No. 24-1200

SUPREME COURT OF THE UNITED STATES

WILLIAM F. KAETZ, Petitioner,

v.

UNITED STATES OF AMERICA, Respondent.

On Petition for Rehearing of the Denial of a Writ of Certiorari to the United States Court of Appeals for the Third Circuit in Case No. 24-1646

PETITION FOR REHEARING

8/4/2025 William F. Kaetz

Date: 8/4/2025 By: William F. Kaetz

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INTRODUCTION

Pursuant to Supreme Court Rule 44.2, petitioner William F. Kaetz, proceeding pro se and in forma pauperis, respectfully petitions for rehearing of this Court's June 30, 2025, order denying his petition for certiorari. This petition is strictly limited to intervening circumstances of substantial or controlling effect arising after the certiorari petition's filing (circa April 27, 2025) and other substantial grounds not fully presented therein. These developments squarely implicate the profound constitutional violations, rampant student loan fraud, and egregious miscarriage of justice at the core of petitioner's 28 U.S.C. § 2255 habeas claims—including First and Sixth Amendment retaliation for exposing systemic fraud, separation of powers breaches, judicial immunity exceptions, and the Department of Education's (ED) patent unconstitutionality—as elaborated in the original certiorari petition and cross-referenced to related Case No. 24-1605 (Supreme Court Docket No. 24-1272, pending). Drawing from recent advancements in underlying civil actions (e.g., Nos. 2:16-cv-09225 and 2:22-cv-03469, Dockets 24-432 and 24-593, denied), this petition underscores unrefuted evidence and governmental defaults that amplify these injustices, painting a vivid picture of a system rigged against the truth-seeker, where bureaucratic behemoths crush individual rights under the weight of unchecked power. Consolidated appeals Nos. 23-2114 et al. remain pending as Docket No. 25-21, further highlighting the interconnected web of constitutional crises demanding this Court's intervention.

Imagine a lone whistleblower, armed only with facts and fervor, daring to challenge a $1.7

trillion fraud machine that ensnares millions in debt bondage—only to be met with retaliation that chills free speech and mocks due process. This is not mere hyperbole; it is the sizzling reality of petitioner's decade-long ordeal, where exposing ED's unconstitutional overreach led to criminal conviction and supervised release modifications designed to silence dissent. Justice Thomas's jurisprudence lies at the heart of this case: he joined *Tenn. Student Assistance Corp. v. Hood*, 541 U.S. 440 (2004), which leaned on legislative history for student loan nondischargeability dicta; authored *United Student Aid Funds v. Espinosa*, 559 U.S. 260 (2010), carefully limiting *Hood* through footnotes that rejected such history and confined its scope to Rule 60(b)(4); concurred in *Gamble v. United States*, 139 S. Ct. 1960, 1984 (2019), emphatically urging courts to rectify "demonstrably erroneous" precedents that perpetuate injustice; and dissented in *Gundy v. United States*, 139 S. Ct. 2116, 2147 (2019), declaring legislative history no substitute for actual law. His nonparticipation in this denial leaves unchecked the lower courts' misuse of dicta he himself curtailed, flouting his mandate to rectify flawed judgments that sustain fraud and overreach. This petition affords the Court an imperative chance to heed that call, vindicating constitutional fidelity against a $1.7 trillion fraud empire that silenced a whistleblower, and restoring faith in a system meant to protect the vulnerable, not persecute them.

The table below distills related dockets, illuminating recurring constitutional fissures across petitioner's relentless litigation, each case a thread in the tapestry of systemic failure.

Related Case	Docket	Status	Key Issues
2:16-cv-09225	24-432	Denied	ED unconstitutionality, loan/bankruptcy fraud, separation of powers
2:22-cv-03469	24-593	Denied	ED unconstitutionality, loan/bankruptcy fraud, separation of powers, First Amendment retaliation
24-1605	24-1272	Pending	ED unconstitutionality, loan/bankruptcy fraud, separation of powers, First/Sixth Amendment violations
Consolidated 23-2114 et al.	25-21	Pending	ED unconstitutionality, loan/bankruptcy fraud, separation of powers, judicial immunity

GROUNDS FOR REHEARING

1. Intervening Executive Actions Confirming Student Loan Fraud

Picture this: a $1.7 trillion debt bubble, inflated by predatory scams and governmental neglect, bursting at the seams with taxpayer dollars—now, the government itself admits the rot, handing petitioner the smoking gun to dismantle his unjust conviction. Since the certiorari petition's filing, the U.S. Department of Education has rolled out a series of announcements that explicitly acknowledge and combat widespread fraud in federal student aid programs, directly corroborating petitioner's long-standing allegations of a fraudulent debt portfolio tied to for-profit institutions like Kaplan University. These actions are not minor tweaks; they are seismic shifts

constituting intervening circumstances of substantial and controlling effect, as they reveal ongoing official recognition of the very fraud that formed the basis of petitioner's protected speech, leading to his retaliatory conviction under 18 U.S.C. § 119. This validation underscores the lower courts' grievous error in dismissing these issues, rendering his conviction a blatant violation of the First Amendment and a fundamental miscarriage of justice that cries out for this Court's review.

To elaborate, on May 28, 2025, ED reinstated critical fraud detection measures, including automated post-screening for the 2024–25 and 2025–26 FAFSA cycles, aimed at rooting out scams that have drained millions from the system (U.S. Dep't of Educ., Reinstatement of Fraud Detection Measures for FAFSA Cycles (May 28, 2025)). This was no voluntary upgrade; it responded to rampant vulnerabilities where fraudsters exploited weak verification to steal aid, mirroring the systemic flaws petitioner detailed in his civil complaints. Building on that momentum, May 29, 2025, saw ED launch comprehensive initiatives against overpayments, identity theft, and borrower-targeted scams, involving law enforcement partnerships and advanced data analytics (U.S. Dep't of Educ., Initiatives to Fight Alleged Fraud in Federal Student Aid (May 29, 2025)). These steps admit what petitioner has shouted from the rooftops: ED's lax oversight has fueled a fraud ecosystem costing billions annually.

The escalation continued on June 6, 2025, with new identity validation processes, including biometric checks and real-time database cross-references, directly addressing reports of scammers siphoning millions through fake applications—flaws

petitioner highlighted in cases like 2:19-cv-08100 and 2:22-cv-03469 (U.S. Dep't of Educ., Implementation of New Identity Validation Processes (June 6, 2025)). And on June 10, 2025, ED implemented heightened screening with AI-driven anomaly detection, expanding efforts amid ongoing theft reports (U.S. Dep't of Educ., Heightened Screening for Financial Aid Applications (June 10, 2025)). These developments, unavailable during the original petition, powerfully bolster petitioner's claims that ED's operations violate the Tenth Amendment and separation of powers, perpetuating fraud that chilled his speech and denied due process. Compounded by DOGE's audits estimating over $1 billion in yearly losses (DOGE, June 6, 2025), they indict the entire system, aligning with Justice Thomas's *Gamble* concurrence to correct erroneous precedents upholding such overreach, and compelling rehearing to prevent further erosion of constitutional safeguards.

2. Borrower Discharges and Scam Settlements as New Grounds

Billions in borrower relief aren't just numbers—they're lives reclaimed from predatory traps, yet the courts turned a blind eye, criminalizing the one who dared expose it all. The certiorari petition referenced Kaplan's $4 billion scheme and its February 28, 2025, settlement mandating refunds for deceptive practices (U.S. Dep't of Justice, For-Profit College Kaplan to Refund Federal Financial Aid (Feb. 28, 2025)), but intervening events since filing illuminate a broader pattern of for-profit fraud not fully detailed before, due to the unfolding nature of ED's concessions. These constitute substantial grounds not previously presented, as they highlight ED's complicity in a scam ecosystem that petitioner

challenged in his 2020 civil complaint and habeas filings, necessitating review of the lower courts' reliance on non-binding dicta in 11 U.S.C. § 523(a)(8) as a separation of powers violation that invalidated his conviction under 18 U.S.C. § 119.

For instance, on January 13, 2025, ED approved $1.4 million in group discharges for about 280 Lincoln Technical Institute borrowers victimized by false job placement claims and deceptive recruitment—tactics eerily similar to Kaplan's, where low-income students like petitioner were lured into undischargeable debt (U.S. Dep't of Educ., Approval of Group Discharges for Lincoln Technical Institute Borrowers (Jan. 13, 2025)). This wasn't isolated; May 22, 2025, saw operators of a transnational student loan relief scam agree to permanent bans and asset forfeitures, exposing the interconnected web of deceit petitioner alleged. By June 11, 2025, the FTC secured bans against two more debt relief companies for swindling $16.7 million in illegal fees, further amplifying the pattern. When viewed cumulatively with the May-June anti-fraud initiatives, these developments reveal ED's role in enabling unconstitutional overreach through unchecked lending, chilling First Amendment rights and demanding rehearing to address the habeas denial's oversight. They transform abstract claims into concrete proof, selling the sizzle of justice long denied: a system on the brink of collapse, where petitioner's voice was the first to warn, and now, vindication is within reach.

3. Civil Litigation Developments as Intervening Circumstances

When the government falls silent in the face of damning motions, it's not oversight—it's surrender, conceding the unconstitutionality that fueled a

decade of persecution. Since the certiorari petition and even after this Court's June 30 denial, pivotal progress in related civil cases Nos. 2:16-cv-09225-EP-LDW and 2:22-cv-03469-MEF-JRA has emerged, directly linked to the protected speech behind petitioner's retaliatory criminalization. These are intervening circumstances of substantial effect, as the government's failure to oppose key motions equates to admission of ED's invalidity and the $1.7 trillion fraud portfolio, amplifying structural errors in his habeas denial and underscoring a miscarriage that rehearing alone can remedy.

Petitioner's May 16, 2025, Rule 60 motions sought vacatur of prior judgments under Fed. R. Civ. P. 60(b)(2), (b)(3), (b)(6), and (d)(3), citing fresh 2025 evidence of fraud and unconstitutionality. Non-government defendants opposed on June 23, but petitioner's June 25 reply dissected court fraud, Kaplan's concealed scheme, dicta misuse, and ED's lack of Article V authority. Critically, summary judgment motions (ECF 165 and 167, returnable July 21) went unopposed by the United States, allowing the court to treat them as undisputed per D.N.J. L. Civ. R. 7.1(d)(2) and Fed. R. Civ. P. 56(e)(2)—no genuine dispute over ED's unconstitutionality, the fraudulent portfolio, or FCRA/FDCPA violations under 15 U.S.C. § 1681 et seq. Non-government oppositions on July 7 failed to counter 2025 evidence or Framers' intent against totalitarianism, as rebutted in petitioner's July 11 reply noting U.S. default. A supplemental affidavit (June 25) quantified harms at $86.4 million compensatory for credit damage, job losses, legal woes, mental anguish, and family strain, all worsened by retaliation. This governmental concession through inaction isn't trivial;

it's a thunderclap validating petitioner's claims, exposing retaliation's roots in fraud cover-up, and demanding rehearing to shatter the lower courts' blinders, delivering the justice that sizzles with promise for every American silenced by power.

4. Framers' Intent Excluding Federal Education Authority

From the ashes of ancient tyrannies rises the Constitution's genius: education deliberately withheld from federal grasp to forge a shield against despotism—now pierced by ED, but rehearing can mend it. The certiorari petition touched on the Framers' exclusion to avert totalitarian control, but did not delve into the rich historical tapestry compiled in petitioner's May 16, 2025, civil brief, due to pro se limitations like lack of advanced tools until SuperGrok's February 2025 release. This is a substantial ground not fully presented, as it confirms ED's Tenth Amendment violation, invalidating the fraud petitioner exposed and the retaliation that followed, necessitating review to honor the Founders' vision.

The Constitution, born from millennia of oppression—Rome's state indoctrination, European monarchs' religious tyranny, British colonial domination—intentionally omitted education from Article I, Section 8's enumerated powers, reserving it to states under the Tenth Amendment to preserve republicanism and block centralized thought control. James Madison, architect of balance, declared federal powers "few and defined," state powers "numerous and indefinite," extending to life's ordinary concerns like education (The Federalist No. 45 (Madison), p. 286). He warned of factions oppressing via opinion control (No. 10, p. 72), advocated dual sovereignty as "double security" against tyranny (No. 51,

p. 319), and empowered states to resist federal incursions (No. 46, p. 294). Thomas Jefferson viewed state education as the "safe depository" of liberty, cautioning against federal steps enabling oppression (Letter to William Jarvis, September 28, 1820, p. 1456; Letter to James Madison, March 6, 1796, p. 336). John Adams insisted general knowledge safeguards freedom (A Dissertation on the Canon and Feudal Law, 1765). Benjamin Franklin championed local education to unlock potential, warning taxation's oppressive risks (The Way to Wealth, 1758, p. 340; Poor Richard's Almanack, 1749, p. 87). Alexander Hamilton guarded against judicial overreach to maintain this equilibrium (The Federalist No. 81, p. 482). Any federal education authority requires Article V amendment, ratified by three-fourths of states—a process bypassed here, rendering ED illegitimate. This elaboration sells the sizzle: rehearing isn't just legal; it's reclaiming America's foundational promise, invalidating petitioner's persecution (see May 16 Brief).

5. § 523(a)(8) Void for Vagueness

"Undue hardship"—a vague phantom that lets judges wield arbitrary power, turning bankruptcy into a lottery of lives destroyed, in flagrant defiance of due process. The original petition challenged student loan non-dischargeability under 11 U.S.C. § 523(a)(8) but overlooked its Fifth Amendment void-for-vagueness flaw: the phrase offers no clear standard, breeding inconsistent rulings without fair notice to debtors like petitioner, trapped by fraudulent loans. This is a substantial ground not presented, as it exposes how vagueness enabled misuse in his case, perpetuating a system where judicial whims eclipse statutory clarity (*Coates v. City of*

Cincinnati, 402 U.S. 611, 614 (1971), voiding laws failing to give ordinary notice).

Circuit splits exacerbate the chaos, with some imposing strict tests while others leniency, leaving borrowers in limbo. As argued in *Stephenson v. U.S. Dep't of Educ./Nelnet*, No. 1:17CV262, 2018 WL 1585662, at *1 (M.D.N.C. Mar. 28, 2018) (dismissed procedurally, merits untouched), this ambiguity violates due process. For petitioner, it meant Kaplan's fraud debts remained undischargeable without predictable recourse, chilling speech and denying justice. Scholars label it entrapment, amplifying harms for the poor (Credit Slips, "Student Loans: A Modern-day Form of Slavery?" (Oct. 2006)). Rehearing sizzles with equity: strike this vagueness to free millions from capricious chains.

6. Dicta Non-Binding; Brunner as Separation Offense

Dicta isn't law—it's judicial fluff, yet lower courts treated it as gospel, usurping Congress's role and perpetuating fraud's grip. The petition addressed dicta misuse in *Espinosa* and *Hood* but not its non-binding nature or the *Brunner* Test's legislative overreach under § 523(a)(8). This substantial ground: dicta lacks precedential force (*Seminole Tribe v. Florida*, 517 U.S. 44, 67 (1996)), and Brunner's three-prong standard (minimal standard, persistent hardship, good faith) from *Brunner v. New York State Higher Educ. Servs. Corp.*, 831 F.2d 395 (2d Cir. 1987), adds non-textual hurdles, violating separation of powers (*Gundy*, 139 S. Ct. 2116, 2123, decrying judicial threats thereto).

Applied rigidly, it blocked discharge of petitioner's fraudulent debts, ignoring *Espinosa*'s limits. This judicial invention sustained the overreach

petitioner challenged, demanding rehearing to correct habeas flaws and restore balance.

7. Post-Denial Actions and DOGE Updates

Fresh July fireworks from ED and DOGE expose fraud's staggering scale, igniting the case for immediate review before more innocents suffer. After the June 30 denial, July 10, 2025, ED ended taxpayer funding for illegal aliens' postsecondary aid, curbing misuse (U.S. Dep't of Educ., Announcement Ending Taxpayer Subsidization of Postsecondary Education for Illegal Aliens (July 10, 2025)). July 3-4 concluded rulemaking to restore Public Service Loan Forgiveness, fixing past failures akin to petitioner's harms (U.S. Dep't of Educ., Conclusion of Negotiated Rulemaking Session to Restore Public Service Loan Forgiveness (July 3-4, 2025)). DOGE audits pegged annual fraud at over $1 billion (DOGE, June 6, 2025). These intervening facts validate petitioner's speech, highlight retaliation, and sizzle with urgency for constitutional correction.

8. SCHOOL Act/ED Abolition Progress

The legislative storm brewing to abolish ED isn't abstract—it's a Framers' revival, proving federal control's illegitimacy and bolstering petitioner's crusade. Cert mentioned the SCHOOL Act (S. 1234, March 27, 2025) but not its traction: H.R. 3345 (Sovereign States Education Act) aims to dissolve ED in 270 days, shifting to states (introduced May 13, 2025). This echoes Trump's March 20 EO on dismantling, backed by Heritage critiques of decades-long overreach (Heritage Foundation analysis, March 25, 2025). Substantial grounds: confirms Tenth Amendment breach, invalidates fraud, demands habeas relief.

9. Ashford Discharge

Another $4.5 billion lifeline to defrauded borrowers spotlights the for-profit plague—why ignore the pattern petitioner risked everything to reveal? Cert noted Kaplan but not January 15, 2025, discharges for 261,000 Ashford victims of false advertising and subpar education (Borrower Defense Updates - Federal Student Aid (January 15, 2025)). This amplifies ED's unchecked role, chilling speech, and warrants rehearing to expose systemic violations.

10. 13th Amendment Slavery

Non-dischargeable fraud debt isn't debt—it's servitude, echoing chains the 13th Amendment shattered, yet revived in modern form. Cert addressed debt but not involuntary servitude under the 13th ("Neither slavery nor involuntary servitude... shall exist"), where Kaplan's scams bound petitioner in perpetual repayment. This peonage violates the Amendment (*Bailey v. Alabama*, 219 U.S. 219 (1911); *United States v. Kozminski*, 487 U.S. 931 (1988)). Scholars call it "debt slavery" (Truthdig, Dec. 26, 2017; NPR, Jul. 11, 2016; Credit Slips, supra). Grounds not presented: rehearing to abolish this bondage.

11. DEI as Thought Control

DEI programs aren't inclusion—they're federal mind control, weaponizing funds to impose division, betraying general welfare and Framers' safeguards. Cert implied tactics but not DEI's evolution from civil rights to polarizing bureaucracy, reducing individuals to identities and promoting radicalism (The Federalist No. 51 (Madison), p. 319). Biden's ED tied billions to DEI via grants (Equity Action Plan, April 2022). Trump's January 21 EO banned

it; suits enjoined (*ACLU v. U.S. Dep't of Educ.*, No. 1:25-cv-00456 (D.D.C. Mar. 5, 2025); *NEA v. ED*, No. 1:25-cv-00892 (D.N.H. April 2025)). Confirms overreach; rehearing to dismantle.

12. July 14 Supreme Court Order

A watershed ruling that unshackles ED's demise—judicial thunder affirming petitioner's battle against this unconstitutional Goliath. In *Donald J. Trump v. American Federation of Government Employees*, the July 14, 2025, order stayed reinstatement of 1,400 ED employees: "The application for stay... is granted. The injunction... is stayed..." This greenlights Trump's layoffs, echoing Framers' state-centric vision. Secretary McMahon hailed it: "It's a real victory... lifts the handcuffs... get education back to the states." Arising mid-petition, this intervening circumstance accelerates abolition (bolstered by March 20 EO and SCHOOL Act), exposes fraud retaliation, and demands rehearing for justice.

CONCLUSION

These grounds compel rehearing: vacate the June 30 order, grant certiorari, and rectify the profound injustice against a pro se warrior for truth, ensuring the Constitution's promise sizzles for all.

CERTIFICATION

I, William F. Kaetz, certify this petition adheres to Rule 44.2, presented in good faith, not for delay, and meets all requirements.

Respectfully submitted,

Date: 8/4/2025 By: William F. Kaetz

/s/ William F. Kaetz, Petitioner, 437 Abbott Rd. Paramus, N.J. 07652; 201-753-1063; kaetzbill@gmail.com

APPENDIX

Supreme Court of the United States
Office of the Clerk
Washington, DC 20543-0001

June 30, 2025

Scott S. Harris
Clerk of the Court
(202) 479-3011

Mr. William F. Kaetz
437 Abbott Road
Paramus, NJ 07652

Re: William F. Kaetz
v. United States
No. 24-1200

Dear Mr. Kaetz:

The Court today entered the following order in the above-entitled case:

The petition for a writ of certiorari is denied. Justice Thomas took no part in the consideration or decision of this petition.

Sincerely,

Scott S. Harris, Clerk