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DEPARTMENT OF CONSUMER AFFAIRS DECLARES PREDATORY SCHOOLS TOP FRAUD OF THE YEAR

Commissioner Mintz Advises New Yorkers to do Their Homework Before Taking on Debt or Paying to Enroll in a School

Know Before You Enroll Highlights Abuses and Alerts New Yorkers to Free and Low-Cost Education and Training Alternatives

Department of Consumer Affairs (DCA) Commissioner Jonathan Mintz today declared predatory schools the top fraud of the year. Unlicensed and unaccredited schools and some GED, certificate and associate degree programs lure potential students by making false promises such as guaranteed job placement or internships, and six-figure incomes. Some also fail to disclose whether or not credits will transfer or that the financial aid that students receive are actually loans, which can total tens of thousands of dollars and must be paid back with interest. DCA cautions consumers about these schools and encourages them to know their rights and to contact 311 or visit nyc.gov if they have had a negative experience and would like to file a complaint. Commissioner Mintz made the announcement at a press conference with the Federal Trade Commission, the Better Business Bureau and other Federal and State agencies and organizations in order to alert New York area consumers to the top consumer complaints of the past year and to educate them on how to avoid becoming victims of these and other scams in 2012.

"In these difficult economic times, many New Yorkers are returning to school to acquire new skills to help them gain employment and unfortunately there are also predatory schools trying to take advantage of them," said New York City Department of Consumer Affairs Commissioner Jonathan Mintz. "In November, the City launched the *Know Before You Enroll* public awareness campaign to highlight the dangers of wasting hundreds of hours and thousands of dollars for degrees that prove useless and don't prepare New Yorkers for jobs, rather than accessing options that offer high-quality instruction and support services that lead to employment. Since then we have heard from many New Yorkers who are angry about their experience and are in dire financial straits as a result of loans they took out to finance worthless degrees. The combination of false promises and the overwhelming debt accrued puts predatory schools at the top of our list this year."

Many schools market their services through subway and bus ads, community newspapers, TV and radio, ethnic media, and community-based outreach mechanisms. Many students are unaware of free and low-cost education and training programs. At the same time, New Yorkers are enrolling in for-profit schools in growing numbers. There are more than 500 licensed for-profit, non-degree-granting proprietary schools in New York State. More than 300 of these are in the five boroughs of New York City, as well as several dozen for-profit degree-granting schools. Schools offer various courses of study, from air conditioning repair and cosmetology to medical technician training and English language courses. An estimated 200,000 students attend for-profit schools throughout the state, and at least half of those – more than 100,000 – live in New York City.

The *Know Before You Enroll* campaign features testimonials of real New Yorkers. The campaign encourages them to research training programs, explore free and low-cost education options, and get help understanding the school contracts that often come with thousands of dollars in debt. To help prospective students avoid taking on major school debt, NYC Service launched a new initiative to identify volunteer financial and legal experts who can review enrollment contracts and loan applications with New Yorkers before they sign on the dotted line. The City also offers free help with debt and budgeting at the City's Financial Empowerment Centers. The campaign emphasizes that students should only attend a licensed school and, even if a school is licensed, they should thoroughly research the program and know that they have the right to file a complaint.

One of the ads features Garvin, a 26-year-old resident of Brooklyn, who completed a two-year Associate's degree at a school that he saw advertised on television. After completing his Associate's degree and attempting to transfer to the City University of New York (CUNY) for his bachelor's degree, he discovered that his degree was not transferable and, despite owing \$25,000 in student loans, he will have to start college over and enter CUNY as a freshman. Garvin visited one of the City's Financial Empowerment Centers and received free financial counseling. By sharing these stories, the campaign aims to educate New Yorkers on how to avoid similar situations.

All New Yorkers can visit one of the City's more than 20 Financial Empowerment Centers, which provide *free*, professional one-on-one financial counseling. To view the *Know Before You Enroll* ads, visit nyc.gov/ProtectYourMoney. For additional information on adult education and training, visit nyc.gov/adult-ed. The Mayor's Fund to Advance New York City is seeking private funds to help expand and enhance the *Know Before You Enroll* campaign. The Mayor's Fund is a 501(c)(3) nonprofit dedicated to supporting innovative public-private initiatives such as this campaign. For more information and/or to donate to this effort, call 311 or go to nyc.gov/fund.

DCA enforces the Consumer Protection Law and other related business laws throughout New York City. Ensuring a fair and vibrant marketplace for consumers and businesses, DCA licenses more than 78,000 businesses in 55 different industries. Through targeted outreach, partnerships with community and trade organizations, and informational materials, DCA educates consumers and businesses alike about their rights and responsibilities. DCA's Office of Financial Empowerment (OFE) is the first local government initiative in the nation with a mission to educate, empower, and protect New Yorkers with low incomes so they can build assets and make the most of their financial resources. Toward that end, OFE seeks to increase access to high-quality, low-cost financial education and counseling; improve access to income-boosting tax credits; connect households to safe and affordable banking and asset-building products and services; and enforce and improve consumer protections to enhance financial stability. For more information, call 311 or visit DCA online at nyc.gov/consumers.

KNOW BEFORE YOU ENROLL TIPS

1. **Free and low-cost adult education and training options are available.** Visit nyc.gov or call **311** and ask about free and low-cost adult education and job training options. You can attend classes at the Department of Education, City University of New York (CUNY), public libraries, community-based organizations, Workforce1 Career Centers, and more.
2. **If a school or training program sounds too good to be true, it probably is.**
3. **Research, research, research.** Consider multiple schools before deciding which one is right for you. Ask for information on graduation and completion rates, student loan debt, and whether or not the credits you get will transfer to other schools. Sit in on a class, ask to speak to former students who have completed the program, and visit nyc.gov to read reviews from real students in the NYC Training Guide. Ask to see a list of employers that hire graduates, and call those businesses to ask their opinion of the school. You should also research the general field you're interested in to make sure it's the right fit and there's potential for job availability and growth.
4. **Avoid unlicensed schools.** Some schools are operating illegally. If you go to an unlicensed school, you can't take exams to become licensed in many fields such as nursing. Visit nyc.gov or call the New York State Education Department at (212) 643-4760 or (518) 474-3969 to check if a vocational or trade school is licensed. Remember, even if a school has a license, it might not be well run, so research the school before you sign up. Call **311** or visit nyc.gov to file a complaint about an unlicensed school.

5. **Don't sign up the day you visit a school.** Before you sign up, you need to understand how much the program will cost and how you will pay for it. Do not make such an important decision on the spot! Take your time, and research the school. Visit [nyc.gov](https://www.nyc.gov) for the NYC Training Guide to learn more about specific schools and programs.
6. **Never sign anything you don't understand.** If a school pressures you to sign a contract or agreement on the spot, walk away. You have the right to bring home important forms so you can read them more carefully and review them with people you trust.
7. **Ask for the school's tuition cancellation policy in writing.** The policy should describe how you can get a refund if you need to cancel or withdraw. However, once you have signed up, it can be tough to get your money back.
8. **Be careful of taking on a lot of debt.** Some schools charge tens of thousands of dollars. Often, the "financial aid" that is available isn't free money, but rather loans you have to pay back—with interest. School loans last a long time, and there's a limit on how much money you can borrow. Loans can also lower your credit score if you don't pay them back on time. Make sure you understand the terms and will be able to make the payments. Remember that free and low-cost education and training options are available. See tip #1!
9. **Avoid schools that "guarantee employment" after you graduate.** A school can't guarantee that you'll get a job when you graduate. Many times, the schools that make these types of promises don't actually place you in a job.
10. **You have the right to file a complaint.** Did you enroll in a school or training program but didn't get what you were promised? **Call 311** or visit [nyc.gov](https://www.nyc.gov) to file a complaint. Are you in debt from school? Visit [nyc.gov](https://www.nyc.gov) or **call 311** and ask for an NYC Financial Empowerment Center, where you can get free one-on-one professional financial counseling.