

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title; references to Act.

5 (a) Short title. This Act may be cited as the Educational
6 Planning Services Consumer Protection Act.

7 (b) References to Act. This Act may be referred to as the
8 Segura Law.

9 Section 5. Findings. The General Assembly finds and
10 declares all of the following:

11 (1) It is in the interest of this State to protect
12 Illinois residents and their families from the predatory
13 and deceptive practices of certain educational planning
14 service providers. It is in the public interest to protect
15 all Illinois families, but particularly the most
16 vulnerable families, those who are of lower income, and
17 those without prior college-going experience, from costly,
18 deceptive, and predatory practices that have proliferated
19 as the cost of postsecondary education has risen and
20 anxiety about student loan debt has grown.

21 (2) By charging an upfront premium, these entities can
22 leave these most vulnerable families little or no recourse
23 if they receive no services or if the services that they

1 receive are inadequate. Additionally, many of the services
2 offered by for-profit entities at a premium are readily
3 available at no charge to all students through programs
4 offered by public and not-for-profit organizations, such
5 as the Illinois Student Assistance Commission, a local
6 library, or an institution of higher learning.

7 (3) Families with little knowledge of the college
8 planning process, few financial resources, limited English
9 proficiency, or a combination of these factors are
10 particularly vulnerable to high pressure tactics that may
11 be used to induce them to sign lengthy, highly technical,
12 and costly contracts. Currently, there is no adequate
13 recourse available to help families who have been
14 victimized by opportunistic bad actors.

15 (4) Some educational planning service providers have
16 also provided legally questionable guidance to families
17 who would like to reduce their higher education costs but
18 would not typically qualify for grants based on financial
19 need. Families have been counseled by disreputable
20 educational planning service providers to take extreme and
21 deceptive measures, such as relinquishing their parental
22 responsibilities through a court-ordered legal
23 guardianship so that the child qualifies as an independent
24 student, thereby basing a need calculation on only the
25 student's financial information, allowing the student to
26 qualify for need-based aid.

1 (5) Unrestrained, these types of deceptive practices
2 are a barrier to higher education access and to the ideals
3 of diversity, equity, and inclusion in higher education in
4 this State, and it is in the public interest to regulate
5 them. The Segura Law would be the first step in providing
6 recourse and thereby security to aspiring Illinois college
7 students and their families.

8 Section 10. Purpose and construction. The purpose of this
9 Act is to protect consumers who enter into agreements with
10 educational planning service providers and to regulate
11 educational planning service providers. This Act shall be
12 construed as a consumer protection law for all purposes. This
13 Act shall be liberally construed to effectuate its purpose.

14 Section 15. Definitions. As used in this Act:

15 "Consumer" means any person who purchases or contracts for
16 the purchase of educational planning services.

17 "Educational planning services" means college and career
18 preparatory planning services, including, but not limited to,
19 advice regarding and assistance with college and career
20 searches; college application preparation or submission;
21 financial aid application planning, preparation, or
22 submission; and scholarship searches and applications.

23 "Educational planning service provider" means any person
24 or entity engaging in or holding itself out as engaging in the

1 business of providing educational planning services in
2 exchange for any fee or compensation or any person who
3 solicits or acts on behalf of any person or entity engaging in
4 or holding itself out as engaging in the business of providing
5 educational planning services in exchange for any fee or
6 compensation. "Educational planning service provider" does not
7 include any of the following:

8 (1) A not-for-profit or public institution of higher
9 learning, as defined in the Higher Education Student
10 Assistance Act, and the individuals employed by that
11 institution where educational planning services are
12 provided as part of the financial aid or career counseling
13 services offered by the institution.

14 (2) Public entities and their officers while acting in
15 their official capacities.

16 (3) Persons acting on behalf of a consumer under court
17 order or as a legal representative.

18 "Enrollment fee" or "set up fee" means any fee,
19 obligation, or compensation paid or to be paid by the consumer
20 to an educational planning service provider in consideration
21 of or in connection with establishing a contract or other
22 agreement with a consumer related to the provision of
23 educational planning services.

24 "Maintenance fee" means any fee, obligation, or
25 compensation paid or to be paid by the consumer on a periodic
26 basis to an educational planning service provider in

1 consideration for maintaining the relationship and services to
2 be provided by the educational planning service provider in
3 accordance with a contract with a consumer related to the
4 provision of educational planning services.

5 Section 20. Prohibitions and requirements.

6 (a) It shall be unlawful for any person or entity to act as
7 an educational planning service provider except as authorized
8 by this Act.

9 (b) An educational planning service provider may not
10 provide educational planning services to a consumer for a fee
11 without a written contract signed and dated by both the
12 consumer and the educational planning service provider. A
13 contract between an educational planning service provider and
14 a consumer for the provision of educational planning services
15 shall disclose clearly and conspicuously all of the following:

16 (1) The name and address of the consumer.

17 (2) The date of execution of the contract.

18 (3) The legal name of the educational planning service
19 provider, including any other business names used by the
20 educational planning service provider.

21 (4) The corporate address and regular business
22 address, including a street address, of the educational
23 planning service provider.

24 (5) The telephone number at which the consumer may
25 speak with a representative of the educational planning

1 service provider during normal business hours.

2 (6) A description of the services and an itemized list
3 of all fees to be paid by the consumer for each service and
4 the date, approximate date, or circumstances under which
5 each fee will become due.

6 (7) The contents of the Consumer Notice and Rights
7 Form provided in Section 25 of this Act.

8 (8) A written notice to the consumer that the consumer
9 may cancel the contract at any time until after the
10 educational planning service provider has fully performed
11 each service the educational planning service provider
12 contracted to perform or represented he or she would
13 perform and that the consumer may not be required to pay
14 for services the consumer did not receive and shall be
15 entitled to a full refund of any fees paid for educational
16 planning services not provided.

17 (9) A form the consumer may use to cancel the contract
18 pursuant to this Act. The form shall include the name and
19 mailing address of the educational planning service
20 provider and shall disclose clearly and conspicuously how
21 the consumer can cancel the contract, including applicable
22 addresses, telephone numbers, facsimile numbers, and
23 electronic mail addresses the consumer can use to cancel
24 the contract. Notwithstanding any other provision of this
25 paragraph (9) to the contrary, a consumer's lack of strict
26 adherence to an educational planning service provider's

1 cancellation form or processes does not invalidate a
2 consumer's good faith and reasonable method or form of
3 cancellation.

4 (c) If an educational planning service provider
5 communicates with a consumer primarily in a language other
6 than English, then the educational planning service provider
7 shall furnish to the consumer a translation of all the
8 disclosures and documents required by this Act, including, but
9 not limited to, the contract, in that other language.

10 (d) An educational planning service provider may not
11 charge or receive from a consumer any enrollment fee, set up
12 fee, up-front fee of any kind, or maintenance fee, and a
13 consumer shall pay only for the educational planning services
14 provided.

15 (e) An educational planning service provider may not do
16 any of the following:

17 (1) Represent, expressly or by implication, any
18 results or outcomes of its educational planning services
19 in any advertising, marketing, or other communication to
20 consumers unless the educational planning service provider
21 possesses substantiation for such representation at the
22 time such representation is made.

23 (2) Expressly or by implication, make any unfair or
24 deceptive representations or any omissions of material
25 facts in any of its advertising or marketing
26 communications concerning educational planning services.

1 (3) Advertise or market educational planning services,
2 enter into a contract for educational planning services,
3 or provide educational planning services without making
4 the disclosures required in this Act at the times and in
5 the form and manner as described in this Act.

6 (4) Advise about or represent, expressly or by
7 implication, any unlawful services to be provided or fees
8 to be collected by the educational planning service
9 provider.

10 (5) Advise or represent, expressly or by implication,
11 that consumers pay any fees that are unearned by the
12 educational planning service provider.

13 (6) Advise, encourage, or represent, expressly or by
14 implication, that a consumer provide false or misleading
15 information about financial or other circumstances to gain
16 admission into a higher education institution or to be
17 eligible for student financial aid, including, but not
18 limited to, advising a consumer to petition for the
19 appointment of a guardian for a minor for the primary
20 purpose of reducing the financial resources available to
21 the minor in order to cause the minor to qualify for public
22 or private financial aid.

23 Section 25. Required disclosures.

24 (a) In any marketing or advertising communications, an
25 education planning service provider must provide the following

1 disclosure verbatim, both orally and in writing, with the
2 caption:

3 CONSUMER NOTICE OF AVAILABILITY
4 OF THESE SERVICES FOR FREE

5 Educational planning services of this type are
6 provided free of charge at no cost to you by the Illinois
7 Student Assistance Commission and may also be offered by
8 other public or not-for-profit entities, such as a public
9 library or an institution of higher learning.

10 (b) An educational planning service provider must provide
11 the following warning verbatim, both orally and in writing,
12 with the caption "CONSUMER NOTICE AND RIGHTS FORM" in at least
13 28-point font and the remaining portion in at least 14-point
14 font, to a consumer before the consumer signs a contract for
15 the educational planning service provider's services:

16 CONSUMER NOTICE AND RIGHTS FORM

17 AVAILABILITY OF THESE SERVICES FOR FREE

18 Educational planning services of this type are
19 provided free of charge at no cost to you by the Illinois
20 Student Assistance Commission and may be offered by other
21 public or not-for-profit entities, such as a public
22 library or an institution of higher learning.

1 YOUR RIGHT TO CANCEL

2 If you sign a contract with an educational planning
3 service provider, you have the right to cancel at any time
4 and receive a full refund of all unearned fees you have
5 paid to the provider. You will not be responsible for
6 payment of services that are not fully performed.

7 IF YOU ARE DISSATISFIED OR YOU HAVE QUESTIONS

8 If you are dissatisfied with an educational planning
9 service provider or have any questions, please bring it to
10 the attention of the Illinois Attorney General's Office.

11 (c) The educational planning service provider must
12 maintain proof that it has provided to the consumer the
13 Consumer Notice and Rights Form in accordance with subsection
14 (b) of this Section.

15 (d) The consumer shall sign and date an acknowledgment
16 form titled "Consumer Notice and Rights Form" that states: "I,
17 the consumer, have received from the educational planning
18 service provider a copy of the form titled "Consumer Notice
19 and Rights Form," and I have been provided the Illinois
20 Student Assistance Commission's Internet website address where
21 educational planning services are provided free of charge."
22 The educational planning service provider or its
23 representative shall also sign and date the acknowledgment

1 form, which shall include the name and address of the
2 educational planning service provider. The acknowledgment form
3 shall be in duplicate and shall be incorporated into the
4 Consumer Notice and Rights Form under subsection (b) of this
5 Section. The original acknowledgment form shall be retained by
6 the educational planning service provider, and the duplicate
7 copy shall be retained by the consumer.

8 (e) If the acknowledgment form under subsection (d) of
9 this Section is in an electronic format, then, in addition to
10 the other requirements of this Act, the acknowledgment form
11 shall:

12 (1) contain a live link to the Illinois Student
13 Assistance Commission's Internet website where educational
14 planning services are offered free of charge; and

15 (2) be digitally signed by the consumer in compliance
16 with the provisions of the federal Electronic Signatures
17 in Global and National Commerce Act concerning consumer
18 disclosures, including subsection (c) of Section 101 of
19 that Act.

20 Section 30. Cancellation of contract; refund.

21 (a) A consumer may cancel a contract with an educational
22 planning service provider at any time before the educational
23 planning service provider has fully performed each service the
24 educational planning service provider contracted to perform or
25 represented it would perform.

1 (b) If a consumer cancels a contract with an educational
2 planning service provider, then the educational planning
3 service provider shall refund all fees and compensation, with
4 the exception of any earned fees for services provided.

5 (c) At any time upon a material violation of this Act on
6 the part of the educational planning service provider, the
7 educational planning service provider shall refund all fees
8 and compensation to the consumer.

9 (d) An educational planning service provider shall make
10 any refund required under this Act within 5 business days
11 after the notice of cancellation or voiding of the contract
12 due to a violation of this Act and shall include with the
13 refund a full statement of account showing fees received and
14 fees refunded.

15 (e) Upon cancellation or voiding of the contract, all
16 direct debit authorizations granted to the educational
17 planning service provider by the consumer shall be considered
18 revoked and voided.

19 (f) Upon the termination of the contract for any reason,
20 the educational planning service provider shall provide timely
21 notice that it no longer represents the consumer to any entity
22 or agency with whom the educational planning service provider
23 has had any prior communication on behalf of the consumer in
24 connection with the provision of any educational planning
25 services.

1 Section 35. Noncompliance.

2 (a) Any waiver by a consumer of any protection provided by
3 or any right of the consumer under this Act:

4 (1) shall be treated as void; and

5 (2) may not be enforced by any federal or State court
6 or any other person.

7 (b) Any attempt by a person to obtain a waiver from a
8 consumer of any protection provided by or any right or
9 protection of the consumer or any obligation or requirement of
10 the educational planning service provider under this Act is a
11 violation of this Act.

12 (c) Any contract for educational planning services that
13 does not comply with the applicable provisions of this Act:

14 (1) shall be treated as void; and

15 (2) may not be enforced by any federal or State court
16 or any other person.

17 Upon notice of a void contract, a refund by the educational
18 planning service provider to the consumer shall be made as
19 provided under subsections (c), (d), (e), and (f) of Section
20 30 of this Act.

21 Section 40. Civil remedies; injunction.

22 (a) A violation of this Act constitutes an unlawful
23 practice under the Consumer Fraud and Deceptive Business
24 Practices Act. All remedies, penalties, and authority granted
25 to the Attorney General or State's Attorney by the Consumer

1 Fraud and Deceptive Business Practices Act shall be available
2 to him or her for the enforcement of this Act.

3 (b) A consumer who suffers loss by reason of a violation of
4 this Act may bring a civil action in accordance with the
5 Consumer Fraud and Deceptive Business Practices Act to enforce
6 a provision of this Act. All remedies and rights granted to a
7 consumer by the Consumer Fraud and Deceptive Business
8 Practices Act shall be available to the consumer bringing such
9 an action. The remedies and rights provided for in this Act are
10 not exclusive, but cumulative, and all other applicable claims
11 are specifically preserved.

12 (c) Any contract for educational planning services made in
13 violation of this Act shall be null and void and of no legal
14 effect.

15 (d) To engage in educational planning services in
16 violation of this Act is declared to be inimical to the public
17 welfare and to constitute a public nuisance. The Illinois
18 Student Assistance Commission may, in the name of the people
19 of the State of Illinois, through the Attorney General, file a
20 complaint for an injunction in the circuit court to enjoin
21 such person from engaging in that unlawful business. An
22 injunction proceeding shall be in addition to and not in lieu
23 of penalties and remedies otherwise provided in this Act.

24 Section 45. Notice. The Illinois Student Assistance
25 Commission must make available on its Internet website the

1 most current disclosure of free support, and the educational
2 planning service provider is responsible for providing to the
3 consumer the most current disclosure of free support available
4 on the Commission's Internet website.

5 Section 90. Rules. The Illinois Student Assistance
6 Commission shall adopt and enforce all reasonable rules
7 necessary or appropriate for the administration of this Act.

8 Section 900. The Consumer Fraud and Deceptive Business
9 Practices Act is amended by adding Section 2WWW as follows:

10 (815 ILCS 505/2WWW new)

11 Sec. 2WWW. Violations of the Educational Planning Services
12 Consumer Protection Act. Any person who violates the
13 Educational Planning Services Consumer Protection Act commits
14 an unlawful practice within the meaning of this Act.