



Sen. Celina Villanueva

**Filed: 4/14/2021**

10200SB1085sam001

LRB102 04908 CMG 24997 a

1 AMENDMENT TO SENATE BILL 1085

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1085 by replacing  
3 everything after the enacting clause with the following:

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

1 those without prior college-going experience, from costly,  
2 deceptive, and predatory practices that have proliferated  
3 as the cost of postsecondary education has risen and  
4 anxiety about student loan debt has grown.

5 (2) By charging an upfront premium, these entities can  
6 leave these most vulnerable families little or no recourse  
7 if they receive no services or if the services that they  
8 receive are inadequate. Additionally, many of the services  
9 offered by for-profit entities at a premium are readily  
10 available at no charge to all students through programs  
11 offered by public and not-for-profit organizations, such  
12 as the Illinois Student Assistance Commission, a local  
13 library, or an institution of higher learning.

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

22 (4) Some educational planning service providers have  
23 also provided legally questionable guidance to families  
24 who would like to reduce their higher education costs but  
25 would not typically qualify for grants based on financial  
26 need. Families have been counseled by disreputable

1 educational planning service providers to take extreme and  
2 deceptive measures, such as relinquishing their parental  
3 responsibilities through a court-ordered legal  
4 guardianship so that the child qualifies as an independent  
5 student, thereby basing a need calculation on only the  
6 student's financial information, allowing the student to  
7 qualify for need-based aid.

8 (5) Unrestrained, these types of deceptive practices  
9 are a barrier to higher education access and to the ideals  
10 of diversity, equity, and inclusion in higher education in  
11 this State, and it is in the public interest to regulate  
12 them. The Segura Law would be the first step in providing  
13 recourse and thereby security to aspiring Illinois college  
14 students and their families.

15 Section 10. Purpose and construction. The purpose of this  
16 Act is to protect consumers who enter into agreements with  
17 educational planning service providers and to regulate  
18 educational planning service providers. This Act shall be  
19 construed as a consumer protection law for all purposes. This  
20 Act shall be liberally construed to effectuate its purpose.

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

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

24 "Educational planning services" means college and career

1 preparatory planning services, including, but not limited to,  
2 advice regarding and assistance with college and career  
3 searches; college application preparation or submission;  
4 financial aid application planning, preparation, or  
5 submission; and scholarship searches and applications.

6 "Educational planning service provider" means any person  
7 or entity engaging in or holding itself out as engaging in the  
8 business of providing educational planning services in  
9 exchange for any fee or compensation or any person who  
10 solicits or acts on behalf of any person or entity engaging in  
11 or holding itself out as engaging in the business of providing  
12 educational planning services in exchange for any fee or  
13 compensation. "Educational planning service provider" does not  
14 include any of the following:

15 (1) A not-for-profit or public institution of higher  
16 learning, as defined in the Higher Education Student  
17 Assistance Act, and the individuals employed by that  
18 institution where educational planning services are  
19 provided as part of the financial aid or career counseling  
20 services offered by the institution.

21 (2) Public entities and their officers while acting in  
22 their official capacities.

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

25 "Enrollment fee" or "set up fee" means any fee,  
26 obligation, or compensation paid or to be paid by the consumer

1 to an educational planning service provider in consideration  
2 of or in connection with establishing a contract or other  
3 agreement with a consumer related to the provision of  
4 educational planning services.

5 "Maintenance fee" means any fee, obligation, or  
6 compensation paid or to be paid by the consumer on a periodic  
7 basis to an educational planning service provider in  
8 consideration for maintaining the relationship and services to  
9 be provided by the educational planning service provider in  
10 accordance with a contract with a consumer related to the  
11 provision of educational planning services.

12 Section 20. Prohibitions and requirements.

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

16 (b) An educational planning service provider may not  
17 provide educational planning services to a consumer for a fee  
18 without a written contract signed and dated by both the  
19 consumer and the educational planning service provider. A  
20 contract between an educational planning service provider and  
21 a consumer for the provision of educational planning services  
22 shall disclose clearly and conspicuously all of the following:

- 23 (1) The name and address of the consumer.  
24 (2) The date of execution of the contract.  
25 (3) The legal name of the educational planning service

1 provider, including any other business names used by the  
2 educational planning service provider.

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

6 (5) The telephone number at which the consumer may  
7 speak with a representative of the educational planning  
8 service provider during normal business hours.

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

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

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

24 (9) A form the consumer may use to cancel the contract  
25 pursuant to this Act. The form shall include the name and  
26 mailing address of the educational planning service

1 provider and shall disclose clearly and conspicuously how  
2 the consumer can cancel the contract, including applicable  
3 addresses, telephone numbers, facsimile numbers, and  
4 electronic mail addresses the consumer can use to cancel  
5 the contract. Notwithstanding any other provision of this  
6 paragraph (9) to the contrary, a consumer's lack of strict  
7 adherence to an educational planning service provider's  
8 cancellation form or processes does not invalidate a  
9 consumer's good faith and reasonable method or form of  
10 cancellation.

11 (c) If an educational planning service provider  
12 communicates with a consumer primarily in a language other  
13 than English, then the educational planning service provider  
14 shall furnish to the consumer a translation of all the  
15 disclosures and documents required by this Act, including, but  
16 not limited to, the contract, in that other language.

17 (d) An educational planning service provider may not  
18 charge or receive from a consumer any enrollment fee, set up  
19 fee, up-front fee of any kind, or maintenance fee, and a  
20 consumer shall pay only for the educational planning services  
21 provided.

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

24 (1) Represent, expressly or by implication, any  
25 results or outcomes of its educational planning services  
26 in any advertising, marketing, or other communication to

1 consumers unless the educational planning service provider  
2 possesses substantiation for such representation at the  
3 time such representation is made.

4 (2) Expressly or by implication, make any unfair or  
5 deceptive representations or any omissions of material  
6 facts in any of its advertising or marketing  
7 communications concerning educational planning services.

8 (3) Advertise or market educational planning services,  
9 enter into a contract for educational planning services,  
10 or provide educational planning services without making  
11 the disclosures required in this Act at the times and in  
12 the form and manner as described in this Act.

13 (4) Advise about or represent, expressly or by  
14 implication, any unlawful services to be provided or fees  
15 to be collected by the educational planning service  
16 provider.

17 (5) Advise or represent, expressly or by implication,  
18 that consumers pay any fees that are unearned by the  
19 educational planning service provider.

20 (6) Advise, encourage, or represent, expressly or by  
21 implication, that a consumer provide false or misleading  
22 information about financial or other circumstances to gain  
23 admission into a higher education institution or to be  
24 eligible for student financial aid, including, but not  
25 limited to, advising a consumer to petition for the  
26 appointment of a guardian for a minor for the primary



1 purpose of reducing the financial resources available to  
2 the minor in order to cause the minor to qualify for public  
3 or private financial aid.

4 Section 25. Required disclosures.

5 (a) In any marketing or advertising communications, an  
6 education planning service provider must provide the following  
7 disclosure verbatim, both orally and in writing, with the  
8 caption:

9 CONSUMER NOTICE OF AVAILABILITY

10 OF THESE SERVICES FOR FREE

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

16 (b) An educational planning service provider must provide  
17 the following warning verbatim, both orally and in writing,  
18 with the caption "CONSUMER NOTICE AND RIGHTS FORM" in at least  
19 28-point font and the remaining portion in at least 14-point  
20 font, to a consumer before the consumer signs a contract for  
21 the educational planning service provider's services:

22 CONSUMER NOTICE AND RIGHTS FORM

1                   AVAILABILITY OF THESE SERVICES FOR FREE

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

7                   YOUR RIGHT TO CANCEL

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

13                   IF YOU ARE DISSATISFIED OR YOU HAVE QUESTIONS

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

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

21           (d) The consumer shall sign and date an acknowledgment  
22 form titled "Consumer Notice and Rights Form" that states: "I,

1 the consumer, have received from the educational planning  
2 service provider a copy of the form titled "Consumer Notice  
3 and Rights Form," and I have been provided the Illinois  
4 Student Assistance Commission's Internet website address where  
5 educational planning services are provided free of charge."  
6 The educational planning service provider or its  
7 representative shall also sign and date the acknowledgment  
8 form, which shall include the name and address of the  
9 educational planning service provider. The acknowledgment form  
10 shall be in duplicate and shall be incorporated into the  
11 Consumer Notice and Rights Form under subsection (b) of this  
12 Section. The original acknowledgment form shall be retained by  
13 the educational planning service provider, and the duplicate  
14 copy shall be retained by the consumer.

15 (e) If the acknowledgment form under subsection (d) of  
16 this Section is in an electronic format, then, in addition to  
17 the other requirements of this Act, the acknowledgment form  
18 shall:

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

22 (2) be digitally signed by the consumer in compliance  
23 with the provisions of the federal Electronic Signatures  
24 in Global and National Commerce Act concerning consumer  
25 disclosures, including subsection (c) of Section 101 of  
26 that Act.

1 Section 30. Cancellation of contract; refund.

2 (a) A consumer may cancel a contract with an educational  
3 planning service provider at any time before the educational  
4 planning service provider has fully performed each service the  
5 educational planning service provider contracted to perform or  
6 represented it would perform.

7 (b) If a consumer cancels a contract with an educational  
8 planning service provider, then the educational planning  
9 service provider shall refund all fees and compensation, with  
10 the exception of any earned fees for services provided.

11 (c) At any time upon a material violation of this Act on  
12 the part of the educational planning service provider, the  
13 educational planning service provider shall refund all fees  
14 and compensation to the consumer.

15 (d) An educational planning service provider shall make  
16 any refund required under this Act within 5 business days  
17 after the notice of cancellation or voiding of the contract  
18 due to a violation of this Act and shall include with the  
19 refund a full statement of account showing fees received and  
20 fees refunded.

21 (e) Upon cancellation or voiding of the contract, all  
22 direct debit authorizations granted to the educational  
23 planning service provider by the consumer shall be considered  
24 revoked and voided.

25 (f) Upon the termination of the contract for any reason,

1 the educational planning service provider shall provide timely  
2 notice that it no longer represents the consumer to any entity  
3 or agency with whom the educational planning service provider  
4 has had any prior communication on behalf of the consumer in  
5 connection with the provision of any educational planning  
6 services.

7 Section 35. Noncompliance.

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

10 (1) shall be treated as void; and

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

13 (b) Any attempt by a person to obtain a waiver from a  
14 consumer of any protection provided by or any right or  
15 protection of the consumer or any obligation or requirement of  
16 the educational planning service provider under this Act is a  
17 violation of this Act.

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

20 (1) shall be treated as void; and

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

23 Upon notice of a void contract, a refund by the educational  
24 planning service provider to the consumer shall be made as  
25 provided under subsections (c), (d), (e), and (f) of Section

1 30 of this Act.

2 Section 40. Civil remedies; injunction.

3 (a) A violation of this Act constitutes an unlawful  
4 practice under the Consumer Fraud and Deceptive Business  
5 Practices Act. All remedies, penalties, and authority granted  
6 to the Attorney General or State's Attorney by the Consumer  
7 Fraud and Deceptive Business Practices Act shall be available  
8 to him or her for the enforcement of this Act.

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

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

21 (d) To engage in educational planning services in  
22 violation of this Act is declared to be inimical to the public  
23 welfare and to constitute a public nuisance. The Illinois  
24 Student Assistance Commission may, in the name of the people  
25 of the State of Illinois, through the Attorney General, file a

1 complaint for an injunction in the circuit court to enjoin  
2 such person from engaging in that unlawful business. An  
3 injunction proceeding shall be in addition to and not in lieu  
4 of penalties and remedies otherwise provided in this Act.

5 Section 45. Notice. The Illinois Student Assistance  
6 Commission must make available on its Internet website the  
7 most current disclosure of free support, and the educational  
8 planning service provider is responsible for providing to the  
9 consumer the most current disclosure of free support available  
10 on the Commission's Internet website.

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

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

16 (815 ILCS 505/2WWW new)

17 Sec. 2WWW. Violations of the Educational Planning Services  
18 Consumer Protection Act. Any person who violates the  
19 Educational Planning Services Consumer Protection Act commits  
20 an unlawful practice within the meaning of this Act."