Institution's Failure to Provide College Transcript Violates Automatic Stay in Student's Bankruptcy Case

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A higher education institution which refuses to provide a debtor alumna with a graduation transcript violates the automatic stay provisions of the Bankruptcy Code, 11 U.S.C. § 362(a). So says the United States Bankruptcy Court for the Middle District of Pennsylvania in California Coast University v. Jamie Sue Aleckna, Chapter 13, Case No. 5-12-BK-03367. The Bankruptcy Court, citing a Massachusetts bankruptcy court case, In re Parker, 334 B.R. 529 (Bank. D. MA. 2005), noted that a former student's failure to pay fees or tuition to the University was an insufficient reason for the institution to deny issuance of the transcript to the alumna. The Bankruptcy Court found that the University's initial refusal to issue a transcript was akin to a collection action and an attempt to force the debtor to make tuition payments. As such, the University's refusal to issue the transcript was an attempt to collect money or property of the debtor or the debtor's estate, thus violating 11 U.S.C. § 362(a).

California Coast University eventually did issue a transcript to the debtor, but it neglected to complete that portion of the transcript which indicated the date of the debtor's graduation. The Bankruptcy Court compared that transcript without a graduation date to an unsigned reference letter: "Neither item is useful to the student recipient." In Aleckna, the Bankruptcy Court found the University's actions to be wilful and ordered that a proper transcript and diploma be issued. The Court also awarded Ms. Aleckna her attorney's fees.

Client Tip: *The California Coast University v. Aleckna case highlights the obligation of an educational institution to act promptly and reasonably when faced with a request from one involved in the bankruptcy system. Nonpayment of fees or tuition; refusal to allow a student-debtor to register for a course; withholding a transcript because of unpaid fees, all may be found to violate the provisions of the Bankruptcy Code.*

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