/admissions/traditional-age/2024/04/05/plunge-fafsa-completion-could-spark-enrollment-crisis
[73] Email from Oregon Attorney General Ellen Rosenbaum to ODOJ staff, "Fwd: We Organized a National Day of Action," September 24, 2023

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list!) ….Can you find out how many complaints the Ombuds (Laynie?) is getting and what they are mostly concerning. Are they similar to those in the SBPC email? Idea: We could do our own experiment and ask people to call their LS and ask them to let us know how long it took them to get through. When they did get through, were their servicers helpful?"[74] [sic]

From: Ellen Rosenblum <ellen.rosenblum@gmail.com>
Sent: Sunday, September 24, 2023 9:23 AM
To: Rosenblum Ellen F <Ellen.F.Rosenblum@doj.state.or.us>
Subject: Fwd: We Organized a National Day of Action.

CAUTION EXTERNAL EMAIL* This email originated from outside of DOJ. Treat attachments and links with caution. *CAUTION EXTERNAL EMAIL

Hi EK, and all-- I have been thinking about this--"impending disaster" -- more. I really want us to be active in this " space" in the next month as student loan payments come due again. Can you remind me when the loan servicers who do business in Oregon need to be licensed by? I assume by now? Is there an easy way to check to see which ones are licensed? We might want to consider announcing that list on October 1 so that we can flag any that are not. (ask people to let us know if their LS is not on the list!) Also, what else aside from the fact of being licensed, would be helpful to check up on vis a vis the new legislation?

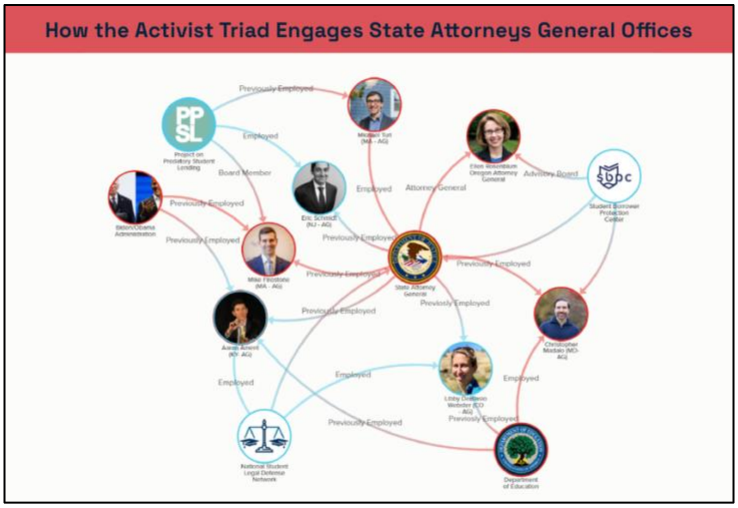
Can you find out how many complaints the Ombuds (Laynie?) is getting and what they are mostly concerning. Are they similar to those in the SBPC email? Is she getting a similar sense of impending disaster?

Idea: We could do our own experiment and ask people to call their LS and ask them to let us know how long it took them to get through. When they did get through, were their servicers helpful?

Thanks for looking into this!

As the following section demonstrates, leaders of these advocacy groups have ingratiated themselves with state leaders to the point of buying drinks for them ahead of conferences and providing input into meeting agendas—activities that, at the very least, resemble lobbying efforts and potentially violate ethical conduct rules. AAF found no evidence that these activities were publicly disclosed.

How Activists Train Government Lawyers to Advance their Liberal Agenda



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[74] Email from Oregon Attorney General Ellen Rosenbaum to ODOJ staff, "Fwd: We Organized a National Day of Action," September 24, 2023

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This is an inside look at how an activist group drove an agenda with AGs, specifically the development of speakers and topics at the third Student Debt Symposium, an event cosponsored by SBPC and Oregon Attorney General Ellen Rosenblum. State records show that the event appears to have been organized by the Oregon Attorney General, but in fact it was SPBC's show – from the agenda and speakers, to buying drinks for key staff the night before. Even when a top official at the Oregon Department of Justice raised concerns about the partisan nature of the agenda, it was ignored.

What was advertised as the Oregon Attorney General Ellen Rosenbaum's third Student Debt Symposium was actually a recruiting event for SBPC, whose members drove the agenda, picked speakers and handled logistics for the event. The symposium was on July 19-20, 2023.

On June 12, Mike Pierce sent a list of speakers to Ms. Rosenblum and the Oregon Attorney General's staff. An AG representatives asked whether the agenda was finalized so they could send it to the potential participants. Ellen Klem, Director of Consumer Outreach and Education for the Oregon AG, responded that she was "hoping to send a final agenda to our designer by Friday so she can make it look professional for printing and distribution at the event."[75] Email communications show that Mike Pierce, SBPC executive director, and his team picked the roster of speakers Ms. Rosenblum to approve and those were finalized with virtually no changes.

The evening of July 18, the night before the student loan symposium, Mr. Pierce invited key Oregon AG staff for a drink at Level Brewery. Pierce wrote in an email that SBPC representatives expected to stay at the brewery for several hours.[76]

In records obtained by AAF that include a list of speakers and registered attendees, there were no participants to provide balanced perspectives, such as experts with contrary opinions or industry representatives.

The Student Loan Symposium was off-the-record and there were no recordings from or documentation of it. However, the Oregon AG office made exceptions for select individuals to participate remotely: Christopher Madaio, the head of enforcement for the Department of Education's Student Financial Aid Office, in a series of emails, secure "private access" for Nina Schichor and Kristen Donoghue, two senior officials at the Department of Education's Office of Enforcement. Both had close ties to Richard Cordray, director of Student Financial Aid and worked for him at the CFPB.[77]

[75] Email from Mike Pierce to Ellen Klem, Oregon Department of Justice, "Re_ Working agenda for July.msg," June 12, 2023
[76] Email from Mike Pierce of SBPC to a handful of employees at the Oregon Department of Justice," Re: Welcome to Portland.msg,"
[77] A series of emails on July 19, 2023, between Mike Pierce, Executive Director of Student Borrowing Protection Center Chris Madaio, Office of Enforcement, Department of Education, Student Financial Aid

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The Oregon Attorney General Ellen Rosenbaum wasn't involved on a daily basis in organizing the symposium but would weigh in on certain items, including the quality of the dinner for the keynote speech. AG Rosenbaum emailed an aide early in July: "I think we should 'upgrade' the reception / dinner plans a bit."

In response, the aide stated that they were already paying $37/person and specifically asked Rosenbaum, "how you would like to see the dinner upgraded?" Open records provided to AAF didn't have a response to the simple question.[78]

In early July, Ellen Klem, an aide to Ms. Rosenbaum, sent a note to Mike Pierce and other SBPC aides noting Ms. Rosenbaum's concern "that the current agenda does not include enough of a balance and she will face criticism for hosting a one-sided, Dem-only, event." Little occurred in response to this email.[79] Nothing appeared to change.

Conclusion: Stop the Assault

For over a decade far-left activists have been plotting a framework for mass student debt cancellation —a costly, unilateral action that the nation's highest court struck down for violating Constitutional powers. First fomented under the Obama Administration, the scheme was incubated by progressive think tanks, staffed and often formed by loyalist bureaucrats that present themselves as independent student advocates, but are anything but. Their interest was never students; it has always been about achieving mass debt forgiveness and, by extension, eliminating for-profit enterprises from serving higher education

This liberal movement received a big boost starting in 2017 with the patronage of the John & Laura Arnold Foundation. The billionaire mega-donor's deep pockets provided the financial resources for these nascent organizations to begin testing and honing their tactics to debase and discredit career colleges and other successful education vendors, which threatened their goal by providing students with alternative options to higher education. The organizations' lawfare strategy refuses to accept that non-conventional schools and servicers actually offer students—particularly minorities, low-income, first-generation, and other non-traditional students—options better suited to their unique learning needs.

President Biden's election in 2020 provided these sleeper cells the regulatory authority to finally expand their strategies, by then dialed in, into the channels of government policymaking. Former Obama officials flooded into the Biden Department of Education, equipped to begin immediately implementing their debt

[78] Email communications between Ellen Klem of the ORDOJ and Attorney General Rosenbaum, July 3, 2023.
[79] Email from Ellen Klem with the Oregon Department of Justice to Mike Pierce with the Student Borrower Protection Center, "Re_ Symposium logistics (10).msg."," July 6, 2023

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cancellation and anti for-profit agenda. As the Administration proudly advertises, it began on "day one" to initiate its vision to eliminate student loan debt.

At the same time the Department of Education maintained its network of advocacy organizations knowing these seemingly independent groups would provide the political cover necessary to achieve its mission. A revolving door between the Department and the organizations created a bench of likeminded experts for the Department to fill its ranks and a landing pad for its bureaucrats when they could be better utilized in the advocacy space. Most importantly, though, the Department's proxies filled a role it could not—to harass, litigate and smear career colleges and higher education businesses, which the Administration loathes.

The latter role proved especially imperative following the Supreme Court's ruling that struck down the Administration's first attempt at student loan forgiveness—a decision that the Department of Education almost certainly anticipated. Leaning on the *Sweet v. Cardona* settlement, the Department resorted to its Plan B—attack career colleges and the vendors that support innovative programming. By putting these schools and vendors out of business, or sufficiently sullying their reputations, the Department knew it could forgive their students' debt, thereby at least demonstrating some progress on its loan cancellation promise.

The strategy worked, and with blood in the water the Administration has doubled down on its tactics. The Department of Education's significant budget and staff increase requests for its Federal Student Aid Enforcement Office are clear indications of its intent to throttle up its lawfare campaign against career colleges, higher education vendors, and, as the MOHELA case demonstrates, any non-federal government entity that does not conform to the Administration's bidding. The ultimate goal is backdoor student loan forgiveness.

The Administration's tunnel-vision mission has come at huge expense to students and taxpayers. The Department of Education's diversion of resources contributed to the failed FAFSA rollout, which has left hundreds of thousands of high school graduates uncertain about their post-secondary plans and which will likely result in significantly fewer students, disproportionately from minority and low-income families, attending college next year. Worse still, the Administration's relentless assault on career colleges, OPMs, student loan servicers, and other education vendors is eliminating good higher education options and pigeon-holing students into conventional colleges and universities, a model that is widely recognized as failing.

Meanwhile, as the Administration turns a blind eye to hateful protests on college campuses around the county, enrollment at and Americans' confidence in conventional higher education is at record lows. Yet, the Department of Education is intent on vesting even more power in these same college administrators who—because they stand to gain if the Administration can get it done— share a

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commitment to student loan forgiveness and eliminating for-profit enterprises from higher education.

Students, especially minorities, low-income earners, women, veterans, and first-generation college-goers, honest graduates working hard to repay their loans, and taxpayers are the victims in the Department of Education's, and its proxies', higher education shakedown. Congress and the public must demand accountability to stop the assault. Otherwise, students will continue to have fewer and fewer pathways to a college degree and career success, and the U.S. model of higher education will continue its downward spiral.

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