



Josh Kaul
Wisconsin Attorney General

P.O. Box 7857
Madison, WI 53707-7857

NEWS FOR IMMEDIATE RELEASE

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AG Kaul Joins CFPB and 10 States in Securing an Order Requiring Prehired to Provide Students More than \$30 Million in Relief for Allegedly Illegal Student Lending Practices

*Prehired will void all outstanding income share agreements, refund harmed
borrowers, and permanently cease operations*

MADISON, Wis. – Attorney General Josh Kaul along with 10 states and the Consumer Financial Protection Bureau (CFPB) announced today that Prehired will provide more than \$30 million in relief to student borrowers, for allegedly making false promises of job placement, trapping students with income share loans that violated the law, and resorting to abusive debt collection practices when borrowers could not pay. The states and the CFPB filed this adversary proceeding against Prehired and two affiliated companies in federal bankruptcy court. The order approved by the bankruptcy court requires Prehired to cease all operations, pay \$4.2 million in redress to consumers that were affected by its illegal practices, and voids all its outstanding income share loans, valued by Prehired at nearly \$27 million.

“Companies that offer loans must not engage in predatory practices that deceive borrowers,” said Attorney General Josh Kaul. “This resolution helps protect consumers who were impacted by Prehired’s actions.”

Prehired was a Delaware-based company that operated a 12-week online training program claiming to prepare students for entry-level positions as software sales development representatives with “six-figure salaries” and a “job guarantee.” Prehired offered students “income share” loans to help finance their costs of the program. Today’s order also names two affiliated companies, Prehired Recruiting and Prehired Accelerator, that pursued collection on defaulted income share loans.

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In July 2023, the states and the CFPB filed an adversary proceeding against Prehired to void the allegedly illegal loans and facilitate consumer redress. The states and the CFPB alleged that Prehired:

- **Deceived borrowers by claiming its loans were not loans:** Prehired’s marketing falsely claimed that its loans did not create a debt because the loan was contingent on job placement with a yearly salary over \$60,000. But the company also deceptively buried terms in the loan that required graduates to pay even if they never got a job.
- **Kept borrowers in the dark about key loan information:** Prehired hid important loan terms from borrowers, including the amount financed, finance charges, and the loans’ annual percentage rate.
- **Tricked consumers with deceptive debt collection practices:** Prehired Recruiting and Prehired Accelerator pushed borrowers into converting their income share loan into a revised “settlement agreement” that required them to make payments even if they had not found a job, and which contained more burdensome dispute resolution and collection terms. Prehired Recruiting and Prehired Accelerator also falsely represented the amount of debt owed by consumers and stated Prehired could collect more than the consumer legally owed.
- **Sued students in a faraway location:** Prehired Recruiting filed debt collection lawsuits in a jurisdiction far away from where the consumers lived and were not able to be physically present when they executed the financing contract. Many consumers were unaware that Prehired Recruiting could file an action in Delaware because Prehired’s income share loans did not provide for venue in Delaware or the consumers had little or no opportunity to review or negotiate that provision.

Enforcement Action

Under the Consumer Financial Protection Act (CFPA), the CFPB, state attorneys general, and state regulators have the authority to take enforcement action against institutions that violate federal consumer financial laws, including the CFPA’s prohibition of deceptive acts or practices and the Fair Debt Collection Practices Act.

Under the order approved by the court, Prehired will:

- **Refund \$4.2 million to student borrowers:** Prehired is required to pay \$4.2 million to student borrowers who made payments on income share loans between May 2019 and March 2023.
- **Cancel all outstanding income share loans:** All outstanding loans, which Prehired valued at nearly \$27 million, are permanently voided and cannot be sold or collected on by Prehired or anyone else.
- **Shut down permanently:** Prehired is permanently banned from offering income share loans in the future, or any activities related to vocational education. The company has already filed for Chapter 7 bankruptcy and ceased operations, and under the terms of this order it will stay shut down for good.
- **Pay a civil money penalty:** In addition to the direct consumer redress above, Prehired is required to make a payment to the CFPB victims relief fund. The payment will make it possible for the CFPB to potentially use that fund to provide additional compensation to borrowers harmed by the company's allegedly illegal conduct.

Joining Attorney General Kaul and the CFPB on this enforcement action are the attorneys general of California, Delaware, Illinois, Massachusetts, Minnesota, North Carolina, Oregon, South Carolina, Virginia, and Washington.

Read today's [stipulated judgment](#).

Prehired students affected by this action can submit a claim at <https://cms.www.prehiredclaims.com/>.