

# United States Senate

WASHINGTON, DC 20510

July 11, 2013

Arne Duncan, Secretary  
Department of Education  
400 Maryland Avenue, SW  
Washington, DC 20202

Edith Ramirez, Chairwoman  
Federal Trade Commission  
600 Pennsylvania Avenue, NW  
Washington, DC 20580

Richard Cordray, Director  
Consumer Financial Protection Bureau  
1700 G Street, NW  
Washington, DC 20552

Dear Secretary Duncan, Chairwoman Ramirez, and Director Cordray:

We write to call your attention to the recent National Consumer Law Center (NCLC) report "Searching for Relief: Desperate Borrowers and the Growing Student Loan 'Debt Relief' Industry." We are deeply concerned by the report's findings, which indicate that some private companies are mischaracterizing federal student loan repayment programs as their own and charging exorbitant fees to enroll people in free government programs.

As you are aware, student loan debt stands at an overwhelming \$1 trillion, and is currently second only to mortgage loan debt. The vast majority of this debt is owed to or guaranteed by the federal government. Over the years, Congress has created borrower assistance programs, such as Income-Based Repayment, loan consolidation, and forbearance options, to help borrowers manage their debt.

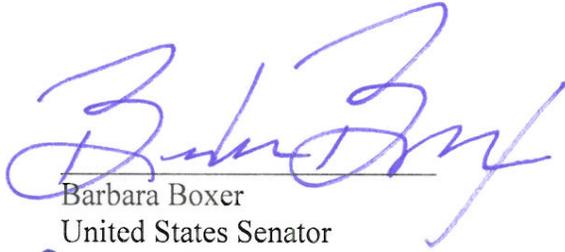
The government provides these tools to student loan borrowers for free. Yet, the NCLC report finds that a growing number of private companies are exploiting student loan borrowers to make a profit, charging up to \$1,600 up front and \$20-\$50 in monthly fees to participate in free federal repayment programs. This is simply unacceptable.

In addition to charging money for free government programs, the report found that companies are falsely implying an affiliation with the Department of Education or other government agencies, failing to safeguard consumer financial information, and possibly violating the Credit Repair Organizations Act and the Telemarketing Sales Rule by requiring payment before providing any assistance.

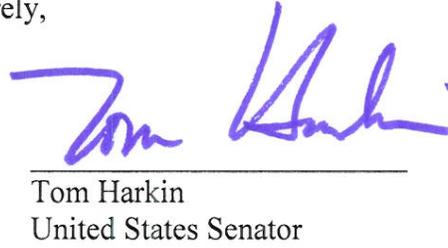
We urge you to look closely at all of these issues. Existing law should be enforced, and new rules should be considered where appropriate. We owe it to student loan borrowers – and to taxpayers – to ensure that unscrupulous businesses are not taking advantage of the student debt crisis.

Federal student loan repayment should be manageable and free from misinformation. We look forward to collaborating with you to protect student loan borrowers and their families from financial exploitation and abuse.

Sincerely,



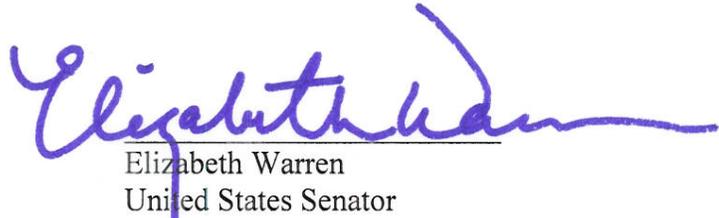
Barbara Boxer  
United States Senator



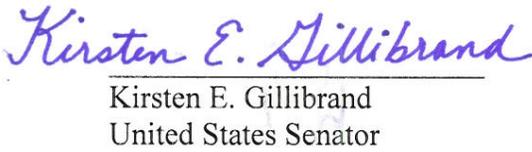
Tom Harkin  
United States Senator



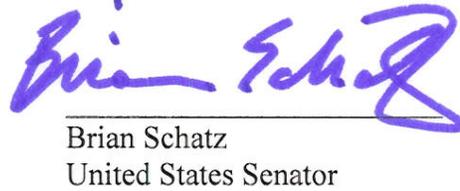
John D. Rockefeller IV  
United States Senator



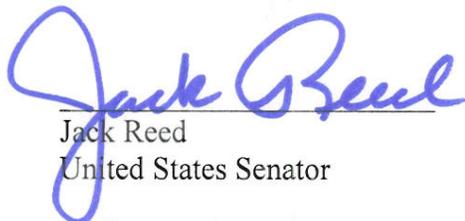
Elizabeth Warren  
United States Senator



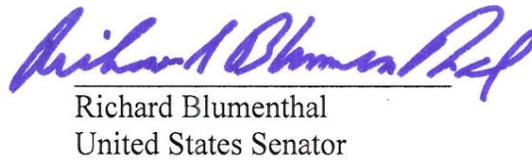
Kirsten E. Gillibrand  
United States Senator



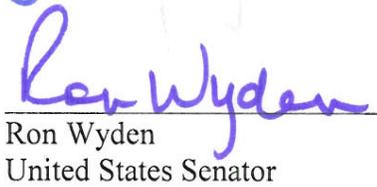
Brian Schatz  
United States Senator



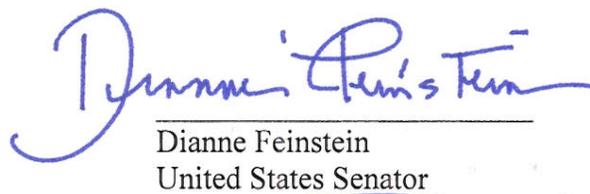
Jack Reed  
United States Senator



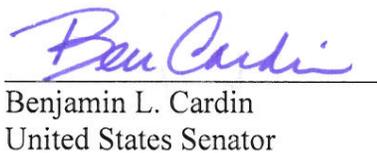
Richard Blumenthal  
United States Senator



Ron Wyden  
United States Senator



Dianne Feinstein  
United States Senator



Benjamin L. Cardin  
United States Senator



Al Franken  
United States Senator

*Patty Murray*

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Mark R. Warner  
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*Carl Levin*

Carl Levin  
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*Heidi Heitkamp*

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*Mark Udall*

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*Martin Heinrich*

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*Jeff Merkley*

Jeff Merkley  
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*Claire McCaskill*

Claire McCaskill  
United States Senator

*Tom Udall*

Tom Udall  
United States Senator

*Barbara A. Mikulski*

Barbara A. Mikulski  
United States Senator