

ELIZABETH WARREN
MASSACHUSETTS

COMMITTEES:

BANKING, HOUSING, AND URBAN AFFAIRS
HEALTH, EDUCATION, LABOR, AND PENSIONS
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SPECIAL COMMITTEE ON AGING

United States Senate

UNITED STATES SENATE
WASHINGTON, DC 20510-2105
P: 202-224-4543

2400 JFK FEDERAL BUILDING
15 NEW SUDBURY STREET
BOSTON, MA 02203
P: 617-565-3170

1550 MAIN STREET
SUITE 406
SPRINGFIELD, MA 01103
P: 413-788-2690

www.warren.senate.gov

August 22, 2019

The Honorable Steven Mnuchin
Secretary
U.S. Department of Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Secretary Mnuchin:

I write to express my alarm regarding the selection of Robert Cameron to be the Student Loan Ombudsman at the Consumer Financial Protection Bureau (CFPB), and to ask that you use your authority to reject this appointment. The appointment of Mr. Cameron, a former executive responsible for compliance at a student loan servicer that has been accused of cheating thousands of students and taxpayers, is an outrageous slap in the face to student loan borrowers across the country. The *Dodd-Frank Wall Street Reform and Consumer Protection Act* (“Dodd-Frank”) gives you the final authority to designate the Ombudsman to provide “timely assistance” to student loan borrowers.¹ Given Mr. Cameron’s record overseeing compliance for an industry player frequently cited for failure to comply with federal rules and state consumer protection laws, he is not qualified to serve as the Student Loan Ombudsman, and I urge you to use your authority to reject Mr. Cameron’s appointment.

Mr. Cameron joins the CFPB directly from his position as Deputy Chief Counsel for Legal Services at the Pennsylvania Higher Education Assistance Agency (PHEAA), where he was responsible for compliance and risk mitigation at one of the U.S. Department of Education’s (“Education Department”) largest student loan servicers.² PHEAA services more than \$350 billion in loans held by eight million borrowers and administers the federal Public Service Loan Forgiveness Program (PSLF).³

During Mr. Cameron’s tenure at PHEAA, which dates at least as far back as November 2015,⁴ he “oversaw compliance activities” and was responsible for compliance “with numerous

¹ Dodd Frank Act, §1035(a).

² Pennsylvania Higher Education Assistance Agency, Staff Directory, Updated May 2019, [https://www.dgs.pa.gov/About/Documents/Commonwealth Directory Files/Pennsylvania Higher Education Assistance Agency.doc](https://www.dgs.pa.gov/About/Documents/Commonwealth%20Directory%20Files/Pennsylvania%20Higher%20Education%20Assistance%20Agency.doc).

³ Office of Federal Student Aid, “Servicer Portfolio by Loan Status – March 2019,” accessed on August 21, 2019, <https://studentaid.ed.gov/sa/about/data-center/student/portfolio>.

⁴ Pennsylvania Higher Education Assistance Agency, Staff Directory, Updated November 2015, <https://web.archive.org/web/20160401024735/https://www.dgs.pa.gov/About/Documents/Commonwealth%20Directory%20Files/Pennsylvania%20Higher%20Education%20Assistance%20Agency.doc>.

federal and state laws, including the Dodd-Frank Act.”⁵ However, PHEAA’s compliance track record under Mr. Cameron’s watch is utterly abysmal. A series of government audits have revealed just how miserably PHEAA has been failing student loan borrowers and mishandling the administration of PSLF:

- In May 2017, the Federal Student Aid’s Financial Institution Oversight Service at the Education Department reviewed PHEAA’s practices and found that the servicer was placing borrowers’ accounts into forbearance without fully discussing all options with borrowers. The audit found a 24.2 percent rate of noncompliance in calls with borrowers. The Education Department’s Office of the Inspector General later cited this rate as “additional evidence ... of a pattern of noncompliance at PHEAA.”⁶
- In June 2017, the CFPB released a report detailing borrower complaints about PHEAA and concluded that PHEAA had seriously bungled payments of borrowers on track towards forgiveness by mishandling payment processing and paperwork.⁷ According to the report, numerous borrowers who were in public service jobs had made years of payments towards their loans, but were never advised by PHEAA that they were ineligible for loan forgiveness under PSLF.⁸
- In August 2017, Massachusetts Attorney General Maura Healey sued PHEAA for allegedly undermining PSLF and Teacher Education Assistance for College and Higher Education Grant programs in a manner that caused teachers and other public servants to lose access to federal benefits and loan forgiveness.⁹ Attorney General Healey’s office alleged in its filing, “[d]espite being aware of its billing system logic error for nearly a year, P.H.E.A.A. has failed to refund the overcharges, or even to notify borrowers of the overcharges.”¹⁰
- In October 2017, the CFPB Student Loan Ombudsman’s annual report found PHEAA and its private loan-servicing unit, American Educations Services, received at least

⁵ Consumer Financial Protection Bureau, Press Release, “CFPB Appoints Private Education Loan Ombudsman,” August 16, 2019, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-appoints-private-education-loan-ombudsman/>.

⁶ U.S. Department of Education Office of Inspector General, “Federal Student Aid: Additional Actions Needed to Mitigate the Risk of Servicer Noncompliance with Requirements for Servicing Federally Held Student Loans,” March 5, 2019, pp 13, <https://www2.ed.gov/about/offices/list/oig/auditreports/fy2019/a05q0008.pdf>.

⁷ New York Times, “Consumer Agency Condemns Abuses in Loan Forgiveness Program,” Stacy Cowley, June 22, 2017, <https://www.nytimes.com/2017/06/22/business/consumer-agency-condemns-abuses-in-loan-forgiveness-program.html?module=inline>.

⁸ Consumer Financial Protection Bureau, “Staying on Track While Giving Back: The Cost of Student Loan Servicing Breakdowns for People Serving Their Communities,” June 2017, https://files.consumerfinance.gov/f/documents/201706_cfpb_PSLF-midyear-report.pdf.

⁹ Reuters, “Massachusetts Accuses PHEAA of Unfair Student Loan Servicing Practices,” Nate Raymond, August 23, 2017, <https://www.reuters.com/article/us-massachusetts-education-lawsuit/massachusetts-accuses-phëaa-of-unfair-student-loan-servicing-practices-idUSKCN1B3255>.

¹⁰ New York Times, “Student Loan Company Accused of Mismanaging Debt Forgiveness Program,” Stacy Cowley, August 23, 2017, <https://www.nytimes.com/2017/08/23/business/dealbook/student-loan-forgiveness-lawsuit.html>.

1,500 complaints in a single year, accounting for 15% of all federal student loan complaints submitted to the Bureau.¹¹

- At the end of 2018, the Federal Student Aid Office released the first available data of PSLF applications. The data revealed that only 610 of 58,293 PSLF applications processed as of December 31, 2018 had been approved for loan forgiveness—meaning that 99% of borrowers were denied PSLF.¹² As of March 31, 2019, the Education Department has only approved 864 of 76,002 PSLF applications for loan forgiveness,¹³ due in part to shoddy student loan servicing practices by PHEAA, which has not ensured borrowers are properly meeting the program’s requirements.
- In March 2019, the Education Department’s Office of the Inspector General found in an audit of student loan servicers that nearly 11 percent of PHEAA’s calls with borrowers received a “fail” rating. This was the highest “fail” rate of all servicers, which collectively averaged just over four percent.¹⁴
- Recent reports continue to demonstrate the failures apparent in PHEAA’s administration of PSLF. According to *The New York Times*, many borrowers have reported that PHEAA, through its FedLoan Servicing Program, has undercounted their qualifying payments and that the wait time for correcting these mistakes could take up to a year.¹⁵

The CFPB is statutorily mandated to protect student loan borrowers from unfair, deceptive, and abusive acts committed by the student loan industry, including PHEAA and the rest of the Education Department’s student loan servicers and contractors.¹⁶ The CFPB’s Student Loan Ombudsman is the primary official at the CFPB responsible for acting on this mandate and helping borrowers resolve the exact problems created by PHEAA. Nearly forty-five million student loan borrowers deserve the strongest advocate in the CFPB’s Student Loan Ombudsman. A former PHEAA executive’s appointment to the role represents the worst form of revolving door corruption and conflict of interest, and it epitomizes industry capture of our government.

The CFPB’s Student Loan Ombudsman is supposed to work for students and borrowers, not the companies that cheat them. I have introduced sweeping ethics legislation, the *Anti-Corruption and Public Integrity Act*, which would slam shut the revolving door, ban corporate executives whose companies are caught breaking federal law from working in the federal

¹¹ Consumer Financial Protection Bureau, “Annual report of the CFPB Student Loan Ombudsman,” October 2017, https://files.consumerfinance.gov/f/documents/cfpb_annual-report_student-loan-ombudsman_2017.pdf.

¹² Federal Student Aid, “Public Service Loan Forgiveness Data: Pre-March 2019 PSLF Report,” <https://studentaid.ed.gov/sa/about/data-center/student/loan-forgiveness/pslf-data>.

¹³ Federal Student Aid, “Public Service Loan Forgiveness Data: March 2019 PSLF Report,” <https://studentaid.ed.gov/sa/about/data-center/student/loan-forgiveness/pslf-data>.

¹⁴ U.S. Department of Education Office of Inspector General, “Federal Student Aid: Additional Actions Needed to Mitigate the Risk of Servicer Noncompliance with Requirements for Servicing Federally Held Student Loans,” March 5, 2019, pp 11, <https://www2.ed.gov/about/offices/list/oig/auditreports/ly2019/a05q0008.pdf>.


¹⁵ New York Times, “Your Student Loan Servicer Will Call You Back in a Year. Sorry,” Ron Lieber, April 12, 2019, <https://www.nytimes.com/2019/04/12/your-money/public-service-loan-forgiveness.html>.

¹⁶ 12 U.S.C. 5481(15)(A); 12 U.S.C 5514(a)(1)(B); 12 CFR Part 1090.105; 12 CFR Part 1090.106.

government, and require most federal officials to recuse themselves from any decisions that affect their former employer for at least four years.

I intend to keep working to make that plan law. In the meantime, given Mr. Cameron's responsibility for PHEAA's compliance with federal law, regulations, and programs, and the PHEAA's record of compliance failures, it is clear that student loan borrowers cannot count on Mr. Cameron to uphold their interests. Mr. Cameron's record at PHEAA is disqualifying and you must reject his appointment as Student Loan Ombudsman.

Sincerely,



Elizabeth Warren
United States Senator