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ATTORNEY GENERAL MADIGAN JOINS AMICUS BRIEF OPPOSING EFFORTS TO UNDERMINE STATES' ROLE IN PROTECTING STUDENTS FROM STUDENT LOAN PROCESSING ABUSES***Madigan & Coalition of Attorneys General Say the Lack of Federal Oversight of Student Loan Companies Means States Play Critical Role in Preventing Abuse***

Chicago — Attorney General Lisa Madigan today joined a bipartisan coalition of 16 attorneys general in filing an amicus brief in a lawsuit challenging states' ability to regulate student loan servicers and protect student loan borrowers from abuse.

Madigan and the other attorneys general filed the amicus brief in the lawsuit filed by the Student Loan Servicing Alliance against the District of Columbia to prevent the enforcement of a D.C. law that regulates student loan servicers, which are the companies that process loan payments. The lawsuit asserts that D.C.'s law is preempted by federal law.

In a sharp reversal of long-standing federal policy, the U.S. Department of Justice filed a "statement of interest" in the lawsuit asserting that student loan servicers' conduct should be governed exclusively by federal law. Madigan and the other attorneys general emphasized in their brief the critical role historically played by the states in protecting consumers, including borrowers from servicer misconduct – a role previously acknowledged and welcomed by the federal government.

The amicus brief explains that the U.S. Department of Education has abdicated its role in regulating student loan servicers and has recently turned a blind eye to servicer misconduct, resulting in widespread abuses of vulnerable borrowers. The coalition's brief also explains that preventing states from regulating loan servicers would lead to dramatically more loan servicer misconduct and more harm to borrowers.

"My investigation into the student loan industry found widespread abuses and failures that came at great cost to student loan borrowers who are trying to repay their loans and build a financial future," Madigan said. "States must be able to enforce their consumer protection laws where the federal government has chosen to abandon its role."

In 2017, Madigan [filed a lawsuit](#) against one of the country's largest loan servicing companies, Navient, for widespread student loan abuses and failures that put borrowers into more expensive repayment plans.

In the wake of her lawsuit, Madigan also worked to pass the Illinois Student Loan Bill of Rights to address the abuses and failures by student loan servicing companies like Navient. The Illinois Student Loan Bill of Rights protects student loan borrowers by prohibiting student loan servicers from misleading borrowers and requiring servicers to properly process payments, require specialists to provide and explain to struggling borrowers all of their repayment options, starting with income-driven plans; and inform borrowers that they may be eligible to have their loans forgiven due to a disability or a problem with the school they attended.

Joining Madigan in filing [the amicus brief](#) in *Student Loan Servicing Alliance v. Stephen C. Taylor, et al.* were the attorneys general of California, Connecticut, Delaware, Iowa, Indiana, Maine, Maryland, Massachusetts, Minnesota, New Jersey, New York, Oregon, Rhode Island, Vermont, and Virginia.

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