U.S. Sen. Baldwin: Bipartisan bill to stop student debt relief scams signed into law

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WASHINGTON, D.C. – U.S. Senator Tammy Baldwin (D-WI) issued the following statement after her bipartisan legislation with U.S. Senators Mike Braun (R-IN), Jeanne Shaheen (D-NH), and Deb Fischer (R-RE) was signed into law. The *Stop Student Debt Relief Scams Act* will expand and enhance efforts to identify and shut down student debt relief scams.

"Far too many students are already struggling with student loan debt, and they deserve to be protected from scammers and bad actors who are preying on their financial security," **said Senator Baldwin.** "The additional repayment relief provided to many borrowers during the COVID-19 pandemic has unfortunately also created additional opportunities for fraudsters to do more harm. I'm so proud that my bipartisan reform is now the law of the land, because it is just commonsense to stop these student loan debt relief scams that harm hardworking Americans and prevent them from getting ahead."

With Americans facing more than $1.7 trillion in student loan debt, borrowers are looking for relief wherever they can find it. Debt relief scams falsely promise borrowers a quick fix with little hassle. These schemes robocall student loan borrowers until they agree to pay thousands of dollars in unnecessary fees for services that are available for free, claiming to reduce or forgive borrowers' student debt.

In a March 2018 report, the U.S. Department of Education's Office of Inspector General recommended that Congress strengthen federal law to help stop scam artists that fraudulently obtain access to borrower's online login credentials, primarily by imposing meaningful financial penalties and prosecuting individuals and entities perpetrating these scams. The *Stop Student Debt Relief Scams Act* would accelerate the end to this rampant misconduct.

The *Stop Student Debt Relief Scams Act,* introduced in April 2019, will enhance law enforcement and administrative abilities to identify and shut down student debt relief scams. Specifically, the legislation will:

· Clarify that it is a federal crime to access U.S. Department of Education information technology systems for fraud, commercial advantage, or private financial gain, and impose fines on scammers for violations of the law;

· Direct the U.S. Department of Education to create a new form of third-party access, akin to the current "preparer" function on the Free Application for Student Aid (FAFSA) for those applying on behalf of a student and their family, in order to protect legitimate organizations;

· Require the U.S. Department of Education to maintain common-sense reporting, detection, and prevention activities to stop potential or known debt relief scams; and

· Require student loan exit counseling to warn federal loan borrowers about debt relief scams.

The bill is endorsed by the Education Finance Council, Generation Progress, National Consumer Law Center (on behalf of its low-income clients), National Council of Higher Education Resources, Student Loan Servicing Alliance, The Institute for College Access and Success, and Young Invincibles.

More information about this legislation is available here. The full bill text is available here.

An online version of this release is available here.