



**Testimony of Seth Frotman  
Before the United States Congress  
House Financial Services Committee  
March 7, 2019**

Chairwoman Waters, Ranking Member McHenry, Members of the Committee, thank you for the opportunity to testify today.

In March of 2011, I had the honor of joining the Consumer Financial Protection Bureau, and that is where I would like to start today—by recalling what this country looked like in 2011. Because if we are to have any meaningful discussion around the mission and future of the Bureau, it is important to recall what people’s lives looked like—what this nation looked like—as the CFPB opened its doors.

It had been three years since the peak of the financial crisis, but for millions across the country, the crisis was still raging, leaving real, tangible human affliction in its wake.<sup>1</sup> Families were losing their homes.<sup>2</sup> Servicemembers were falling victim to financial predators who viewed them as dollar signs in uniforms.<sup>3</sup> Everyday Americans were targeted with bogus add-ons and hidden fees, leading to financial ruin by a thousand cuts.<sup>4</sup>

And this affliction was fueled by companies that had no shame when stealing the last dollar in someone’s bank account in order to pad their own bottom line—in large part, because they knew they could get away with it. The combined force of these ripples of deceit and devastation left millions of shattered families and shattered dreams.

Across the country, American families needed someone—needed their government—in their corner. That is where the CFPB stepped in.

The United States Congress created the Consumer Financial Protection Bureau to serve as this desperately needed lifeline to the families being pushed off the edge of a financial cliff.<sup>5</sup> It was the Bureau’s job to look out for people who were being crushed by a financial industry whose nefariousness knew no bounds.

And that is exactly who we helped. We helped the family who was at the brink of an illegal foreclosure. We helped the servicemember who was preyed upon by a predatory lender. We helped the single parent who was having her wages garnished after unlawful debt collection efforts.

But that was not our only job. From those early days, all the way until November 2017, we had an equally important mission: make sure that something like this never happened again. We were tasked with making sure another recession was not spurred on by the same systemic illegal conduct that drove the last one.<sup>6</sup> We were tasked with protecting against practices that, in totality, could lead to trillions of dollars of lost household wealth.<sup>7</sup> We were tasked with fixing a



broken credit market that declared open season on American consumers, and in turn, destroyed the nation's economy.

And every day we went to work, we knew that millions of American families depended on us to do exactly that.

Were we perfect? Of course not. But the work we did during those years mattered. Between July 21, 2011 and November 24, 2017, the CFPB:

- Put \$12 billion back in the pockets of American families;<sup>8</sup>
- Created rules for mortgages that halted the worst practices that drove the financial crisis;<sup>9</sup>
- Returned over half a billion dollars to borrowers who were discriminated against by their lender;<sup>10</sup>
- Created servicing protections that prevented tens of thousands of homeowners from defaulting on their mortgage and created a pathway for more than a hundred thousand people to dig out of delinquency;<sup>11</sup>
- Cracked down on dubious payday lenders making loans they knew could never be repaid and trying to collect on debt that was not legally owed;<sup>12</sup>
- Sought to swing open the courtroom door for consumers seeking justice and relief for wrongdoing;<sup>13</sup>
- Implemented and oversaw the credit card protections that this very Committee worked so hard to pass and saved American consumers billions of dollars;<sup>14</sup>
- Obtained hundreds of millions of dollars in consumer relief as a result of supervisory activity;<sup>15</sup>
- Worked with the Department of Defense to close loopholes exploited by unscrupulous companies targeting military families;<sup>16</sup>
- Handled over a million and a half consumer complaints, including more than 60,000 from student loan borrowers;<sup>17</sup>

And so much more.<sup>18</sup>

Each action by the Bureau meant real money back in the hands of hard-working families. Each action meant real oversight and protections that kept their money there in the first place.

From the day it opened its doors, the Consumer Financial Protection Bureau listened. We listened to the millions of borrowers ripped off at every turn and we took action.



We demonstrated to hundreds of millions of people that the federal government had their back.

Because the Consumer Bureau had one simple mission—protect consumers.

There were no mixed messages. There was one message—protect consumers. We were there to make sure our neighbors, our grandparents, our children—your constituents—were not being ripped off by big banks or small scams.

And that work mattered.

Over the course of my seven years at the CFPB, I traveled all around the country and talked to thousands of people. Out of all of those conversations, the one unifying theme was that consumer financial protection matters.

People are not buying a house in cash or cutting a check to pay for their car or paying for their children's full college tuition with what they have in their savings accounts. Americans rely on credit—and a well-functioning credit market—to accomplish each of these goals.

But the stakes are much bigger than simply credit markets.

At stake is the character of our country. At stake is the answer to whether the American dream—a house to raise our family, a car to get to work, a college education to earn a better life—will be the province of only a select few, while the rest have their money stolen at every turn, or worse, face denials and discrimination based on factors like race or sex.

That is why the CFPB matters. That is why this hearing matters. That is why this Committee's work matters. Because consumer financial protection matters.

And that is why the actions of the Trump Administration and the political leadership installed at the Bureau have been so devastating.

The last 15 months at the Bureau have been plagued with inaction and incompetence, all under the guise of some supposed ideology.<sup>19</sup> The political leadership has engaged in costly vanity exercises while real people are getting hurt.<sup>20</sup> They have prioritized the wishes of the most powerful financial companies in America over the needs of the very people they were tasked by Congress to protect, all under the selective invocation of “statutory restraint.”<sup>21</sup>

The fact of the matter is that the efforts of Mick Mulvaney and Kathy Kraninger have hurt—and are continuing to hurt—real people. Their actions have hurt families. Their actions have hurt communities. And in the process, their actions have hurt our nation.

And perhaps the most poignant example of this is how their actions are hurting the 44 million Americans with student loan debt.



## **The Student Debt Crisis**

Forty-four million Americans collectively owe \$1.56 trillion in student loan debt.<sup>22</sup> Student debt is now the second largest class of consumer debt in this country, larger than both auto and credit cards, behind only mortgages.<sup>23</sup> And people are drowning under the weight of this unprecedented burden.

Last year, over a million borrowers defaulted on their student loan.<sup>24</sup> These borrowers joined the one-million-plus borrowers who defaulted the year before that, and the year before that.<sup>25</sup> In fact, every 28 seconds, another borrower defaults on their student loan. Today, more than eight million student loan borrowers are in default.<sup>26</sup> Another five million are at least two payments behind—borrowers we can expect the system to fail as we continue to do nothing.<sup>27</sup>

But it is not only those who are behind on their loans who are struggling. For every borrower who misses a student loan payment or defaults on a debt, there is another borrower who is struggling to buy a home,<sup>28</sup> start a business,<sup>29</sup> or save for retirement.<sup>30</sup> Student debt has imperiled access to these key pillars of the middle class for far too many Americans.

We now see evidence that declines in household formation and homeownership are being driven by student debt—creating barriers to economic mobility for borrowers across the country.<sup>31</sup> One study found that rising levels of student debt resulted in 400,000 fewer homes purchased by only millennials over the last 15 years.<sup>32</sup> Another study showed that student loan borrowers are less likely to stay in rural communities, raising questions about the impact student debt is having on rural economies across America.<sup>33</sup> We are also beginning to see how this debt fuels economic,<sup>34</sup> gender,<sup>35</sup> and racial inequality,<sup>36</sup> inhibits asset accumulation,<sup>37</sup> accelerates wealth gaps,<sup>38</sup> and carves out a generational divide that, even in the best of circumstances, will take decades to erase.

After piling historic levels of debt onto an entire generation, we push them into a market plagued with harmful and illegal practices that drive them to financial ruin.<sup>39</sup> Collectively, this adds billions of dollars of additional student debt to household balance sheets, damaging the financial future for millions of people.<sup>40</sup>

From student loan servicers<sup>41</sup> to for-profit schools,<sup>42</sup> from debt collectors<sup>43</sup> to private student lenders,<sup>44</sup> from private equity firms<sup>45</sup> to debt relief scams<sup>46</sup>—we have seen entire industries build their profit models off of taking advantage of student loan borrowers.

And that is what the Bureau worked to stop. For the first time, 44 million people had a champion in the federal government. From the work of Elizabeth Warren and Rohit Chopra up until the day Richard Cordray left, the Bureau fought on behalf of the tens of millions of our fellow Americans with student debt.

We helped servicemembers<sup>47</sup> and disabled veterans.<sup>48</sup> We helped teachers and nurses.<sup>49</sup>



We helped borrowers in all 50 states and every US territory.<sup>50</sup> We helped borrowers of every age, from the 18-year-old being targeted by for-profit schools, to the 83-year-old navigating her loan disability discharge.

Student loan borrowers were being ripped off from before they even got their first bill, until they paid off their last loan, and we were there to help.<sup>51</sup>

We took enforcement action against those who broke the law, from small scammers to large financial institutions like Wells Fargo, Discover, and Navient.<sup>52</sup>

Our perspective was clear—if you were chasing the American dream, you should not be ripped off at every turn.

And we worked with anyone and everyone who wanted to help student loan borrowers, from federal agencies like the Departments of Education, Treasury, and Justice,<sup>53</sup> to state law enforcement,<sup>54</sup> to city governments.<sup>55</sup> But most importantly we never shied away from doing our job. Our job was to independently enforce and implement the consumer financial protection laws of the United States against providers of consumer financial products and services—even when it made those in the Administration—in any Administration—uncomfortable.<sup>56</sup>

We were an independent agency that utilized every authority bestowed upon us by Congress—from supervision to enforcement, from documenting complaints to helping individual consumers.

And it worked. In those seven years, the CFPB returned more than \$750 million to student loan borrowers.<sup>57</sup>

But almost immediately upon the arrival of Mick Mulvaney and his political appointees, this work came to a grinding halt. For example:

- In December of 2017, the Bureau refused to publish findings documenting how large banks such as Wells Fargo were siphoning off the last dollars of vulnerable students on college campuses through legally dubious fees;<sup>58</sup>
- In February of 2018, the political leadership of the Bureau blocked attempts by career staff to alert the Department of Education to the far reaching harm borrowers would face due to the Department's illegal and unprecedented attempts to place student loan servicers above state consumer protection laws.<sup>59</sup> The Education Department's effort was publicly rebuked by the National Governors Association,<sup>60</sup> the Conference of State Banking Commissioners,<sup>61</sup> a bipartisan group of 25 state attorneys general,<sup>62</sup> and Members of Congress on both sides of the aisle.<sup>63</sup>
- In May of 2018, the political leadership of the Bureau shuttered the only office in the federal government whose sole mission was protecting student borrowers against predatory practices in the financial sector.<sup>64</sup>



- In May of 2018, the political leadership of the Bureau withdrew a planned student loan servicing rulemaking that would have provided enhanced consumer protections, leaving student loan borrowers with fewer protections when compared to consumers in nearly any other consumer market.<sup>65</sup>
- In July of 2018, the political leadership of the Bureau refused to document concerns raised by the Offices of Servicemember Affairs and Students about how the proposed roll backs of accountability regulations of for-profit schools would disproportionately harm military families.<sup>66</sup>
- As documented in public accounts throughout 2018, there exists significant questions about the extent to which the Bureau is engaged in full and robust supervisory oversight of the private sector companies that manage \$1.2 trillion in federal student loans on behalf of 42 million people.<sup>67</sup> There remains real and substantial questions about whether the Bureau’s political agenda has left a trillion-dollar blind spot in the nation’s financial markets.

And since I left the Bureau in September of 2018, this abdication of responsibility has continued. The position of the Student Loan Ombudsman, as mandated by Congress, sits vacant.<sup>68</sup> The Bureau’s congressionally mandated student loan complaint report remains unwritten.<sup>69</sup> The Bureau has once again failed to highlight how big banks continue to take advantage of students on campuses across the country.<sup>70</sup>

Perhaps most disconcerting is that, in the last 15 months, it is impossible to cite a single significant or substantial action that the Bureau has initiated on behalf of the 44 million student loan borrowers in this country.

There is no ideology that justifies these actions—or more accurately—inaction. The complete abdication of the Bureau’s responsibility for this market will have real and lasting consequences both for American families and the larger economy. Shielding companies from the consequences of their lawlessness is not “making markets work.”<sup>71</sup> Protecting Betsy DeVos from the consequences of the Department of Education’s failures is not “conservative.” The Bureau is not meant to be a political appendage of any administration—particularly one that is flailing as it mismanages the trillion-dollar portfolio it holds.<sup>72</sup>

The last 15 months at the Consumer Financial Protection Bureau reflect a fundamental lack of seriousness in the work that Congress tasked the Bureau to perform and willful negligence in addressing the deep, systemic problems that plague borrowers owing the second largest class of consumer debt in this nation.

### **Keeping the Promise**

And that is why the work of the Financial Services Committee is so important—both in terms of oversight and policymaking.



The student debt crisis is more than a higher education policy issue. It is a significant—perhaps the *most* significant—consumer finance issue threatening our nation at this time.

We cannot continue to treat student loan borrowers as second-class citizens simply because the word “student” comes before the word “loan.” Student loan borrowers face breakdowns and harmful practices that we would simply never permit in other markets. We cannot only focus on making the system better for the next applicant while ignoring the plight tens of millions of people face every day.

Because right now, we have a trillion-dollar black hole in our financial markets. Millions of Americans with student debt are falling further behind as their federal government coddles predatory players.

So, thank you for asking the tough questions of this Administration. Thank you for taking on the challenge to make sure that student loan borrowers have the rights and protections that exist in nearly every other debt market.

And I would like to close with this: the student debt crisis is not political. It knows no ideology, and it has no bounds—rural and urban, young and old, black and white.

Over the last two weeks, I was in both Oregon and Massachusetts—states that are three thousand miles apart, yet share this in common: their elected leaders are working together, in a bipartisan fashion, to stand up for student loan borrowers.<sup>73</sup> Their leaders understand that an entire generation is being crushed by student debt, and these borrowers need help.

We cannot forget the promise the federal government made to American consumers back in 2011. Because these people are still standing at the edge of that cliff. They need that lifeline. And they are relying on our promise never to let something like this happen again.

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<sup>1</sup> See Emilia Istrate & Tadas Pack, *County Economies 2016: Widespread Recovery, Slower Growth* (2017), <http://www.naco.org/sites/default/files/documents/County-Economies-2016.pdf>; Rakesh Kochhar & Richard Fry, *Wealth Inequality Has Widened Along Racial, Ethnic Lines Since End of Great Recession*, Pew Res. Ctr. (Dec. 12, 2014), <http://www.pewresearch.org/facttank/2014/12/12/racial-wealth-gaps-great-recession>; *Ten Years After Financial Crisis, Nearly One-in-Three Americans Still Feeling the Sting*, Country Fin. (July 13, 2017), <https://www.prnewswire.com/news-releases/ten-years-after-financial-crisis-nearly-one-in-three-americans-still-feeling-the-sting-300487945.html>; Gerald P. Dwyer & James R. Lothian, *The Financial Crisis and Recovery: Why so Slow?*, Fed. Res. Bank of Atlanta (Sept. 2011), <https://www.frbatlanta.org/cenfis/publications/notesfromthevault/1110.aspx>.

<sup>2</sup> See, e.g., Patricia A. McCoy, *Barriers to Foreclosure Prevention During the Financial Crisis*, 55 Ariz. L. Rev. 723, 726 (2013) (finding that artificial barriers to foreclosure prevention programs inflicted “enormous, needless losses on borrowers, investors, and society at large”).

<sup>3</sup> See, e.g., Jean Ann Fox, *The Military Lending Act Five Years Later*, Consumer Fed. of Am. (May 29, 2012), <https://consumerfed.org/pdfs/Studies.MilitaryLendingAct.5.29.12.pdf>; Staff of S. Comm. On Health, Educ., Labor and Pensions, 112th Cong., *For Profit Higher Education: The Failure to Safeguard the Federal Investment and*



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- Ensure Student Success*, (Majority Staff Rep. 2012), [https://www.help.senate.gov/imo/media/for\\_profit\\_report/PartI.pdf](https://www.help.senate.gov/imo/media/for_profit_report/PartI.pdf).
- <sup>4</sup> See, e.g., Consumer Fin. Prot. Bureau (CFPB), *CFPB Orders Auto Lenders to Refund Approximately \$6.5 Million to Servicemembers* (Jun. 27, 2013), <https://www.consumerfinance.gov/about-us/newsroom/cfpb-orders-auto-lenders-to-refund-approximately-6-5-million-to-servicemembers>; Steven Forry, *2012: The CFPB Sets its Sights on Credit Card Companies*, Am. Bar. Ass'n (Mar. 2013), [https://www.americanbar.org/groups/business\\_law/publications/blt/2013/03/02\\_forry/](https://www.americanbar.org/groups/business_law/publications/blt/2013/03/02_forry/).
- <sup>5</sup> Pub. L. 11-203 (July 21, 2010); see also Rep. Maxine Waters, *How to Prevent Another Financial Crisis*, U.S. H. Comm. on Fin. Serv. (Sept. 19, 2014), <https://democrats-financialservices.house.gov/news/documentsingle.aspx?DocumentID=398641>.
- <sup>6</sup> See, e.g., Press Release, U.S. Dep't of Treasury, *Treasury Deputy Secretary Neal Wolin Written Testimony before the Senate Banking Committee on "Implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act"* (Sept. 30, 2010), <https://www.treasury.gov/press-center/press-releases/Pages/tg881.aspx> ("The Act builds a stronger financial system by addressing major gaps and weaknesses in regulation that helped cause the financial crisis that led to the recession. It puts in place buffers and safeguards to reduce the chance that another generation will have to go through a crisis of similar magnitude.").
- <sup>7</sup> See generally William R. Emmons & Bryan J. Noeth, *The Nation's Wealth Recovery Since 2009 Conceals Vastly Different Balance-Sheet Realities among America's Families*, Fed. Res. Bank of St. Louis (May 23, 2013), <https://www.stlouisfed.org/publications/in-the-balance/2013/the-nations-wealth-recovery-since-2009-conceals-vastly-different-balancesheet-realities-among-americas-families>.
- <sup>8</sup> See CFPB, <https://www.consumerfinance.gov> (last visited Mar. 2, 2019); see also Christopher L. Peterson, *Consumer Financial Protection Bureau Law Enforcement: An Empirical Review*, 90 Tulane L. Rev. 1057 (2016), <https://dc.law.utah.edu/cgi/viewcontent.cgi?article=1051&context=scholarship>.
- <sup>9</sup> See e.g., CFPB, *Ability-to-Repay and Qualified Mortgage Rule Assessment Report* (Jan. 2019), [https://files.consumerfinance.gov/f/documents/cfpb\\_ability-to-repay-qualified-mortgage\\_assessment-report.pdf](https://files.consumerfinance.gov/f/documents/cfpb_ability-to-repay-qualified-mortgage_assessment-report.pdf).
- <sup>10</sup> See *CFPB v. BancorpSouth Bank*, No. 1:16cv118-GHD-DAS (N.D. Miss. June 29, 2016); *CFPB v. Nat. City Bank*, No. 13-1817 (W.D. Pa 2014); *U.S. v. Provident Funding Assoc., LP*, No. 15-2373 (N.D. Cal. 2015); *Ally Fin. Inc.*, CFPB No. 2013-CFPB-0010 (Dec. 20, 2013); *Am. Express Centurion Bank*, CFPB No. 2017-CFPB-0016 (Aug. 23, 2017); *Am. Honda Fin. Corp.*, CFPB No. 2015-CFPB-0014 (July 14, 2015); *Fifth Third Bank*, CFPB No. 2015-CFPB-0024 (Sept. 28, 2015); *Mortg. Master, Inc.*, CFPB No. 2013-CFPB-0006 (Oct. 9, 2013); *Nationstar Mortg., LLC*, CFPB No. 2017-CFPB-0011 (Mar. 15, 2017); *Toyota Motor Credit Corp.*, CFPB No. 2016-CFPB-0002 (Feb. 2, 2016); *CFPB v. Hudson City Savings Bank, F.S.B.*, No. 15-7056 (N.J. 2015); *Synchrony Bank*, CFPB No. 2014-CFPB-0007 (June 19, 2014); *Wash. Fed.*, CFPB No. 2013-CFPB-0005 (Oct. 9, 2013).
- <sup>11</sup> See CFPB, *2013 RESPA Servicing Rule Assessment Report* (Jan. 2019), [https://files.consumerfinance.gov/f/documents/cfpb\\_mortgage-servicing-rule-assessment\\_report.pdf](https://files.consumerfinance.gov/f/documents/cfpb_mortgage-servicing-rule-assessment_report.pdf).
- <sup>12</sup> See *Payday, Vehicle Title, and Certain High-Cost Installment Loans*, 12 C.F.R. § 1041 (2017); Mem. of Decision and Order on Def.'s Mot. for Summ. J.; *CFPB v. CashCall*, No. 15-0722-JFW-RAO (C.D. Cal. Jan. 19, 2018); Complaint, *CFPB v. Golden Valley et al.*, No. 17-cv-3155 (N.D. Ill. 2017); *CFPB v. Think Fin.*, No. CV-17-127-GF-BMM (D. Mont. 2018); *Cash Am. Int'l, Inc.*, CFPB No. 2013-CFPB-0008.
- <sup>13</sup> See *Arbitration Agreements*, 81 Fed. Reg. 32829 (proposed May 24, 2016) (to be codified at 12 C.F.R. pt. 1040).
- <sup>14</sup> See *Credit Card Accountability Responsibility and Disclosure Act of 2009*, Pub. L. No. 111-24; CFPB, *CFPB Finds CARD Act Helped Consumers Avoid More Than \$16 Billion in Gotcha Credit Card Fees* (Dec. 3, 2015), <https://www.consumerfinance.gov/about-us/newsroom/cfpb-finds-card-act-helped-consumers-avoid-more-than-16-billion-in-gotcha-credit-card-fees>; see also Rep. Carolyn B. Maloney, *Maloney: 5 Years Later, Credit CARD Act has saved consumers billions* (May 22, 2014), <https://maloney.house.gov/media-center/press-releases/maloney-5-years-later-credit-card-act-has-saved-consumers-billions>.



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- <sup>15</sup> See, e.g., CFPB, *Consumer Financial Protection Bureau: By the numbers* (Dec. 2016), [https://files.consumerfinance.gov/f/documents/201701\\_cfpb\\_CFPB-By-the-Numbers-Factsheet.pdf](https://files.consumerfinance.gov/f/documents/201701_cfpb_CFPB-By-the-Numbers-Factsheet.pdf).
- <sup>16</sup> See, e.g., CFPB, *CFPB Statement On Department of Defense Military Lending Act Final Rule* (July 21, 2015), <https://www.consumerfinance.gov/about-us/newsroom/cfpb-statement-on-department-of-defense-military-lending-act-final-rule>.
- <sup>17</sup> See CFPB, <https://www.consumerfinance.gov> (last visited Mar. 2, 2019) (stating that the CFPB has handled “1.5 million+ complaints . . . from consumers”); CFPB, *Annual report of the CFPB Student Loan Ombudsman*, 2 (Oct. 2017), [https://files.consumerfinance.gov/f/documents/cfpb\\_annual-report\\_student-loan-ombudsman\\_2017.pdf](https://files.consumerfinance.gov/f/documents/cfpb_annual-report_student-loan-ombudsman_2017.pdf) (stating that as of August 31, 2017, the CFPB handled 50,700 private and federal student loan complaints and 9,800 debt collection complaints about private or federal student loans).
- <sup>18</sup> See, e.g., Am. For Fin. Reform, *10 Ways the Consumer Financial Protection Bureau Safeguards Your Money* (Feb. 2015), <http://ourfinancialsecurity.org/wp-content/uploads/2015/02/TenWaysCFPBSafeguardsYourMoney-AFR.pdf>; CFPB, *Consumer Financial Protection Bureau: By the numbers*, *supra* note 15; CFPB, *Consumer Financial Protection Bureau: Enforcing federal consumer protection laws* (July 2016), [https://files.consumerfinance.gov/f/documents/07132016\\_cfpb\\_SEFL\\_anniversary\\_factsheet.pdf](https://files.consumerfinance.gov/f/documents/07132016_cfpb_SEFL_anniversary_factsheet.pdf).
- <sup>19</sup> See, e.g., Staff of S. Comm. On Banking, Housing, and Urban Affairs, 115th Cong., *Pushing the Envelope: The Consumer Financial Protection Bureau Under the Trump Administration*, (Minority Staff Rep. 2018), <https://www.banking.senate.gov/download/mulvaney-cfpb-report>; Christopher L. Peterson, *Missing in Action? Consumer Financial Protection Bureau Supervision and the Military Lending Act*, Consumer Fed. of Am. (Nov. 1, 2018), <https://consumerfed.org/wp-content/uploads/2018/11/missing-in-action-cfpb-supervision-and-the-military-lending-act.pdf>.
- <sup>20</sup> See, e.g., Sylvan Lane, *Exclusive: Consumer bureau name change could cost firms \$300 million*, The Hill (Dec. 3, 2018), <https://thehill.com/policy/finance/419527-exclusive-consumer-bureau-analysis-says-name-change-could-cost-firms-300>; Robert O’Harrow Jr., Shawn Boburg & Renae Merle, *How Trump appointees curbed a consumer protection agency loathed by the GOP*, Wash. Post (Dec. 4, 2018), [https://www.washingtonpost.com/investigations/how-trump-appointees-curbed-a-consumer-protection-agency-loathed-by-the-gop/2018/12/04/3cb6cd56-de20-11e8-aa33-53bad9a881e8\\_story.html?utm\\_term=.d4aba24fe702](https://www.washingtonpost.com/investigations/how-trump-appointees-curbed-a-consumer-protection-agency-loathed-by-the-gop/2018/12/04/3cb6cd56-de20-11e8-aa33-53bad9a881e8_story.html?utm_term=.d4aba24fe702).
- <sup>21</sup> See, e.g., Chris Arnold, *Under Trump Appointee, Consumer Protection Agency Seen Helping Payday Lenders*, Nat. Pub. Radio (Jan. 24, 2018), <https://www.npr.org/2018/01/24/579961808/under-trump-appointee-consumer-protection-agency-seen-helping-payday-lenders>; George Zornick, *Why Loan Sharks, Car Salesmen, and Payday Lenders Love Mick Mulvaney*, The Nation (Sept. 13, 2018), <https://www.thenation.com/article/why-loan-sharks-car-salesmen-and-payday-lenders-love-mick-mulvaney>; Yuka Hayashi, *Mick Mulvaney’s Year at CFPB Has Pleased Financial Industry, Which Wants More*, Wall St. J. (Nov. 25, 2018), <https://www.wsj.com/articles/mick-mulvaney-s-year-at-cfpb-has-pleased-financial-industry-which-wants-more-1543158000>.
- <sup>22</sup> See U.S. Fed. Res. Bd., *Consumer Credit – G.19* (Feb. 7, 2019), <https://www.federalreserve.gov/releases/g19/current/default.htm>.
- <sup>23</sup> See Fed. Res. Bank of N.Y., *Quarterly Report on Household Debt and Credit, 2018:Q4* (Feb. 2019), [https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/HHDC\\_2018Q4.pdf](https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/HHDC_2018Q4.pdf).
- <sup>24</sup> See U.S. Dep’t of Educ., *Direct Loans Entering Default, 2018 Q1-Q4*; <https://studentaid.ed.gov/sa/sites/default/files/fsawg/datacenter/library/DLEnteringDefaults.xls> (last visited Mar. 2, 2018).
- <sup>25</sup> See *id* at 2017 Q1-Q4, 2016 Q1-Q4.
- <sup>26</sup> See U.S. Dep’t of Educ., *Federal Student Loan Portfolio*, <https://studentaid.ed.gov/sa/about/data-center/student/portfolio> (last visited Mar. 3, 2018); U.S. Dep’t of Educ., *Federal Perkins Loan Program Status of Default as of June 30, 2016* (June 12, 2017), <https://ifap.ed.gov/perkinscdrguide/1516PerkinsCDR.html>.
- <sup>27</sup> See U.S. Dep’t of Educ., *Portfolio by Delinquency Status*, <https://studentaid.ed.gov/sa/sites/default/files/fsawg/datacenter/library/DLPortfolioByDelinquencyStatus.xls> (last visited Mar. 3, 2018).



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- <sup>28</sup> See, e.g., Meta Brown & Sydnee Caldwell, *Young Student Loan Borrowers Retreat from Housing and Auto Markets*, Fed. Res. Bank of N.Y.: Liberty Street Econ. (Apr. 17, 2013), <https://libertystreeteconomics.newyorkfed.org/2013/04/young-student-loan-borrowers-retreat-from-housing-and-auto-markets.html> (illustrating the potential for lost asset accumulation opportunities, homeownership rates of 30-year-old student loan borrowers decreased by more than 5 percent compared with homeownership rates of 30-year-old non-borrowers); Fed. Res. Bank of N.Y., *Press Briefing On Household Debt, With Focus On Student Debt* 36–47 (Apr. 3, 2017), <https://www.newyorkfed.org/medialibrary/media/press/PressBriefing-Household-Student-Debt-April32017.pdf> (finding that college attendees with student debt have lower homeownership rates than college attendees without student debt and that higher debt balances are associated with lower homeownership rates).
- <sup>29</sup> See, e.g., Brent W. Ambrose et al., *The Impact of Student Loan Debt on Small Business Formation* (Mar. 31, 2014), [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2417676](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2417676); Brandon Busteded, *Student Loan Debt: Major Barrier to Entrepreneurship*, Gallup (Oct. 14, 2015), <https://news.gallup.com/businessjournal/186179/student-loan-debt-major-barrier-entrepreneurship.aspx>.
- <sup>30</sup> See, e.g., CFPB, *Snapshot Of Older Consumers And Student Loan Debt* 14 (2017), [http://files.consumerfinance.gov/f/documents/201701\\_cfpb\\_OA-Student-Loan-Snapshot.pdf](http://files.consumerfinance.gov/f/documents/201701_cfpb_OA-Student-Loan-Snapshot.pdf) (reporting that borrowers nearing retirement “had a lower median amount in their employer-based retirement account or an Individual Retirement Account (IRA) than consumers without student loan debt”); Joseph Egoian, *73 Will Be the Retirement Norm for Millennials*, NerdWallet (Oct. 23, 2013), <https://www.nerdwallet.com/blog/investing/73-retirement-norm-millennials> (finding that a 4 year college graduate with median student loan debt of \$23,000 has about \$115,000 less in retirement savings than a 4 year college graduate with no student loans by the time they reach age 73).
- <sup>31</sup> See, e.g., Daniel Cooper & J. Christina Wang, *Student Loan Debt and Economic Outcomes*, Fed. Res. Bank of Bos.: Current Pol’y Persp. (Oct. 2014), <https://www.bostonfed.org/-/media/Documents/Workingpapers/PDF/economic/cpp1407.pdf> (“In addition, the distribution of total wealth excluding student debt liabilities is lower for homeowners with student debt than for homeowners without student loan debt (again conditional on at least some college attendance). This wealth disparity remains even after controlling for a wide range of demographic and other factors.”).
- <sup>32</sup> Alvarro Mezza, Daniel Ringo & Kamila Sommer, *Can Student Loan Debt Explain Low Homeownership Rates for Young Adults?* at 5, Fed. Res. Consumer & Cmty. Context (Jan. 2019), <https://www.federalreserve.gov/publications/files/consumer-community-context-201901.pdf>.
- <sup>33</sup> PJ Tabit & Josh Winters, *“Rural Brain Drain”: Examining Millennial Migration Patterns and Student Loan Debt*, Fed. Res. Consumer & Cmty. Context (Jan. 2019), <https://www.federalreserve.gov/publications/files/consumer-community-context-201901.pdf>.
- <sup>34</sup> See Daniela Kraiem, *The Cost of Opportunity: Student Debt and Social Mobility*, 48 Suffolk U. L. Rev. 689, 699 (2015) (“Students with unmanageable debt are more likely to be low-income, female, black, and have dependent members such as children or elderly parents.”).
- <sup>35</sup> See Kevin Miller, *Women’s Student Debt Crisis in the United States*, Am. Ass’n U. Women (May 2017), <https://www.aauw.org/research/deeper-in-debt>.
- <sup>36</sup> See Ben Miller, *New Federal Data Show a Student Loan Crisis for African American Borrowers*, Ctr. For Am. Progress (Oct. 16, 2017), <https://www.americanprogress.org/issues/education-postsecondary/news/2017/10/16/440711/new-federal-data-show-student-loan-crisis-african-american-borrowers>; see also Judith Scott-Clayton, *The Looming Student Loan Default Crisis Is Worse than We Thought*, Brookings (Jan. 11, 2018), <https://www.brookings.edu/research/the-looming-student-loan-default-crisis-is-worse-than-we-thought> (“Debt and default among black college students is at crisis levels, and even a bachelor’s degree is no guarantee of security: black BA graduates default at five times the rate of white BA graduates (21 versus 4 percent), and are more likely to default than white dropouts.”); Marshall Steinbaum & Kavya Vaghul, *How the Student Debt Crisis Affects African Americans and Latinos*, Wash. Ctr. For Equitable Growth (Feb. 17, 2016), <https://equitablegrowth.org/how-the-student-debt-crisis-affects-african-americans-and-latinos>.



- <sup>37</sup> See, e.g., Meta Brown & Sydnee Caldwell, *Young Student Loan Borrowers Retreat from Housing and Auto Markets*, *supra* note 28; see generally William Elliot & Melinda Lewis, *Student Debt Effects on Financial Well-Being: Research and Policy Implications*, 29 J. Econ. Surveys 614 (2015), <http://onlinelibrary.wiley.com/doi/10.1111/joes.12124/full> (finding that student loan debt can delay asset accumulation for years and can decrease a family's net worth by 63 percent).
- <sup>38</sup> See Robert Hiltonsmith, *At What Cost? How Student Debt Reduces Lifetime Wealth* 9, Demos (2013), <https://www.demos.org/publication/what-cost-how-student-debt-reduces-lifetime-wealth>; see also Richard Fry, *Young Adults, Student Debt, and Economic Well Being*, Pew Res. Ctr. (May 14, 2014), <http://www.pewsocialtrends.org/2014/05/14/young-adults-student-debt-and-economic-well-being> (“[S]howing that millennials who incur debt after graduation have an average net worth of seven times less than that of their non-indebted counterparts. Millennials with no debt when graduating have an average net worth of \$64,700, while millennials graduating with student debt have only \$8,700 on average.”); Cooper & Wang, *supra* note 31; see generally Emily Rauscher & William Elliott, *The Relationship Between Income and Net Worth: A Virtuous Cycle for High but Not Low Income Households*, 20 J. Poverty 380 (2016) (finding that a college graduate with an extra \$10,000 in student loans will achieve the nation's median net worth 26 percent slower than a college graduate without that debt, concluding that financing higher education through student loans can put college graduates who begin school with few assets even further behind their wealthier peers).
- <sup>39</sup> See, e.g., Sen. Patty Murray, *Senator Murray Delivers Keynote Speech Outlining Need for Bold, Federal Action in Higher Education to Help Students Succeed* (Feb. 28, 2019), <https://www.murray.senate.gov/public/index.cfm/mobile/newsroom?ID=FF5FF711-10D2-43BF-999C-9784EF2C7590> (“We see servicing breakdowns at every servicer, for all types of borrowers, and at every stage of repayment—and it must be fixed now.”).
- <sup>40</sup> See, e.g., Complaint at 23, *CFPB v. Navient Corp.*, No. 3:17-cv-00101-RDM (M.D. Pa. 2018) (stating “At the conclusion of those forbearances, Navient had added nearly four billion dollars of unpaid interest to the principal balance of their loans.”).
- <sup>41</sup> See, e.g., *CFPB v. Navient Corp.*, No. 3:17-cv-00101-RDM (M.D. Pa. 2018) (stating “Navient’s compensation policies for its customer service representatives have incentivized them to push numerous borrowers to forbearance without adequately exploring income-driven repayment plans with those borrowers, and in some cases, without even mentioning income-driven repayment plans at all.”); Complaint at 11, *California v. Navient Corp.*, No. CGC-18-567732 (2018) (stating “Navient’s compensation policies for customer service representatives incentivized this misconduct.”); Complaint at 13, *Mass. v. Pa. Higher Educ. Assistance Agency*, No. 1784-cv-02682 (2017) (“... PHEAA has wrongfully held borrowers’ money that it was not entitled to collect.”); Complaint at 18, *Wells Fargo Bank, N.A.*, CFPB No. 2016-CFPB-0013 (Aug. 22, 2016) at 9 (Respondent . . . maximized late fees incurred by many consumers . . .); Office of N.Y. Att’y Gen., *Attorney General James And Superintendent Vullo Announce \$9 Million Settlement Of Federal Student Loan Servicing Claims With Acs Education Services* (Jan. 4, 2019), <https://ag.ny.gov/press-release/attorney-general-james-and-superintendent-vullo-announce-9-million-settlement-federal>.
- <sup>42</sup> See, e.g., Complaint at 10, *CFPB v. Corinthian Colleges, Inc.*, No. 14-4194 (N.D. Ill. 2014) (stating “Regardless of whether students were able to repay the private student loans, Corinthian would profit from the increased availability of Title IV monies.”); Complaint at 26, *CFPB v. ITT Educational Services, Inc.*, No. 1:14-cv-292 (S.D. Ind. 2014) (stating “While ITT remains profitable—it reaped approximately \$59 million in net income during 2013—former ITT students, having been coerced by ITT into the ITT Private Loans, face a high likelihood of defaulting.”); *Bridgepoint Education, Inc.*, CFPB No. 2016-CFPB-0016 (Sept. 9, 2016); Complaint, *California v. Ashford University, LLC*, No. RG17883963 (2017); *U.S. v. Educ. Mgmt. Corp.*, No. 07-461 (W.D. Pa. 2011); U.S. Dep’t of Justice, *For-Profit College Company to Pay \$95.5 Million to Settle Claims of Illegal Recruiting, Consumer Fraud and Other Violations* (Nov. 16, 2015), <https://www.justice.gov/opa/pr/profit-college-company-pay-955-million-settle-claims-illegal-recruiting-consumer-fraud-and>; M.D. Att’y Gen., *AG Frosh: \$1.4 Million in Loans Forgiven for Nearly 1,000 Maryland Students* (Nov. 16, 2015), <http://www.marylandattorneygeneral.gov/Press/2015/111615.pdf>.
- <sup>43</sup> See, e.g., Complaint at 45, *CFPB v. Navient Corp.*, No. 3:17-cv-00101-RDM (M.D. Pa. 2017) (“Pioneer’s false promises that rehabilitation would remove all adverse information regarding the borrowers’ loans from their credit



- reports."); Minn. Commerce Dep't, *Minnesota Commerce Department announces action against improper student loan debt collections* (Aug. 11, 2017), <https://mn.gov/commerce/media/news/?id=17-307713> ("Minnesota Commerce [Department] . . . and regulators in four other states have reached a \$500,000 joint settlement with two subsidiaries of iQor Holdings Inc. for improper debt collection practices, including making abusive and harassing phone calls to increase student loan payments."); Complaint at 70, *Ill. v. Navient Corp.*, No. 17-CH-00761 (Jan. 18, 2017) (" . . . Pioneer Credit Recovery, and General Revenue Corporation's unfair and deceptive debt collection practices."); *Transworld Systems, Inc.*, CFPB No. 2017-CFPB-0018 (Sept. 18, 2017), [https://files.consumerfinance.gov/f/documents/201709\\_cfpb\\_transworld-systems\\_consent-order.pdf](https://files.consumerfinance.gov/f/documents/201709_cfpb_transworld-systems_consent-order.pdf) ("In support of many of these lawsuits, [Transworld] executed affidavits that falsely claimed personal knowledge of the account records and the consumer's debt, and, in many cases, personal knowledge of the chain of assignments establishing ownership of the loans.").
- <sup>44</sup> See, e.g., Complaint at 10, *Wash. v. Navient Corp.*, No. 17-2-01115-1 SEA (2017) ("From 2006-2007 Sallie Mae claimed 42% of the private student loan market by pursuing an unfair and deceptive subprime lending strategy of providing expensive subprime loans to vulnerable borrowers even though Sallie Mae knew many — even most — of those loans would default."); Consent Judgment, *CFPB v. Nat. Collegiate Master Student Loan Trust*, No. 1:17-cv-01323-UNA (Del. 2017); *Discover Bank*, CFPB No. 2015-CFPB-0016 (July 22, 2015), [https://files.consumerfinance.gov/f/201507\\_cfpb\\_consult-order-in-the-matter-of-discover-bank-student-loan-corporation.pdf](https://files.consumerfinance.gov/f/201507_cfpb_consult-order-in-the-matter-of-discover-bank-student-loan-corporation.pdf); *Citibank, N.A.*, CFPB No. 2017-CFPB-0021 (Nov. 21, 2017), [https://files.consumerfinance.gov/f/documents/cfpb\\_citibank-n.a.\\_consent-order\\_112017.pdf](https://files.consumerfinance.gov/f/documents/cfpb_citibank-n.a._consent-order_112017.pdf).
- <sup>45</sup> See, e.g., CFPB, *CFPB Takes Action Against Aequitas Capital Management for Aiding Corinthian Colleges' Predatory Lending Scheme* (Aug. 17 2017), <https://www.consumerfinance.gov/about-us/newsroom/cfpb-takes-action-against-aequitas-capital-management-aiding-corinthian-colleges-predatory-lending-scheme>; Or. Dep't of Justice, *AG Rosenblum Announces \$192 Million Aequitas Settlement; \$2.1 Million for Oregon Students* (Aug. 17, 2017), <https://www.doj.state.or.us/media-home/news-media-releases/ag-rosenblum-announces-192-million-aequitas-settlement-2-1-million-oregon-students>; see also Charlie Eaton, Sabrina Howell & Constantine Yannelis, *When Investor Incentives and Consumer Interests Diverge: Private Equity in Higher Education*, (Nat. Bureau of Econ. Res. (Aug. 2018), <https://www.nber.org/papers/w24976>.
- <sup>46</sup> See, e.g., CFPB, *CFPB Takes Action to Shut Down Illegal Student Debt Relief Scheme* (Mar. 15, 2016), <https://www.consumerfinance.gov/about-us/newsroom/cfpb-takes-action-to-shut-down-illegal-student-debt-relief-scheme>; Complaint, *CFPB v. IrvineWebWorks, Inc.*, No. 8:14-cv-1967 (C.D. Cal. 2014); Wash. Att'y Gen., *AG Ferguson Surpasses \$1 Million in Student-Borrower Recoveries* (Jan. 5, 2017), <https://www.atg.wa.gov/news/news-releases/ag-ferguson-surpasses-1-million-student-borrower-recoveries> ("Since November 2015, Ferguson has brought lawsuits or resolved allegations against 15 out-of-state student loan adjusters for violating Washington's Debt Adjustment Act and Consumer Protection Act by charging illegal fees for debt adjusting and ignoring legal obligations to inform customers of important rights."); FTC, *FTC, State Law Enforcement Partners Announce Nationwide Crackdown on Student Loan Debt Relief Scams* (Oct. 13, 2017), <https://www.ftc.gov/news-events/press-releases/2017/10/ftc-state-law-enforcement-partners-announce-nationwide-crackdown>.
- <sup>47</sup> See, e.g., CFPB, *Statement by CFPB's Holly Petraeus on DOJ, FDIC Enforcement Actions Against Sallie Mae* (May 13, 2014), <https://www.consumerfinance.gov/about-us/newsroom/statement-by-cfpbs-holly-petraeus-on-doj-fdic-enforcement-actions-against-sallie-mae>; see also CFPB, *Overseas & Underserved* (July 2015), [https://files.consumerfinance.gov/f/201507\\_cfpb\\_overseas-underserved-student-loan-servicing-and-the-cost-to-our-men-and-women-in-uniform.pdf](https://files.consumerfinance.gov/f/201507_cfpb_overseas-underserved-student-loan-servicing-and-the-cost-to-our-men-and-women-in-uniform.pdf).
- <sup>48</sup> See, e.g., Rohit Chopra & Holly Petraeus, *Veterans: Take advantage of student loan forgiveness, but don't let it damage your credit* (Nov. 17, 2014), <https://www.consumerfinance.gov/about-us/blog/veterans-dont-let-student-loan-forgiveness-damage-your-credit>; CFPB, *CFPB Sues Nation's Largest Student Loan Company Navient Failing Borrowers at Every Stage of Repayment* (Jan. 18, 2017), <https://www.consumerfinance.gov/about-us/newsroom/cfpb-sues-nations-largest-student-loan-company-navient-failing-borrowers-every-stage-repayment> ("[T]he Bureau charges that Navient . . . [h]armed the credit of disabled borrowers, including severely injured veterans.").



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- <sup>49</sup> See, e.g., CFPB, *CFPB Spotlights Borrower Complaints About Student Loan Servicers Mishandling Public Service Loan Forgiveness Program: Consumer Bureau Launches “Certify Your Service” Campaign to Help Teachers, First Responders, and Other Public Servants Stay on Track* (Jun. 22, 2017), <https://www.consumerfinance.gov/about-us/newsroom/cfpb-spotlights-borrower-complaints-about-student-loan-servicers-mishandling-public-service-loan-forgiveness-program>.
- <sup>50</sup> See CFPB, *50 state snapshot of student debt* (Oct. 2017), [https://files.consumerfinance.gov/f/documents/cfpb\\_student-loans\\_50-state-snapshot\\_complaints.pdf](https://files.consumerfinance.gov/f/documents/cfpb_student-loans_50-state-snapshot_complaints.pdf).
- <sup>51</sup> See, e.g., CFPB, *CFPB Sues Nation's Largest Student Loan Company Navient for Failing Borrowers at Every Stage of Repayment* (Jan. 18, 2017), <https://www.consumerfinance.gov/about-us/newsroom/cfpb-sues-nations-largest-student-loan-company-navient-failing-borrowers-every-stage-repayment>; CFPB, *Supervisory Highlights: Issue 10, Winter 2016* (Mar. 2016), [https://files.consumerfinance.gov/f/201603\\_cfpb\\_supervisory-highlights.pdf](https://files.consumerfinance.gov/f/201603_cfpb_supervisory-highlights.pdf); CFPB, *Supervisory Highlights: Issue 13, Fall 2016* (Nov. 2016), [https://www.consumerfinance.gov/documents/1389/Supervisory\\_Highlights\\_Issue\\_13\\_Final\\_10.31.16.pdf](https://www.consumerfinance.gov/documents/1389/Supervisory_Highlights_Issue_13_Final_10.31.16.pdf).
- <sup>52</sup> See, e.g., Complaint, *CFPB v. Student Fin. Aid Services, Inc.*, No. 2:15-at-00821 (E.D. Cal. 2015); *Discover Bank*, CFPB No. 2015-CFPB-0016 (July 22, 2015), [https://files.consumerfinance.gov/f/201507\\_cfpb\\_consent-order-in-the-matter-of-discover-bank-student-loan-corporation.pdf](https://files.consumerfinance.gov/f/201507_cfpb_consent-order-in-the-matter-of-discover-bank-student-loan-corporation.pdf); Complaint, *CFPB v. Navient Corp.*, No. 3:17-cv-00101-RDM (M.D. Pa. 2018); *Wells Fargo Bank, N.A.*, CFPB No. 2016-CFPB-0013 (Aug. 22, 2016), [https://files.consumerfinance.gov/f/documents/2016-CFPB-0013Wells\\_Fargo\\_Bank\\_N.A.--\\_Consent\\_Order.pdf](https://files.consumerfinance.gov/f/documents/2016-CFPB-0013Wells_Fargo_Bank_N.A.--_Consent_Order.pdf).
- <sup>53</sup> See, e.g., U.S. Dep’t of Educ., *Departments of Education and Treasury and the Consumer Financial Protection Bureau Announce New Joint Efforts to Protect and Support Student Loan Borrowers* (Apr. 28, 2016), <https://www.ed.gov/news/press-releases/departments-education-and-treasury-and-consumer-financial-protection-bureau-announce-new-joint-efforts-protect-and-support-student-loan-borrowers>; U.S. Dep’t of Justice, *Nearly 78,000 Service Members to Begin Receiving \$60 Million Under Department of Justice Settlement with Navient for Overcharging on Student Loans* (May 28, 2015), <https://www.justice.gov/opa/pr/nearly-78000-service-members-begin-receiving-60-million-under-department-justice-settlement> (“The department’s investigation of Navient was the result of a referral of service member complaints from the Consumer Financial Protection Bureau’s Office of Servicemember Affairs, headed by Holly Petraeus.”).
- <sup>54</sup> See, e.g., CFPB, *CFPB Takes Action Against Aequitas Capital Management for Aiding Corinthian Colleges’ Predatory Lending Scheme* (Aug. 17, 2017), <https://www.consumerfinance.gov/about-us/newsroom/cfpb-takes-action-against-aequitas-capital-management-aiding-corinthian-colleges-predatory-lending-scheme> (stating “In collaboration with the CFPB, several state attorneys general have also reached proposed settlements with Aequitas.”); CFPB, *Consumer Financial Protection Bureau Takes Action Against Bridgepoint Education, Inc. for Illegal Student Lending Practices* (Sept. 12, 2016), <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-takes-action-against-bridgepoint-education-inc-illegal-student-lending-practices> (quoting former CFPB Director Richard Cordray as stating “Together with our state partners, we will continue to be vigilant in rooting out illegal practices facing student borrowers in the for-profit space.”); Danielle Douglas-Gabriel, *Student loan servicer Navient hit with three government lawsuits in one day*, Wash. Post (Jan. 18, 2017), [https://www.washingtonpost.com/news/grade-point/wp/2017/01/18/student-loan-servicer-navient-hit-with-three-government-lawsuits-in-one-day/?utm\\_term=.5e6b7992fe1c](https://www.washingtonpost.com/news/grade-point/wp/2017/01/18/student-loan-servicer-navient-hit-with-three-government-lawsuits-in-one-day/?utm_term=.5e6b7992fe1c) (“The state attorneys general teamed with the consumer bureau in a multiyear investigation into the business practices of Navient and its subsidiaries, finding widespread breakdowns in servicing. . .”).
- <sup>55</sup> See, e.g., CFPB, *The CFPB and City of Columbus Team Up to Help Local Consumers with Questions and Complaints* (Nov. 12, 2013) <https://www.consumerfinance.gov/about-us/newsroom/the-cfpb-and-city-of-columbus-team-up-to-help-local-consumers-with-questions-and-complaints>; CFPB, *CFPB and Jackson, Miss, Team Up to Help Local Consumers with Questions and Complaints* (Sept. 20, 2013) <https://www.consumerfinance.gov/about-us/newsroom/cfpb-and-jackson-ms-team-up-to-help-local-consumers-with-questions-and-complaints>.



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- <sup>56</sup> See, e.g., Shahien Nasiripour, *The Government Can't Agree With Itself on Policing Student Loan Companies*, Bloomberg (Aug. 24, 2016), <https://www.bloomberg.com/news/articles/2016-08-24/the-government-can-t-agree-with-itself-on-policing-student-loan-companies>.
- <sup>57</sup> See CFPB, *Annual report of the CFPB Student Loan Ombudsman*, 3 (Oct. 2017), [https://files.consumerfinance.gov/f/documents/cfpb\\_annual-report\\_student-loan-ombudsman\\_2017.pdf](https://files.consumerfinance.gov/f/documents/cfpb_annual-report_student-loan-ombudsman_2017.pdf).
- <sup>58</sup> See CFPB, *College credit card agreements* (Dec. 2017), [https://files.consumerfinance.gov/f/documents/cfpb\\_college-credit-card-agreements-report\\_2017.pdf](https://files.consumerfinance.gov/f/documents/cfpb_college-credit-card-agreements-report_2017.pdf); see also CFPB, *FOIA Record: Letter to the Department of Education* (Feb. 5, 2018), <https://www.consumerfinance.gov/foia-requests/foia-electronic-reading-room/letter-department-education>. When forced to publish this document in response to demands from journalists, advocates and Congress nearly a year later, the public finally learned that even though Wells Fargo's student customers made up only a quarter of all college-sponsored bank accounts nationwide, they paid more than half of all bank fees. See also Michael Stratford, *Trump administration hid report revealing Wells Fargo charged high fees to students*, Politico (Dec. 10, 2018), <https://www.politico.com/story/2018/12/10/student-loan-fees-wells-fargo-1021129>.
- <sup>59</sup> In February 2018, the Office of Management and Budget shared a "Notice and Interpretation" authored by the U.S. Department of Education, for review by the Consumer Financial Protection Bureau. This interpretation purported to block the enforcement of all state consumer protection laws against student loan servicers. *Federal Preemption and State Regulation of the Department of Education's Federal Student Loan Programs and Federal Student Loan Servicers*, 83 Fed. Reg. 10619 (Mar. 12, 2018), <https://www.federalregister.gov/documents/2018/03/12/2018-04924/federal-preemption-and-state-regulation-of-the-department-of-educations-federal-student-loan>. CFPB staff prepared a memorandum to Acting Director Mick Mulvaney warning the Acting Director that this maneuver was harmful to consumers and lacked a firm legal basis under the law. Rather than "pass back" expert, staff-level comments to the Department of Education, CFPB's political leadership suppressed these views. Recently, one federal judge dismissed an industry effort to give legal weight to this notice, explaining that it "lacks requisite thoroughness and persuasiveness...[and] [t]hus, the court gives no deference...". *Student Loan Servicing Alliance v. Taylor*, No. 2018-0640 (D.D.C. Nov. 21, 2018); see also Danielle Douglas-Gabriel, *Education Dept. tells student loan companies to ignore state authority*, Wash. Post (Mar. 9, 2018), [https://www.washingtonpost.com/news/grade-point/wp/2018/03/09/education-dept-tells-student-loan-companies-to-ignore-state-authority/?utm\\_term=.3d5f919850c2](https://www.washingtonpost.com/news/grade-point/wp/2018/03/09/education-dept-tells-student-loan-companies-to-ignore-state-authority/?utm_term=.3d5f919850c2).
- <sup>60</sup> See Nat'l Governors Ass'n, *Governors Voice Concerns Over New Student Borrower Proposal* (Mar. 12, 2018), <https://www.nga.org/news/press-releases/governors-voice-concerns-over-new-student-borrower-proposal>.
- <sup>61</sup> See Conf. of State Banking Supervisors, *CSBS Opposes Department of Education Plan to Preempt State Authority on Student Loans* (Mar. 2, 2018), <https://www.csbs.org/csbs-opposes-department-education-plan-preempt-state-authority-student-loans>.
- <sup>62</sup> See Letter from Att'y Gen. Schneiderman et al. to Secretary of Education Betsy DeVos (Oct. 23, 2017), <https://ag.ny.gov/press-release/ag-schneiderman-led-bipartisan-coalition-25-ags-calls-secretary-devos-reject-student>.
- <sup>63</sup> See Rep. Suzanne Bonamici, *Bipartisan Lawmakers Challenge Education Department's Attempt to Block State Consumer Protection Laws* (May 16, 2018), <https://bonamici.house.gov/media/press-releases/bipartisan-lawmakers-challenge-education-department-s-attempt-block-state>.
- <sup>64</sup> See Glenn Thrush & Stacy Cowley, *Mulvaney Downgrades Student Loan Unit in Consumer Bureau Reshuffle*, N.Y. Times (May 9, 2018) <https://www.nytimes.com/2018/05/09/us/student-loans-consumer-financial-protection-bureau-cfpb.html>; Danielle Douglas-Gabriel, *Mick Mulvaney take aim at consumer bureau's student protection unit*, Wash. Post (May 9, 2018), [https://www.washingtonpost.com/news/grade-point/wp/2018/05/09/mick-mulvaney-takes-aim-at-cfpbs-student-protection-unit/?utm\\_term=.ad3448878acd](https://www.washingtonpost.com/news/grade-point/wp/2018/05/09/mick-mulvaney-takes-aim-at-cfpbs-student-protection-unit/?utm_term=.ad3448878acd); Emily Wilkins, *New Head of Student Loan Oversight Office Will Have Less Power*, Bloomberg Gov. (Mar. 1, 2019), <https://about.bgov.com/news/new-head-of-student-loan-oversight-office-will-have-less-power>.
- <sup>65</sup> See Michael Stratford, *CFPB gives up on plans to regulate student loan servicers* (May 9, 2018), <https://subscriber.politicopro.com/education/article/2018/05/cfpb-gives-up-on-plans-to-regulate-student-loan>



[servicers-526274](#). In May of 2018, in the same week in which it shuttered the Office for Students and Young Consumers, the political leadership of the Bureau withdrew a planned student loan servicing rulemaking from its regulatory agenda. This rule was intended to provide enhanced consumer protections to student loan borrowers. The political leadership withdrew this planned rulemaking despite widespread recognition that student loan borrowers have fewer protections than borrowers with any other major class of consumer debt. In fact, just seven weeks after scrapping this rulemaking, the Trump Administration’s own Treasury Department warned of significant risks to student loan borrowers and taxpayers because “[f]ederal student loan servicing currently lacks effective minimum servicing standards.” U.S. Dep’t of the Treasury, *A Financial System That Creates Economic Opportunities: Nonbank Financials, Fintech, and Innovation* 125 (July 2018), [https://home.treasury.gov/sites/default/files/2018-08/A-Financial-System-that-Creates-Economic-Opportunities---Nonbank-Financials-Fintech-and-Innovation\\_0.pdf](https://home.treasury.gov/sites/default/files/2018-08/A-Financial-System-that-Creates-Economic-Opportunities---Nonbank-Financials-Fintech-and-Innovation_0.pdf).

<sup>66</sup> In July 2018, the Office of Management and Budget provided the Bureau with an opportunity to review the Department of Education’s draft Notice of Proposed Rulemaking on a proposal to roll back protections developed in response to the collapse of Corinthian and ITT, past targets of CFPB predatory lending lawsuits. See *CFPB v. Corinthian Colleges, Inc.*, No. 1:14-cv-07194 (2015); *CFPB v. ITT Educ. Serv., Inc.*, No. 1:14-cv-292 (2014). CFPB leadership refused to transmit concerns raised by the Offices of Servicemember Affairs and Students about how this proposal would disproportionately harm military families. Further, CFPB leadership refused to transmit concerns about how this new proposal would impact the ongoing and legacy enforcement work of the Bureau, including work related to the collapse of for-profit giant ITT. The Administration initially moved forward with this misguided and poorly developed regulation, only to face fierce resistance from stakeholders across the higher education and consumer protection landscape. See, e.g., Letter from Att’y Gen. Lisa Madigan et al. to Secretary Betsy DeVos, et. al, *How For-profit Schools Have Harmed Student Borrowers: the Need for the Gainful Employment Rule, Vigorous Federal Oversight of Accreditors, and the Borrower Defense to Repayment Rule* (Feb. 22, 2017), <http://www.protectstudentsandtaxpayers.org/wp-content/uploads/2017/03/Multistate-letter-on-for-profits-Feb-2017.pdf>; Letter from military organizations to Sen. Lamar Alexander, et al. (Feb. 2, 2017), <http://www.protectstudentsandtaxpayers.org/wp-content/uploads/2017/02/Letter-on-Education-Protections.pdf>. Earlier this year, the Administration announced it had scrapped this proposal and would restart this process again in 2019. See Andrew Kreighbaum, *DeVos to Rewrite Overhaul of Obama Loan Rule*, Inside Higher Ed (Jan. 21, 2019), <https://www.insidehighered.com/quicktakes/2019/01/21/devos-rewrite-overhaul-obama-loan-rule>.

<sup>67</sup> See U.S. Dep’t of Educ., Portfolio by Loan Status (2018 Q4), <https://studentaid.ed.gov/sa/sites/default/files/fsawg/datacenter/library/PortfoliobyLoanStatus.xls>; U.S. Dep’t of Educ., *Memorandum on Ownership and Access to U.S. Department of Education Records and Data* (Dec. 27, 2017), <https://static.politico.com/51/1f/0f805fd04c2eb035bcd79f9200be/december-27-2017-servicer-memo.pdf>; Letter from Sen. Patty Murray and Rep. Rosa L. DeLauro to Secretary Betsy DeVos (Feb. 19, 2019), <https://www.help.senate.gov/imo/media/doc/Secretary%20DeVos%20Enforcement%20Disclosure%20192019.pdf>; Michael Stratford, *DeVos escalates fight with states over student loan companies*, Politico (Sept. 7, 2018), <https://subscriber.politicopro.com/financial-services/article/2018/09/devos-escalates-fight-with-states-over-student-loan-companies-774599>; Pa. Att’y Gen., *Case Update: Attorney General Shapiro Announces Win in Court Battle with Nation’s Largest Student Loan Company* (Oct. 18, 2018), <https://www.attorneygeneral.gov/taking-action/updates/case-update-attorney-general-shapiro-announces-win-in-court-battle-with-nations-largest-student-loan-company> (“Until now, Navient has refused to produce records for direct loans. . .”).

<sup>68</sup> See 15 U.S.C. § 5535(a).

<sup>69</sup> See 15 U.S.C. § 5535(d) (requiring the CFPB to publish a student loan complaint report every year. Historically, reports have been published on October 16); CFPB, *Annual report of the CFPB Student Loan Ombudsman* (Oct. 16, 2012), [https://files.consumerfinance.gov/f/201210\\_cfpb\\_Student-Loan-Ombudsman-Annual-Report.pdf](https://files.consumerfinance.gov/f/201210_cfpb_Student-Loan-Ombudsman-Annual-Report.pdf); CFPB, *Annual report of the CFPB Student Loan Ombudsman* (Oct. 2013), [https://files.consumerfinance.gov/f/201310\\_cfpb\\_student-loan-ombudsman-annual-report.pdf](https://files.consumerfinance.gov/f/201310_cfpb_student-loan-ombudsman-annual-report.pdf); CFPB, *Annual report of the CFPB Student Loan Ombudsman* (Oct. 16, 2014), [https://files.consumerfinance.gov/f/201410\\_cfpb\\_report\\_annual-report-of-the-student-loan-ombudsman.pdf](https://files.consumerfinance.gov/f/201410_cfpb_report_annual-report-of-the-student-loan-ombudsman.pdf); CFPB, *Annual report of the CFPB Student Loan Ombudsman* (Oct. 2015), [https://files.consumerfinance.gov/f/201510\\_cfpb\\_annual-report-of-the-cfpb-student-loan-ombudsman.pdf](https://files.consumerfinance.gov/f/201510_cfpb_annual-report-of-the-cfpb-student-loan-ombudsman.pdf); CFPB,



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*Annual report of the CFPB Student Loan Ombudsman* (Oct. 2016), [https://files.consumerfinance.gov/f/documents/102016\\_cfpb\\_Transmittal\\_DFA\\_1035\\_Student\\_Loan\\_Ombudsman\\_Report.pdf](https://files.consumerfinance.gov/f/documents/102016_cfpb_Transmittal_DFA_1035_Student_Loan_Ombudsman_Report.pdf); CFPB, *Annual report of the CFPB Student Loan Ombudsman* (Oct. 2017), [https://files.consumerfinance.gov/f/documents/cfpb\\_annual-report\\_student-loan-ombudsman\\_2017.pdf](https://files.consumerfinance.gov/f/documents/cfpb_annual-report_student-loan-ombudsman_2017.pdf). As of March 1, 2019, the 2018 report has not been published.

- <sup>70</sup> See CFPB, *College credit card agreements* (Dec. 2018), [https://files.consumerfinance.gov/f/documents/College\\_Credit\\_Card\\_Agreements\\_Report\\_2018\\_Final.pdf](https://files.consumerfinance.gov/f/documents/College_Credit_Card_Agreements_Report_2018_Final.pdf) (where the CFPB failed to include a section on campus debt cards) and CFPB, *College credit card agreements* (Dec. 2017), [https://files.consumerfinance.gov/f/documents/cfpb\\_college-credit-card-agreements-report\\_2017.pdf](https://files.consumerfinance.gov/f/documents/cfpb_college-credit-card-agreements-report_2017.pdf); but see CFPB, *Student banking 9-21* (Dec. 2016), [https://files.consumerfinance.gov/f/documents/2016\\_cfpb\\_student\\_banking\\_report.pdf](https://files.consumerfinance.gov/f/documents/2016_cfpb_student_banking_report.pdf) (where the Bureau included a section on the “high cost account fees and aggressive marketing” used by banks with college-sponsored accounts.).
- <sup>71</sup> See CFPB, [www.consumerfinance.gov](http://www.consumerfinance.gov) (last visited Mar. 3, 2018) (stating that the Bureau “aim[s] to make consumer financial markets work for consumers, responsible providers, and the economy as a whole.”).
- <sup>72</sup> See U.S. Dep’t of Educ., Office of the Inspector Gen., ED-OIG/A05Q0008, *Federal Student Aid: Additional Actions Needed to Mitigate the Risk of Servicer Noncompliance with Requirements for Servicing Federally Held Student Loans* (Feb. 12, 2019), <https://www2.ed.gov/about/offices/list/oig/auditreports/fy2019/a05q0008.pdf>; see also Ken Sweet, *Report finds problems with student loan servicing, oversight*, Assoc. Press (Feb. 14, 2019), <https://apnews.com/cc655fdea293469d86231e4bcb10a5ec>.
- <sup>73</sup> See H.B. 2588, 80th Leg. Assemb., Reg. Sess. (Or. 2019); S. 160, 191st Gen. Court, Reg. Sess. (Mass. 2019); see also S. 2380, 190th Gen. Court, Reg. Sess. (Mass. 2018) (where the bill was passed unanimously by the Senate); Christine Lytwynec, *State Senate passes student loan bill of rights*, Daily Hampshire Gazette (Apr. 11, 2018), <https://www.gazettenet.com/Student-loan-bill-advances-in-Mass-Senate-16801763>; Aubrey Wieber, *Attorney general, legislators look to protect student loan borrowers from predatory lenders*, Salem Reporter (Feb. 25, 2019), <https://www.salemreporter.com/posts/549/attorney-general-legislators-look-to-protect-student-loan-borrowers-from-predatory-lenders> (“The bill has bipartisan support, evidenced by Republican and Democratic representatives and senators who appeared at Rosenblum’s press conference for the bill Monday afternoon.”).