



September 26, 2017

ATTORNEY GENERAL MADIGAN DEMANDS U.S. DEPARTMENT OF EDUCATION STOP ROLLING BACK CRITICAL PROTECTIONS FOR STUDENT BORROWERS

Madigan Joins Coalition of 20 Attorneys General & Consumer Protection Advocates to Urge Education Secretary Betsy DeVos to Protect Student Borrowers

Chicago – Attorney General Lisa Madigan today joined with 19 attorneys general and the Hawaii Office of Consumer Protection to send a letter to U.S. Department of Education (DOE) Secretary Betsy DeVos demanding the department stop its systematic roll back of critical protections for student loan borrowers.

“Secretary DeVos and the Department of Education continue to send the message that when it comes to standing up to the powerful student loan industry, students and their families are on their own,” Madigan said. “As the federal government abdicates its responsibility to students, I am committed to pushing for reforms that put borrowers before the profits of large corporations.”

Madigan and the coalition sent the letter to Secretary DeVos in response to a decision by DOE to terminate two memoranda of understanding with the Consumer Financial Protection Bureau (CFPB) that contained critical protections designed to streamline the supervision of student loan servicers. Madigan and the coalition argue that DOE’s action harms American families and makes it more difficult for the CFPB to assist and protect student borrowers.

Madigan and the coalition noted that DOE’s decision is the latest in a series of DOE actions to strip critical protections for millions of students and families repaying student loans. In justifying its decision, Madigan and the coalition argue that:

- DOE falsely asserted it has exclusive jurisdiction over companies that service federal student loans when, in fact, student loan servicers are under the jurisdiction of the CFPB, Federal Trade Commission, the U.S. Department of Justice, state attorneys general and other law enforcement agencies; and
- DOE misrepresents the strong work done by the Consumer Financial Protection Bureau on behalf of students and families across the country.

The coalition wrote:

“Contrary to the Department’s assertion, Congress did not exempt the \$1.3 trillion federal student loan market from the Consumer Financial Protection Bureau’s jurisdiction – or from the jurisdiction of any other law enforcement agencies. ... Not only is the Department’s assertion demonstrably false, but such an exemption would make no sense – the market for federal student loan servicers is bigger than any other consumer finance market except mortgages. Moreover, student loan borrowers, who in most cases cannot discharge their student loans through bankruptcy, are among the most vulnerable borrowers.”

The letter also highlights the strong work the CFPB has done to protect students and families, often in partnership with DOE and state attorneys general, including:

- Processing complaints from more than 40,000 student loan borrowers from all 50 states;
- Filing suit against Navient, the nation’s largest student loan servicer, with Madigan and the Washington state attorney general’s office, for steering borrowers into costly repayment plans that benefit the servicer, not the borrower;
- Cracking down on abusive for-profit colleges ITT Tech and Corinthian;
- Halting illegal loan servicing practices at Wells Fargo; and
- Working with state attorneys general to create an online tool that helps students plan for college by comparing financial aid offers, loan commitments and earnings potential.

Joining Madigan in sending today's letter were attorneys general from California, Connecticut, Delaware, the District of Columbia, Hawaii, Iowa, Kentucky, Maine, Maryland, Massachusetts, Minnesota, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia and Washington, as well as the executive director of the Hawaii Office of Consumer Protection.

Attorney General Madigan is a national leader in investigating and enforcing consumer protection violations in the higher education field. Madigan is working to reform the student loan industry in Illinois and has called for the Illinois General Assembly to override the governor's veto of the Illinois Student Loan Bill of Rights, which addresses widespread abuses and failures in the student loan industry. In addition to her lawsuit against Navient and Sallie Mae Bank, Madigan has investigated for-profit schools for fraud and repeatedly called on DOE to immediately forgive federal loans of students who attended fraudulent for-profit schools. Madigan has also testified before Congress and urged DOE to crack down on the many abuses and scams facing student borrowers.

To view a copy of today's letter, click [here](#).

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