

CONFIDENTIAL AND DELIBERATIVE

PURPOSE: ACTION

DATE: May 4, 2017
TO: The Secretary
FROM: James Manning, Acting Undersecretary
SUBJECT: Action Items on Borrower Defense

SUMMARY:

The previous administration approved approximately 16,000 borrower defense to repayment claims that have not yet been processed, and the Department has received an additional approximately 58,600 claims it has not yet approved. This memo provides some background information and recommendations on how to proceed with the review and processing of these claims.

We established a Review Panel consisting of Joe Conaty, Lynn Mahaffie, Phil Rosenfelt, Justin Riemer, and myself to examine the claims and background information and make recommendations on how to resolve the pending claims and proceed in the future. [REDACTED]

[REDACTED]

REASON FOR NEEDED ACTION:

In January of 2017, the Department sent approval emails to approximately 16,000 borrower defense claimants informing them their loans should be discharged within either 60 or 90 to 120 days (with 120 days from receipt being approximately mid-May). No further action has been taken to discharge those loans, and I understand that it will take 30 to 45 days to execute the discharge after sign off. [REDACTED]

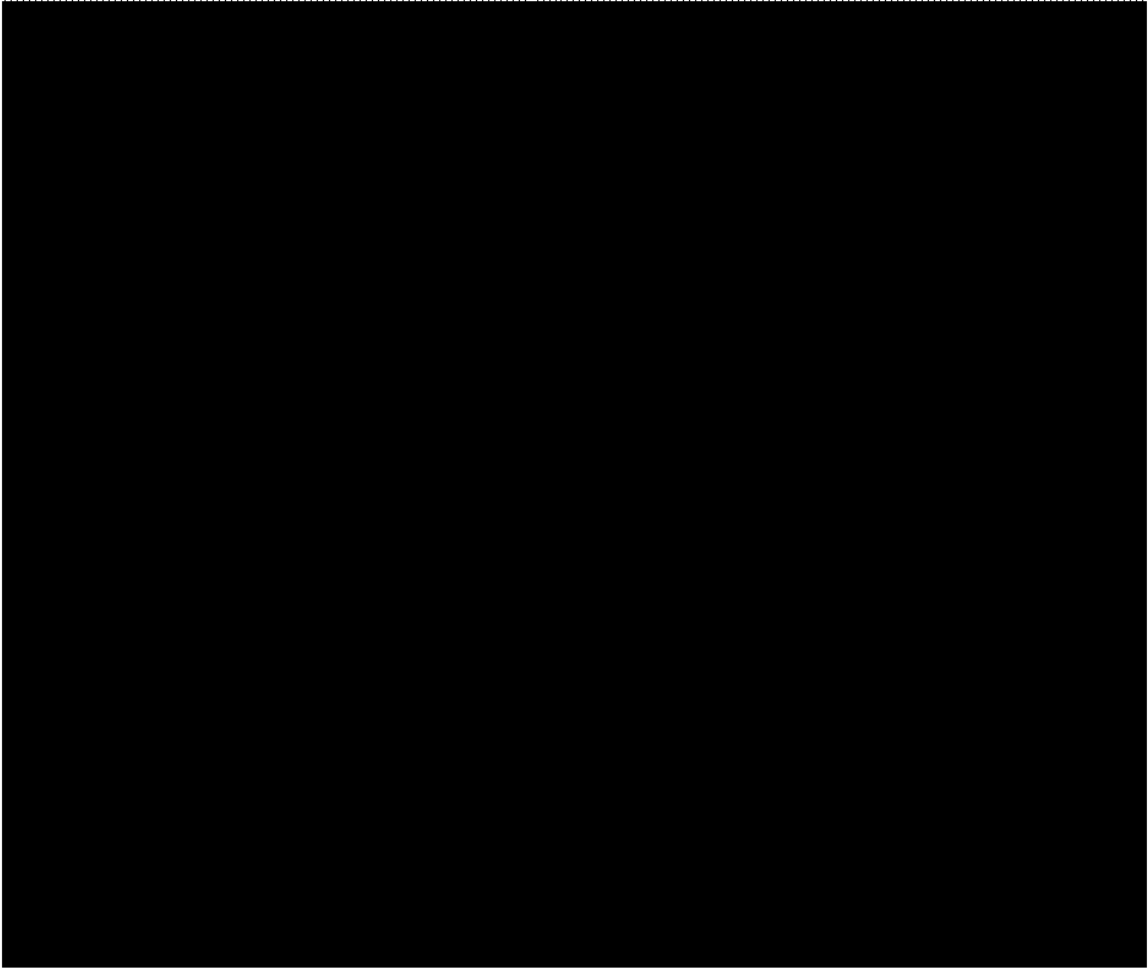
[REDACTED]

[REDACTED]

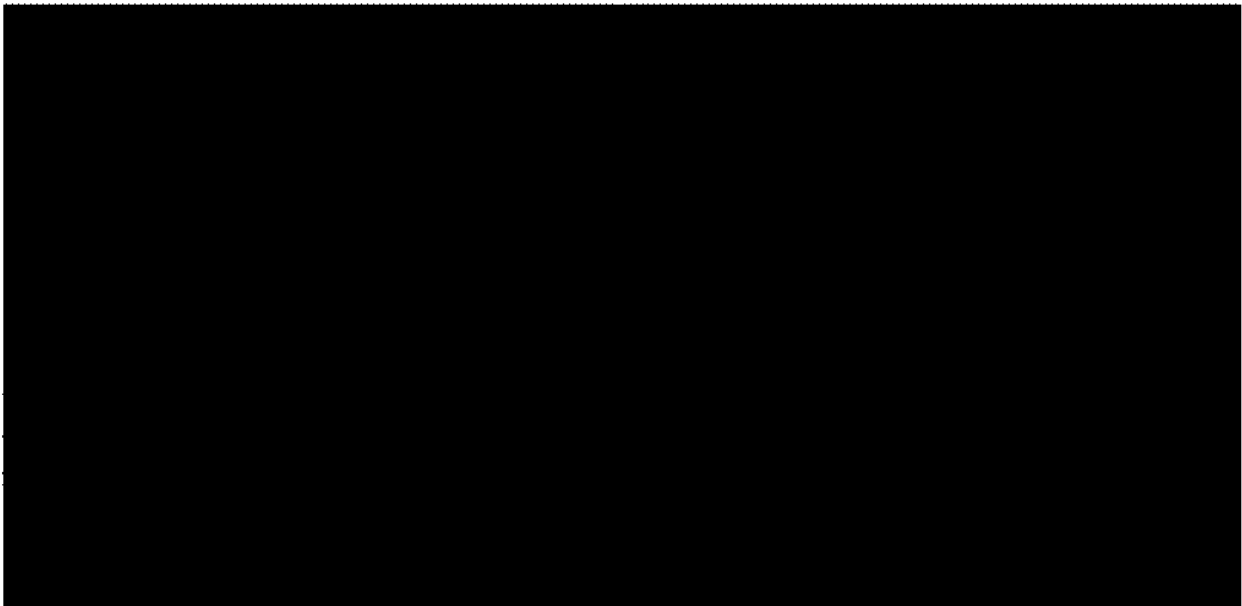
SUMMARY OF CONCERNS:

[REDACTED]

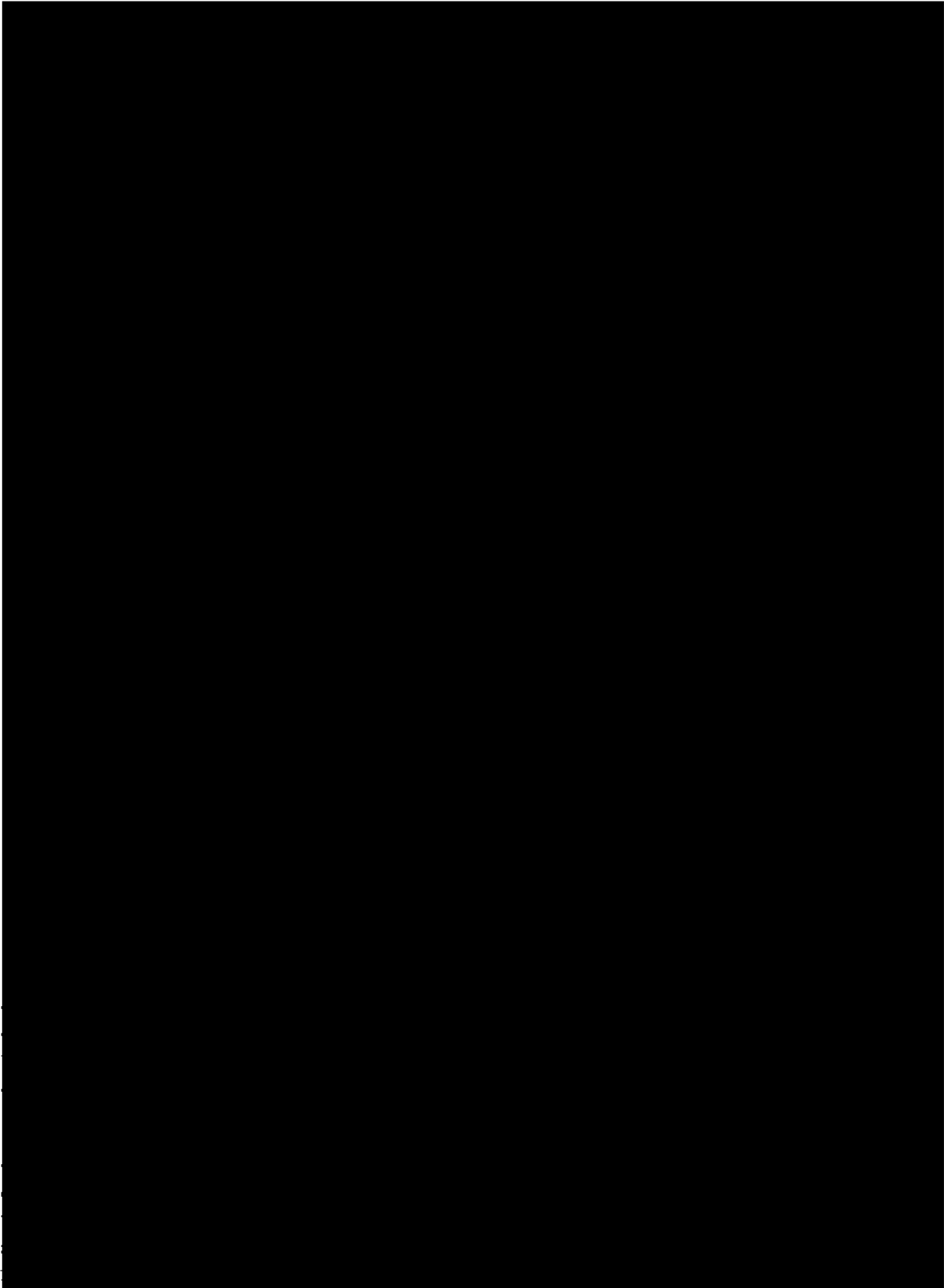
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RECOMMENDATIONS:



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DECISION:

Recommendation: Proceed with discharge for direct and non-direct loans for all impacted borrowers. Direct OUS and the CFO's Internal Control Unit to set up interim procedures to process claims until new borrower defense regulations are adopted and take effect. Proceed with requesting OIG launch a review of the borrower defense program.

Approve Signature *[Handwritten Signature]*

Disapprove _____ Signature _____

Needs more discussion _____ Signature _____

Modify _____ Signature _____

Other/Comments:
with extreme displeasure

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