[President’s Proposed Budget: Poor Vision for Low-Income and Older Consumers]

FOR IMMEDIATE RELEASE: MARCH 18, 2019
National Consumer Law Center contact: Jan Kruse (jkruse@nclc.org) or (617) 542-8010

Trump calls for elimination of Legal Services Corp and home energy assistance; supports cuts and changes to weaken the Consumer Financial Protection Bureau and Social Safety Net for Older Adults

Washington – President Trump’s proposed budget once again seeks to eliminate funding for programs that have bipartisan support that help rural families, elders, struggling families, and veterans, according to advocates at the National Consumer Law Center. Additionally, the Consumer Financial Protection Bureau would be severely weakened due to drastic cuts and changes to weaken its independence.

“Legal services programs serving urban and rural areas in every state around the country are there for veterans, seniors, and struggling families when they need legal help to transition from military service, to save their homes from foreclosure, to protect the Social Security funds they need to buy food, or to stop domestic violence.” **said Rich DuBois, executive director of the National Consumer Law Center.** In the words of the late Justice Antonin Scalia, the Legal Services Program ‘pursues the most fundamental of American ideals, and it pursues equal justice in those areas of life most important to the lives of our citizens,’” **he added.**

The Legal Services Corporation (LSC) has broad bipartisan support, and the proposed elimination of LSC over the last two years was opposed by the **heads of over 150 law firms** in all 50 states, **185 leaders of corporate legal departments**, the **Conference of Chief Justices and the Conference of State Court Administrators**.

“The budget also proposes drastic cuts to the Consumer Financial Protection Bureau and changes that would weaken its independence from Wall Street lobbyists,” **noted Dubois**

Trump’s budget would also eliminate the Low Income Home Energy Assistance Program (LIHEAP), the low-income Weatherization Assistance Program (WAP) and the Community Service Block Grant (CSBG) program — three safety net programs that protect the health and safety of low-income families who have trouble paying their energy bills, and provide the core funding for the front-line community groups that deliver these programs in all 50 states.

“President Trump’s proposed budget for FY 2020 once again would leave poor older adults, individuals with disabilities, and families with young children out in the cold by zeroing out funding for critical health and safety programs,” **said Olivia Wein, staff attorney with the National Consumer Law Center**. “We urge Congress to stand up for struggling households and adequately fund these essential programs.” **Wein** also urges the U.S. Health and Human Services Department to reverse course by withdrawing its notice that it would reallocate the remaining FY2019 LIHEAP funds. “The remaining $37 million from last year’s appropriation is particularly timely and needed by the states to assist low-income families after the increase in heating bills from the polar vortex that swept through a large portion of the country this winter,” **Wein** noted.

LIHEAP and WAP are targeted to help vulnerable populations, including the elderly and families with young children, which are at risk from severe health complications, including death, from frigid winters and sweltering summers. LIHEAP provides bill assistance for families so they can afford essential home heating and cooling to stay safe. WAP provides cost-effective long-term measures to make drafty homes weather-tight and lower energy bills year after year. CSBG funds community action agencies that are the front-line service agencies that deliver LIHEAP and WAP assistance.

Additionally, the budget includes cuts to Medicaid, Medicare, and Social Security. "We've already seen a sharp uptick of older adults filing for bankruptcy over the last few years, and the proposed cuts in these programs will mean even more older adults will be at risk of economic distress by using credit cards as a plastic safety net to cover essential living expenses," **said National Consumer Law Center attorney Odette Williamson.** "These proposed cuts are tragic as many older adults, especially women who have lost spouses, live on reduced resources and depend on Social Security to keep them out of poverty."

"As a candidate, President Trump said he would work for ordinary families but his draconian cuts will result in heart ache for regular Americans, especially our most vulnerable families," **added Dubois**.

New Report Examines the Benefits and Potential Risks of Fintech Products for Consumers

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National Consumer Law Center contact: Jan Kruse (jkruse@nclc.org) or (617) 542-8010

National Consumer Law Center Urges Regulators and Policymakers to Maintain Consumer Protections and Proceed with Caution

Download the report at: http://bit.ly/2Tx9BmG

Washington – The use of technology in financial products and services (fintech) is resulting in a wide array of new approaches to financial products and services. A new report from the National Consumer Law Center provides a snapshot of some of the developments, potential promise, and potential concerns posed by fintech.

"Fintech products and services have the potential to provide important benefits to consumers, but innovation and fintech approaches are not invariably positive," **said Lauren Saunders, associate director of the National Consumer Law Center and author of *Fintech and Consumer Protection: A Snapshot*.** "It's important for regulators and policymakers to understand first and proceed with caution. Many fintech products are old wine in new bottles or pose new risks, and the allure of shiny fintech products should not be an excuse to weaken consumer protection rules and oversight, especially for untested new products and services."

The internet, mobile devices, big data, computer algorithms, and other technologies are impacting the way we borrow, make payments, and manage our money. These technologies are also changing the way that entities from credit reporting agencies to debt collectors affect and interact with us. New products may provide benefits for consumers but also may carry hidden or unintended negative consequences, or risks that are not obvious at first. “The dangerous pick-a-payment and exploding adjustable rate mortgages that fueled the foreclosure crisis leading to the Great Recession of 2008 were innovations. New technology enabled banks to encourage overdraft fees on debit cards that can turn a $5 cup of coffee into a $40 one,” **explained Saunders**.

The fintech label also does not necessarily mean that much is different. Products and services are constantly evolving, but sometimes the more things change the more they stay the same. Old problems can arise in a new package, and promised benefits of fintech products may not actually materialize.

Just because a product uses new technology does not mean that older protections do not or should not apply or that regulators do not know how to approach a product. It is crucial to look at fintech products carefully and critically, to understand the risks, and not to accept unproven hype about benefits to consumers, the report cautions.

While the issues raised by fintech products are as myriad as the products themselves, some common themes, issues, and risks span many fintech products.

Common Potential Benefits

- Better, faster, cheaper.
- Fixing old problems as a market opportunity.
- Personalization.
- Access for underserved consumers.

Common Concerns and Potential Problems

- Old wine in new bottles; same old problems in a new form.
- Lack of transparency about the costs and business model.
- Disparate impacts and the perils of big data, privacy, and security.
- Avoidance of consumer protection laws.
- Fast and easy can cause problems.
- No humans, no records, and lack of customer service when things go wrong.
- Forced arbitration weakens accountability for wrongdoers.

“While fintech products pose a myriad of concerns, some do offer real benefits for consumers,” **said Saunders.** “It is essential that policymakers, regulators, and consumers keep their eyes wide open and expend the effort to dig deep to understand fintech products and services. A desire to promote innovation must not lead us into waiving consumer protection rules or oversight of untested products.”

New Report Tackles Energy System Inequities, Opportunities During the Clean Energy Transition

FOR IMMEDIATE RELEASE: March 5, 2019

National Consumer Law Center: John Howat (jhowat@nclc.org); Stephen Rouzer (srouzer@nclc.org) or (202) 595-7847

Despite using the least energy, households with the least means are shouldering the greatest energy burdens

WASHINGTON — A new report, "Reversing Energy Systems Inequity: Urgency and Opportunity During the Clean Energy Transition," examines fundamental inequities of our current energy landscape, which can lead to dangerous repercussions, and the unprecedented opportunities arising to address the issue while our nation undergoes sweeping changes to its power sector.

"Low-income families are making difficult survival decisions as high energy burdens weigh heaviest on those with the least," **said John Howat, senior policy analyst at the National Consumer Law Center**. "A transition to clean energy systems must be seen as an opportunity for utility commissions to bring much-needed equity to an energy system that disadvantages low-income consumers."

Through a series of visuals, broken down by region, the report illustrates that while it's widely recognized that access to electric service is vital to health and safety, affordable access is not an equal opportunity proposition. Despite using less energy, low-income households use the largest amount of their income to meet their family's needs, and they are often forced to make difficult survival decisions to do so.

Roughly 30 percent of households with incomes below $40,000 forego or cut back on other basic necessities—such as food, clothing or medicines—in order to pay energy bills and maintain service. As many as 40 percent of households with incomes below $20,000 suffered the same consequences of high energy burdens.

The brief report looks at three keys to succeed in creating opportunities to improve equity for lower-income households amidst technological advancements and a public appetite for a clean energy transition. While the list is not exhaustive, the points highlighted are foundational for getting decisions right for residential customers with the least means.

- DATA: Collection and distribution of comprehensive residential customer data, broken out for low- and moderate-income and vulnerable ratepayers.

- PROCESS: An inclusive regulatory process that formally links identification of equity impacts with consideration and adoption of measures to address them.

- EDUCATION: Broad familiarity with the full range of programs and best practice protections to address economic inequities for low-income consumers.

The report features a story reported by the Washington Post and local media in Newark, New Jersey of 68-year-old Linda Daniels, who died of heart failure after the local power company disconnected electricity to her home because of an alleged overdue bill—a potent reminder that electricity must be there when needed, for everyone.

"With the imperative to curb climate pollution everywhere we can, as quickly as we can, this time of transition should be viewed as the time to achieve another imperative simultaneously—building a more equitable energy landscape in America, hand in hand with a cleaner one," **the report said**.

The report is co-authored by John Howat, senior policy analyst at the National Consumer Law Center; John T. Colgan, senior consultant at Colgan Consulting; Wendy Gerlitz, policy director at NW Energy Coalition; Melanie Santiago-Mosier, senior director of the Access & Equity Program at Vote Solar; Karl R. Rábago, executive director at Pace Energy and Climate Center

A PDF of the report is available for download on NCLC's website and more information on energy inequities and programs to assist low-income consumers can be found on NCLC's Energy, Utilities, and Telecommunications page.

Advocates Applaud CFPB's Intention to Deal with PACE Loan Program Abuses

FOR IMMEDIATE RELEASE: March 4, 2019

National Consumer Law Center: Stephen Rouzer (srouzer@nclc.org) or (202) 595-7847

Consumer Advocates Urge Strong Consumer Protections for Borrowers of Property Assessed Clean Energy (PACE) Loans

WASHINGTON– Today, advocates at the National Consumer Law Center applauded the Consumer Financial Protection Bureau (CFPB) for taking its first step in initiating a rulemaking to curtail consumer abuses in the PACE loan program and urged the Bureau to develop strong protections to curb widespread program abuse.

"PACE lenders evade mortgage laws, enabling contractor fraud, promoting elder financial abuse, and causing problems for homeowners looking to refinance or sell their homes, all while providing insufficient and at times minimal energy savings," **said John Rao, staff attorney at the National Consumer Law Center.** "The CFPB's plan to enact PACE regulations, mandated by Congress, is important to reform the PACE loan program and adopt sorely needed consumer protections."

In October, in an unusual coalition, groups representing the mortgage lending industry, including the American Bankers Association and the Mortgage Bankers Association, joined consumer advocates in a letter sent to the CFPB urging a rulemaking to address "the hidden way in which PACE loans have developed outside our consumer protection framework."

PACE programs offer loans for energy efficient home improvements, such as solar panels, HVAC systems, and energy efficient windows, along with more questionable items such as “cool coat paint.” PACE loans, offered through home improvement contractors, often in door-to-door sales, and secured by a property tax lien, are collected through a property tax assessment that takes priority over any existing mortgage. PACE programs must be authorized by state and local governments, but are privately run with little or no government oversight.

Over the last two years, there has been a sharp increase in homeowners seeking assistance from legal services and other organizations in relation to PACE loans. “The goal of improving home energy efficiency is being overshadowed by the lack of adequate consumer protection for these loans. Weak PACE loan regulation enables contractors to saddle homeowners with debt they cannot afford and puts their homes at risk for foreclosure,” **Rao explained**.

Legislation last year, the Economic Growth, Regulatory Relief, and Consumer Protection Act (S.2155, the “Crapo Bill”), requires the Bureau to issue “ability to repay” requirements with respect to PACE loans and to allow consumers to recover damages and access foreclosure defense and other remedies. “The CFPB must adopt ability-to-repay requirements for PACE loans and must also ensure that consumer protections required of other mortgage products, such as know-before-you-owe disclosures and the right to cancel, apply to PACE,” **said Rao.**

To learn more about the consumer impact of PACE loans read NCLC’s 2017 issue brief.

Liberty Bank, the Connecticut Fair Housing Center, Inc. And NCLC Announce Agreement to Settle Fair Housing Act Lawsuit

FOR IMMEDIATE RELEASE: March 4, 2019

National Consumer Law Center: Jeremiah Battle, Jr. (jbattle@nclc.org) or (617) 542-8010; Connecticut Fair Housing Center, Inc.: Erin Kemple (860) 247-4400; Liberty Bank: Chandler J. Howard (860) 344-7200

BOSTON– Liberty Bank, the Connecticut Fair Housing Center, Inc. (“Center”) and the Center’s co-counsel, the National Consumer Law Center, jointly announced today a comprehensive plan to promote homeownership and enhance access to credit in underserved communities. The Center and Liberty have agreed to an innovative residential lending strategy that leverages the Center’s research and expertise on barriers to homeownership for Connecticut residents and the Bank’s unique lending programs, experienced residential lending personnel, and extensive branch network.

“The National Consumer Law Center is pleased to have had the opportunity as co-counsel to lend its national expertise litigating actions under fair lending laws to the successful resolution of this case in Connecticut,” said National Consumer Law Center Director of Litigation Stuart T. Rossman. “Through NCLC’s groundbreaking anti-discrimination litigation and public policy advocacy, training, and support for attorneys and other advocates, we are committed to building economic security for vulnerable families of color so they can achieve the American Dream.”

Under the agreement announced today, Liberty Bank has committed to expand its Good Neighbor Mortgage Loan Program by increasing available funds by $10,000,000. Liberty has also set aside $300,000 for subsidies to promote home ownership and enhance access to credit in communities with a history of constrained credit along with enhanced outreach initiatives and the establishment of a new loan production office in the City of Hartford. Liberty Bank will also expand its community development loan program by $5,000,000 over the next three years to further support community service, economic development and diverse affordable housing projects in underserved low- and moderate-income areas. It will support this initiative by making available an additional $200,000 in grants for qualified organizations from these communities.

The residential lending strategy announced today reflects the key terms of an agreement entered into by the Center and Liberty Bank to resolve the fair lending-related claims alleged by the Center in a complaint filed on October 4, 2018. The case is Connecticut Fair Housing Center, Inc. v. Liberty Bank, D. Conn. Case No.: 18-cv-1654. While Liberty Bank denies any wrongdoing, the parties have entered into the agreement to resolve voluntarily any and all claims asserted by the Center.

“The Connecticut Fair Housing Center is pleased to join Liberty Bank in announcing these important lending and community-building initiatives. We applaud Liberty’s commitment of time, energy and resources to a wide range of programs that will help promote financial education, expand opportunities for access to credit, and financially support programs developed to revitalize the housing market in communities in Connecticut that have traditionally had difficulty accessing credit,” said Erin Kemple, Executive Director of the Connecticut Fair Housing Center.

“For nearly two centuries, Liberty Bank has been serving the banking and lending needs of communities across Connecticut. As the oldest bank in the state, we know the importance of relationships – and not just in the communities where we are located, but also in the areas where we aspire to grow,” said Chandler J. Howard, President and CEO of Liberty Bank.

“At Liberty Bank, we are deeply committed to helping people achieve their dream of homeownership,” said Howard. “Through its Good Neighbor Program, the Bank has helped families achieve that dream and increased access to credit in underserved areas by offering mortgages with lower rates and other consumer-friendly features.”

“The mission of the Connecticut Fair Housing Center is to ensure that all people have equal access to housing opportunities in Connecticut, free from discrimination,” said Kemple, “but we need more banks taking steps like those outlined here to help us accomplish this objective. Providing fair and equal access to credit should be a common goal shared by all mortgage lenders in Connecticut. We hope today’s announcement will inspire other financial institutions to follow Liberty Bank’s lead and launch their own initiatives to promote homeownership and address the need to expand fair and non-discriminatory access to credit.”

Advocates Applaud Bill to Restore Access to the Courts and End Forced Arbitration

FOR IMMEDIATE RELEASE: February 28, 2019

National Consumer Law Center: Lauren Saunders (lsaunders@nclc.org), (202) 595-7845; Stephen Rouzer (srouzer@nclc.org), (202) 595-7847

WASHINGTON– Advocates at the National Consumer Law Center applauded today's introduction of the Forced Arbitration Injustice Repeal (FAIR) Act, introduced by Senator Richard Blumenthal (D-CT) and Representative Hank Johnson (D-GA-4),which would restore access to the courts for consumers, workers and small businesses harmed when companies violate the law.

"I applaud Senator Blumenthal and Congressman Johnson for introducing the FAIR Act to restore our constitutional right to our day in court. The right of access to the courts was so important to our Founders that they enshrined the right to a jury trial in both the Sixth and Seventh Amendments," **said Lauren Saunders, associate director of the National Consumer Law Center**.

A long list of companies accused of serious wrongdoing have used forced arbitration clauses to deprive people of access to the courts, including Wells Fargo, Equifax, Sterling Jewelers, and Fox News.

"Companies use fine-print forced arbitration clauses to deprive people of an impartial judge, forcing disputes into a biased, secretive and lawless forum before arbitrators who do not have to follow the facts or the law, who are typically paid by the company, and where there is no right of appeal. The FAIR Act stops forced arbitration and restores access to the courts for survivors of sexual harassment, national guard members terminated from their jobs for serving their country, seniors in nursing homes and consumers ripped off by Wall Street or predatory lenders," **Saunders added**.

The FAIR Act does not eliminate arbitration. It allows people to choose to arbitrate claims after a dispute arises, but prevents companies from using fine print clauses to force people to agree ahead of time to arbitrate. "People should have the choice, when they have been harmed, of exercising their constitutional right of access to the courts or taking their dispute to an arbitrator. The FAIR Act restores choice and our constitutional rights," **Saunders said**.

For additional information on the use and impact of forced arbitration clauses visit NCLC's Forced Arbitration page.

Report: Despite Efforts by Regulators, Credit Bureaus Still Need Serious Reform; Consumer Complaints Skyrocket and Errors Not Fixed

FOR IMMEDIATE RELEASE: February 25, 2019

National Consumer Law Center contacts: Jan Kruse (jkruse@nclc.org) or Chi Chi Wu (cwu@nclc.org); (617) 542-8010

National Consumer Law Center Attorney Chi Chi Wu to Testify on February 26 at U.S. House Hearing: Holding Credit Bureaus Accountable and Repairing a Broken System

Download the report at: https://bit.ly/ajustre
Wu's testimony will be available to download on or before Feb. 26 at 8am ET at: http://bit.ly/fcr-score

Boston – Ten years ago, the National Consumer Law Center (NCLC) issued a landmark report on the serious dysfunctions in the American credit reporting system. Since then, the Consumer Financial Protection Bureau (CFPB) began exercising supervision authority over the Big Three credit bureaus (Equifax, Experian and TransUnion), and along with a 2015 settlement obtained by more than 30 state Attorneys General, required credit bureaus to reform their procedures and practices. *Automated Injustice Redux: Ten Years after a Key Report, Consumers Are Still Frustrated Trying to Fix Credit Reporting Errors* finds that despite these very laudable achievements, the credit bureaus and the companies that supply them with information still have serious problems in ensuring the accuracy of credit reports and the dispute process meant to fix them remains biased and ineffective.

"Nearly 50 years after the Fair Credit Reporting Act was adopted, the credit reporting system is still mistreating consumers, as evidenced by the more than a quarter-million complaints about the three largest credit bureaus submitted to the CFPB," **said National Consumer Law Center attorney Chi Chi Wu**. "A key reason is the structure of the system is that consumers are the commodity, not the customer of the credit bureaus. When Equifax, TransUnion, or Experian fails to respond to consumers' problems, we can't vote with our feet to leave."

The report uses stories from lawsuits and the CFPB Complaint Database to illustrate that Americans still suffer from credit reporting abuses, such as having their credit files "mixed" with the wrong person, negative information that remains even after court judgments or legal settlements declare that a consumer doesn't owe a debt, the after-effects of identity theft when credit bureaus and creditors don't believe the victim, and being labeled as dead when they are alive and breathing. With an estimated 208 million Americans with credit reports, about 42 million consumers have errors on their credit reports, and 10 million have errors that can be life-altering, according to a 2012 Federal Trade Commission study.

These widespread inaccuracies are made worse by the broken dispute process system that fails to properly correct them. Some furnishers (creditors or other companies that supply information to the credit bureaus) still conduct pro forma, perfunctory investigations into credit reporting disputes and ignore CFPB guidance to consider critical documents and information. Compounding this issue is that the credit bureaus still fail to conduct their own independent investigations, but blithely accept what a furnisher tells them, despite evidence such as court judgments or police reports to the contrary.

Automated Injustice Redux also documents the massive number of credit and consumer reporting complaints to the CFPB, over 380,000 since July 2011, with over three quarters or about 285,000 involving Equifax, Experian, or TransUnion. Credit reporting is often the top category of complaints to the CFPB.

Key Recommendations to Congress and Regulators

- a right of appeals for consumers when they disagree with a furnisher or credit bureau about the results of a dispute investigation,

- stricter matching criteria to ensure that information belonging to one consumer does not get wrongfully mixed into the credit report of another consumer,
- a requirement that credit bureaus devote sufficient resources to the dispute system and a clarification that they must conduct independent analyses instead of simply parroting what furnishers tell them,
- a right to seek court orders to compel credit bureaus to fix reports,
- more control for consumers by requiring that they must proactively authorize the use of their credit reports for credit, insurance and other uses, and
- a publicly-owned alternative to the credit bureaus.

NCLC Attorney Chi Chi Wu to Testify Before House Financial Services Committee

Ms. Wu will draw from information in this report in her testimony before the U.S. House Financial Services Committee on Tuesday, February 26 at 10 a.m. ET at the hearing [“Who’s Keeping Score? Holding Credit Bureaus Accountable and Repairing a Broken System.”]() Witnesses at the hearing will include each of the CEOs of the Big Three credit bureaus, along with other consumer advocates. In her testimony, Wu will discuss ongoing problems for consumers with the credit bureaus, including:

- unacceptable error rates and the myriad types of systemic inaccuracies in credit reports;
- the travesty of the automated dispute system used by the credit bureaus;
- the absurdity that credit reports and scores treat consumers who have fallen on hard times as irresponsible deadbeats;
- systemic racial disparities in credit scoring;
- the unfair impact of medical debt on credit reports;
- the problems with use of credit reports for employment purposes, and
- the deficiencies in data security that led to the massive Equifax data breach, which has not yet been adequately addressed.

Learn more about NCLC’s extensive body of work on credit reports at:
https://www.nclc.org/issues/credit-reports.html

New Report Highlights How the Rent to Own Industry Coerces Payments from Vulnerable Families

National Consumer Law Center’s 50-State Review of Laws Used to Pursue Criminal Charges against Rent to Own Customers

For Immediate Release: February 21, 2019
National Consumer Law Center contact: Brian Highsmith (bhighsmith@nclc.org) or Jan Kruse, jkruse@nclc.org or (617) 542-8010

Download the full report, including an analysis of rental theft laws of 50 states and Washington, D.C., and complete list of policy recommendations at https://bit.ly/rto-racket

Boston – Across the nation, the $8.5 billion annual rent-to-own (RTO) industry uses the threat of criminal charges to demand payment from low-income consumers who have fallen behind on abusive contracts. Under little-known state laws often written years ago by the industry's lobbyists, RTO companies exert legal authority to turn a dispute with any of its 4.8 million customers over a furniture set, appliance, or a computer into threats of arrest, felony theft charges, and even incarceration.

The Rent to Own Racket: Using Criminal Courts to Coerce Payments from Vulnerable Families, a report from the National Consumer Law Center, finds that the District of Columbia and 47 states have laws that can be used to criminalize the failure to return rental property at the end of an RTO lease term. As a result, vulnerable families on tight budgets who can't keep up with onerous payments face devastating criminal consequences, even after paying thousands of dollars on predatory contracts marked up two to three times what a customer paying cash in a traditional retail store would pay. A survey by the Federal Trade Commission found that nearly four in five RTO customers earn less than $40,000 annually and three in five are racial or ethnic minorities.

"For decades, the rent to own industry has evaded core consumer protection laws to target and drain wealth from families, especially households of color, already living on the edge," **said National Consumer Law Center Skadden Fellow Brian Highsmith** and primary author of the report. "We hope that this report will shine a light on the misuse of our criminal courts by the rent-to-own industry, and help advocates and policymakers wishing to end this form of consumer abuse," **said Highsmith.**

Key Findings

The report finds that RTO companies have pushed for laws allowing them to pursue criminal charges against their customers, resulting in the enactment of "rental theft laws" in nearly every state, except Connecticut, South Carolina, and Virginia. These state statutes often effectively eliminate any requirement to show wrongful intent on the part of the accused and so can unfairly capture rent-to-own customers who simply fall behind on a payment. In Alabama, for example, failure to return goods within 48 hours of delivery of a written demand is considered to be presumptive evidence of criminal intent.

Under these laws, RTO companies can use arrest or the threat of arrest to intimidate struggling customers into making payments. Charges may even be brought against individuals who have already paid the full retail value of the goods, but simply have not paid the excessively high effective financing charges the industry has charged. These criminalization tactics accuse customers of stealing merchandise, when the reality is often that a low-income customer simply missed a payment on a deceptively expensive contract—conduct that would, in other consumer transactions, be considered a breach of contract and not a crime. The industry's use of the criminal courts to enforce its contracts effectively criminalizes financial distress.

Key Recommendations for States

- Prohibit the application of rental theft laws to consumer installment contracts where there is an option to purchase;
- Require specific proof that the defendant intended to steal the property;
- Establish a simple, accessible civil legal process through which rental companies and consumers can resolve disputes about possession of rental property;
- Regulate coercive collection strategies by imposing legal liability for threatening arrest with no reasonable basis; and
- Amend laws authorizing RTO agreements to eliminate statutory exclusions from consumer

protection statutes that cap excessive rates, limit overcharges, and mandate disclosures.

This report builds on NCLC's work on the criminalization of poverty in various consumer law contexts. For more information, visit: https://www.nclc.org/issues/criminal-justice.html.

Statement of National Consumer Law Center's Persis Yu Regarding Report on U.S. Department of Education's Sweetheart Deal for Loan Servicers

FOR IMMEDIATE RELEASE: February 14, 2019
National Consumer Law Center Contact: Jan Kruse (jkruse@nclc.org) or (617) 542-8010

BOSTON – The following statement is by **Persis Yu, director of the National Consumer Law Center's Student Loan Borrower Assistance Project** in response to the new report by the U.S. Department of Education's 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*.

"The U.S. Department of Education's Inspector General report released today reveals a massive failure by the Department of Education to oversee its student loan servicers. As 44 million student loan borrowers work hard to feed their families, pay their rent, or get by from paycheck to paycheck, this Administration has given hundreds of millions of dollars to servicers while turning a blind eye to their costly and abusive practices.

"The Inspector General's damning revelations that the Department of Education failed to track all instances of non-compliance or to hold servicers accountable for errors demonstrates its lack of commitment to protecting student loan borrowers. Unfortunately, this revelation is consistent with the Department's prior actions, which have repeatedly put the interests of big business ahead of the interests of student loan borrowers.

"In this past year, Department of Education has justified its aggressive steps to shield student loan servicers from liability by claiming that it rigorously oversees its servicers. This report from the Inspector General demonstrates that claim is false."

Statement on CFPB Sandbox Proposal

FOR IMMEDIATE RELEASE: February 12, 2019

Contact: Lauren Saunders (lsaunders@nclc.org)

Statement on CFPB Sandbox Proposal

A group of 80 consumer, civil rights, legal services, labor, environmental, and community groups today expressed their strong opposition to the proposed changes to the Consumer Financial Protection Bureau's no-action letter policy and its proposed product sandbox.

A copy of the coalition letter can be found here. Several national groups also submitted a longer set of comments found here.

"The CFPB cannot simply deputize an employee to hand out letters or approvals that exempt companies offering risky new products from complying with consumer protection laws," said Lauren Saunders, associate director at the National Consumer Law Center.

"With these approaches, the CFPB is writing an open invitation for companies to abuse consumers without consequence," said Linda Jun, senior policy counsel at Americans for Financial Reform. "The bureau is also overstepping its legal authority."

"The CFPB's illegal regulatory sandbox proposal risks creating a consumer protection desert because it does not have sufficient safeguards and limits," said Christopher Peterson, director of financial services at the Consumer Federation of America.

"The CFPB is proposing a dramatic new program that would give companies permission to violate the law, based on inadequate reasoning and without following necessary procedures," said Remington A. Gregg, counsel for civil justice and consumer rights at Public Citizen. "Instead of dreaming up unnecessary programs that are aimed at providing corporate wrongdoers with immunity from the law, the CFPB should focus on its primary responsibility of protecting consumers from predatory behavior and corporate wrongdoing."

"The CFPB should not be letting entire industries avoid the law based on cursory review done in private and without public comment," said Will Corbett, litigation counsel at the Center for Responsible Lending. "In the run-up to the 2008 economic meltdown, reckless financial practices were touted as 'innovative', too. CFPB should not repeat the mistake of giving industries a pass on consumer protections and trying to bar states and other regulators from enforcing the law,"

In a letter to the CFPB, the groups wrote: "It may be easy for a company making a one-sided presentation to draw sympathy with calls for relief from 'burdensome' regulations or uncertainty that the company argues could hinder its 'new' approaches. But just because an approach is 'innovative' does not mean that it will be a positive experience for the consumer or that older regulations and the critical protections they contain should not apply. Handing out relief or exemptions to companies without the opportunity for public input will expose consumers to the very risks and harms that the CFPB is charged with preventing."