



PRESS RELEASE

Attorney General Frosh Demands U.S. Department of Education Secretary Betsy DeVos Stop Rolling Back Critical Protections for Student Borrowers *Joins Coalition of AGs in Multistate Letter*

BALTIMORE, MD (September 26, 2017) - Maryland Attorney General Brian E. Frosh has joined a coalition of 18 Attorneys General in sending a letter to U.S. Department of Education Secretary Betsy DeVos, demanding the Department of Education stop its systematic rolling back of critical protections for student loan borrowers.

“Yet again, Secretary DeVos is showing her allegiance to lenders and lobbyists over Maryland consumers and students,” said Attorney General Frosh. “We urge Secretary DeVos to direct her focus back on those she actually serves: the students.”

The letter to Secretary DeVos finds three main faults with a letter sent in August by the Department of Education to the Consumer Financial Protection Bureau (CFPB), in which the Department terminated two key memoranda of understanding it had with CFPB.

- The Department of Education 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, Department of Justice, Attorneys General and other law enforcement agencies.
- The letter is the latest in a series of actions by the Department of Education to strip critical protections for millions of students and families repaying student loans.
- The Department of Education misrepresents the strong work done by the CFPB on behalf of students and families across the country.

As the Attorneys General’s letter details: “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 Department of Education's August 31st letter terminated two memoranda of understanding with the CFPB, critical protections designed to streamline the supervision of student loan servicers. The Attorneys General's letter makes clear this step harms American families and makes it more difficult for the CFPB to assist and protect student borrowers.

The CFPB works to protect students and families – often in partnership with the Department of Education and state Attorneys General. Today's letter highlights some of the work the CFPB has done to protect students and student borrowers:

- Processed complaints from more than 40,000 student loan borrowers from all 50 states;
- With Washington State and Illinois, sued Navient, the nation's largest student loan servicer, for steering borrowers into costly repayment plans that benefit the servicer, not the borrower;
- Cracked down on abusive for-profit colleges: ITT Tech and Corinthian;
- Halted illegal loan servicing practices at Wells Fargo; and,
- Worked 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 Attorney General Frosh in signing today's letter were Attorneys General from California, Connecticut, Delaware, the District of Columbia, Hawaii, Illinois, Iowa, Kentucky, Maine, 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.

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