



JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Friday, January 14, 2022

Loan Servicer Agrees to Pay Nearly \$8 Million to Resolve Alleged False Claims in Connection with Federal Education Loans

Conduent Education Services LLC, fka Xerox Education Services LLC, dba ACS Education Services LLC (CES), a contractor that serviced student loans for lenders under the Federal Family Education Loan Program (FFEL), has agreed to pay \$7.9 million to resolve allegations that it violated the False Claims Act by submitting or causing the submission of false claims to the Department of Education. Prior to this settlement, CES paid \$1.4 million to the Department of Education under a remediation plan to partially resolve the allegations and received a credit for that payment under the settlement agreement.

Loan servicers are required to accurately report the impact of monthly student loan repayments, principal capitalization and other changes to borrower accounts to the Department of Education. The settlement announced today resolves allegations that between 2006 and 2016, CES knowingly failed to make required financial adjustments to borrower accounts and improperly treated some borrowers as eligible for military deferments when they were not, resulting in incorrect reporting to the Department of Education and losses to the United States. CES stopped servicing commercially held federal student loans in September 2019.

"The United States expects servicers participating in federal loan programs to accurately report amounts owed to the Department of Education," said Acting Assistant Attorney General Brian M. Boynton of the Justice Department's Civil Division. "The resolution announced today reflects the department's commitment to pursuing entities that fail to meet their obligations to the United States."

"Holding loan servicers accountable is a top priority for the Biden-Harris Administration, so I am pleased that improper conduct at Conduent Education Services got the oversight and investigation it deserved," said Under Secretary of Education James Kvaal. "We are grateful to the Department of Justice for working with the Education Department to ensure that CES is held accountable to borrowers and taxpayers."

The resolution in this matter was the result of an investigation by the Justice Department's Civil Division, Commercial Litigation Branch, Fraud Section, with the assistance of the Department of Education's offices of Federal Student Aid and General Counsel.

The claims resolved by the settlement are allegations only and there has been no determination of liability.

Attachment(s):

[Download XES settlement agreement.pdf](#)

Topic(s):

False Claims Act

Component(s):

Civil Division

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