

This statement clarifies the position of the United States Department of Education regarding the Charlotte School of Law (CSL). CSL is no longer recognized to participate in federal student aid programs, and students will not be able to receive federal student aid at CSL for current or future attendance. In addition, we note that if CSL continues to operate, students who attended in Fall 2016 may not be eligible for closed school discharge of federally issued student loans.

On December 19, 2016, the Department issued a decision denying Charlotte School of Law's application for continued participation in Title IV programs. Shortly after it issued that decision, the Department began discussions with representatives of the school to provide a path forward for current CSL students. At the outset of those discussions, the Department suggested that CSL consider partnering with another ABA accredited law school, whether owned by Infilaw (CSL's parent company) or not, to conduct a limited "teach out" of current CSL students. The Department's goal in these discussions has been to maximize the flexibility and options for current CSL students, while adhering to its position that CSL's shortcomings make it no longer eligible to participate in the Federal Student Aid programs.

Following a series of discussions, which included CSL informing the Department that it was in discussions with Florida Coastal School of Law (FCSL) regarding a "teach out" arrangement, CSL and the Department reached agreement on such a path. The key to this path was that CSL students who were eligible to receive an additional disbursement of Title IV funds for the second semester would only be receiving those funds through certain conditions specified by the Department. Among those conditions were three that were critical to student and taxpayer interests: 1) that further educational instruction be conducted only by a teach-out partner; (2) that all current CSL students would be eligible for certain refund rights, including a full refund for all first year students and closed school loan discharge for all other students who don't complete their law degree through a teach out or otherwise; and (3) that any additional Title IV funds for CSL students be provided in a manner that does not create risk to taxpayers.

Since reaching that agreement with CSL, the Department has been working to memorialize the agreement in writing while encouraging CSL to be fully transparent about student options under the agreement. CSL, however, has since rejected what it had previously accepted and has informed the Department that it will not be accepting the conditions set.

Unfortunately, should CSL remain open in a manner in which it – and not a teach-out partner – continues to provide educational instruction, the law restricts the Department's ability to provide a closed school loan discharge to otherwise eligible students because the school will not, in fact, be closed. We are disappointed for CSL students and remain hopeful that CSL will choose a path that mitigates harm for those impacted by CSL's misconduct.

Office of the Under Secretary

U.S. Department of Education