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Former CFPB Student Loan Ombudsman Creates Student Loan Advocacy Group

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Former CFPB Student Loan Ombudsman Seth Frotman, who abruptly resigned from the Bureau in August, has formed a nonprofit organization to advocate for additional oversight of the student loan industry. Called the [Student Borrower Protection Center](#) (SBPC), the group describes itself as “leading a nationwide effort to end the student debt crisis in America.”

The group’s website describes its projects as “supporting state and local officials” and “driving new actions in communities, in court, and in government.” These projects include: the Student Loan Law Initiative, a partnership with the University of California Irvine School of Law to generate additional research into student loan law and the economic impact of student loans; and the group’s partnerships with cities and states to advance borrower protections through legislations and policy proposals.

Among the legislative initiatives, the group describes as a discrete project the “California Borrower Bill of Rights.” The project solicits borrowers to join in lobbying the state of California to establish loan servicing standards, ban abusive practices, and create a state Student Loan Borrower Advocate to respond to consumer complaints, recommend legal reforms, and refer violators to law enforcement. The project acknowledges existing borrower protections established by the [California’s Student Loan Servicing Act](#) but does not describe what additional protections the group advocates.

The SBPC also has the explicit goal of assisting states and cities with “creative litigation strategy” in lawsuits against lenders and servicers. As part of its project on state partnerships, the group provides detailed resources on federal preemption of state regulations, borrower protections, and the nationwide impact of student debt on minorities, women, servicemembers, older Americans, and public servants.

[As previously reported](#), Frotman’s departure from the Bureau included pointed criticism of Mulvaney’s leadership. The SBPC continues Frotman’s rhetoric with the accusations that when borrowers default, “it is often as a direct result of widespread illegal practices by student loan servicers” and that servicers “use the full weight of the government to wreak havoc on borrowers.”

In addition to Frotman, the organization includes several former CFPB employees. Bonnie Latreille, who was formerly part of the Office for Students and Young Consumers at the Bureau, serves as Director of Research and Advocacy. Mike Pierce, the SBPC’s Director and Managing Counsel, was formerly a deputy assistant director. The group’s advisory board includes Holly Petraeus and Nick Rathod, both former assistant directors at the Bureau.

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