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MADIGAN TESTIFIES IN D.C. ON INVESTIGATIONS INTO ABUSES & SCAMS IN HIGHER EDUCATION, STUDENT LENDING***Attorney General Calls for Increased Protections & Assistance for Student Loan Borrowers & Ability to Refinance Loan Balances***

Washington — Attorney General Lisa Madigan today testified before the [U.S. Senate Health Education Labor and Pensions \(HELP\) Committee](#) about her efforts to crack down on abuses and scams targeting the millions of Americans with student loan debt, calling on Congress to institute stronger federal protections including loan refinancing options and universal standards for loan servicers to help borrowers struggling to repay their student loan debt.

Attorney General Madigan's [testimony](#) outlined her role as a national leader in investigating and enforcing consumer protection violations in the higher education field, becoming the first state Attorney General to [file lawsuits against emerging student loan debt scams](#), leading the investigation into Sallie Mae (now Navient), and pursuing litigation against national for-profit colleges for fraudulent marketing practices.

"Just as the housing crisis trapped millions of borrowers in mortgages they could not afford, student loan debt could very well prevent millions of Americans from ever achieving financial security and fully participating in our economy," Madigan said. "My office's investigations into the for-profit schools industry, student loan servicing and a new industry of student loan debt scams show that we need stronger consumer protections for borrowers to provide legitimate debt relief and to crack down on unfair and deceptive practices."

Madigan's HELP testimony comes a week after she filed the first lawsuits in the country targeting a new industry of student loan debt relief scams. The lawsuits against the Chicago-based First American Tax Defense LLC and Texas-based Broadword Student Advantage LLC alleged the companies sought to scam student loan borrowers into paying as much as \$1,200 upfront for bogus debt relief services, including assistance enrolling in a fake "Obama forgiveness program," or for government services that are already free of charge.

Madigan is also leading a multistate investigation into the student loan servicer Sallie Mae (now called Navient), due to a growing number of complaints to her office about loan repayment options and abusive debt collection practices, and she is investigating a number of for-profit schools for fraudulent marketing practices and litigating against the national for-profit school Westwood College.

In addition to addressing her role in higher education as a state Attorney General and outlining her enforcement efforts, Madigan made several recommendations for the HELP Committee to consider as it works to reauthorize the Higher Education Act to address the growing number of challenges students face in higher education, including:

- o Stronger controls over the level of federal funding that for-profit schools receive to ensure those funds are only used to provide students with high quality, affordable higher educations that help them obtain jobs after graduation;
- o A streamlined and accessible system within the U.S. Department of Education to provide information about their options and what federal programs may be able to assist them with repayment; and
- o Support for legislation to allow students to refinance their federal loans to take advantage of today's low interest rates, similar to what is already offered to homeowners.

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