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**NEW YORKERS FOR
RESPONSIBLE LENDING**

Dubious Debts

**Ending an era of illegal private student loan
debt collection practices**

March 2021

Executive Summary

- The following investigation exposed the predatory practices rampant within the debt collection of private student loans in New York. More than a decade ago, in the run up to the Great Recession, the subprime lending practices driving the mortgage crisis were also occurring in the private student loan market, with lenders pushing predatory loans onto borrowers they knew were ill-equipped to repay. Predictably, hundreds of thousands of borrowers defaulted on these loans in the years that followed, triggering a cycle of debt collection, damaged credit, and litigation. To make matters worse, creditors and debt collectors of these loans, like the National Collegiate Student Loan Trusts, lost many of the documents proving ownership of these loans and, in many cases, lied to courts across the country when collecting debts creditors could not prove they owed.
- These predatory practices have long harmed New Yorkers but have been further exacerbated during the coronavirus pandemic. As COVID-19 cases and subsequent increases in unemployment badly damaged New York, private student loan debt collectors have continued to pursue judgments against New Yorkers in courts across the state. These court filings ended temporarily only when courts closed, and cases spiked when courts reopened, continuing to grow in number even as the pandemic worsened since October. Since the beginning of the COVID-19 pandemic, student loan creditors have filed at least 55 debt collection lawsuits in New York.
- Court filings show that predatory collection tactics, including abuse of the courts, are widespread in the private student loan industry. Borrowers across the country are subject to or at risk of predatory actions by investors, creditors, and debt collectors who profited off the subprime private student loan boom and continue to pursue these debts. Some of these players include Navient, Jefferson Capital, Arrowood Indemnity, Student Loan Solutions, and Turnstile Capital Management.
- The following investigation exposes the practices of NCSLT as a case study—illustrating the abuse of New York courts by this large creditor and documenting the lasting effects of these abuses on New York families. Across all New York counties, NCSLT has filed over 2,400 cases against New York borrowers in the past six years alone.
- Through a review of SEC filings and court filings from January 2015 through December 2020, the SBPC found a disparate impact of these practices on New York’s communities of color. For instance, the investigation found that though New York has only three counties with populations that are majority

non-white (Kings, Queens, and Bronx), those three counties account for over 44 percent of NCSLT lawsuits filed in the state. Overall, the number of NCSLT lawsuits per capita in New York state is 2.6 times higher in majority-minority counties than it is in majority white ones.

- State lawmakers can act to protect borrowers who took out predatory private student loans by strengthening state laws to ban abusive debt collection tactics and stop the private student loan industry from deceiving the courts and cheating borrowers.

Introduction to Predatory Creditors and Debt Collectors in New York

Today, borrowers in courtrooms across the country are being sued for faulty or unsubstantiated private student loan debt. Predatory creditors are abusing state court systems and intimidating people to pay debts they do not owe.¹

In fact, private student loan creditors have sued more than 100,000 student loan borrowers in courtrooms across the country over allegedly unpaid student loan debts.² However, these lawsuits often lack evidence or documentation proving that the creditors have a legal right to collect on these debts.³ Instead, creditors rely on mass-produced documents, deceptive court claims, and intimidation tactics to scare borrowers into paying or simply not showing up to court.⁴ Hundreds of thousands of student loan borrowers who have defaulted on these loans, including those who have been the target of lawsuits, are being forced to hand over money they may not owe.⁵ These borrowers may be unaware that debt collectors do not have proper documentation and overwhelmed at the prospect of being dragged into court. Since the outbreak of COVID-19, this prospect has

¹ The authors would like to thank Robyn Smith and Persis Yu at the National Consumer Law Center for their guidance and feedback when drafting this report. The authors' analysis builds on the April 2014 NCLC report *Going to School on Robo-signing: How to Help Borrowers and Stop the Abuses in Private Student Loan Collection Cases*, found at <https://www.studentloanborrowerassistance.org/wp-content/uploads/2013/05/robo-signing-2014.pdf>.

² See, e.g., Complaint at 2-3, *Consumer Fin. Prot. Bureau v. The Nat'l Collegiate Master Student Loan Trust* (Aug. 18, 2017) (No. 1:17-cv-01323-UNA), https://files.consumerfinance.gov/f/documents/201709_cfbp_national-collegiate-student-loan-trusts_complaint.pdf ("In connection with collecting or attempting to collect debt from consumers, between November 1, 2012 and April 25, 2016, Subservicers, acting through Defendants' Special Servicer and acting on behalf of Defendants, initiated 94,046 collections lawsuits in courts across the country.").

³ See, e.g., Julia Barnard, Kiran Sidhu, Peter Smith & Lisa Stifler, *Court System Overload: The State of Debt Collection in California after the Fair Debt Buyer Protection Act*, Ctr. for Responsible Lending (Oct. 2020), <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-california-debt-oct2020.pdf>.

⁴ See, e.g., Stacy Cowley & Jessica Silver-Greenberg, *As Paperwork Goes Missing, Private Student Loan Debts May Be Wiped Away*, *The New York Times* (July 17, 2017), <https://www.nytimes.com/2017/07/17/business/dealbook/student-loan-debt-collection.html>.

⁵ *Id.* ("National Collegiate is an umbrella name for 15 trusts that hold 800,000 private student loans, totaling \$12 billion. More than \$5 billion of that debt is in default, according to court filings. The trusts aggressively pursue borrowers who fall behind on their bills.").

grown only more daunting. In many cases, these lawsuits happen because creditors may not be forced to provide loan ownership documentation to the courts when they bring a collection lawsuit. This allows predatory student loan creditors to continue to profit off vulnerable borrowers.

Origins of the Subprime Student Loan Boom

Just over a decade ago, the rampant predatory practices driving the mortgage crisis were also occurring in the private student loan market.⁶ Prominent lenders like Sallie Mae and some of the nation's largest banks pushed high-rate loans onto vulnerable borrowers, piling on billions of dollars in debt while knowing that borrowers were ill-equipped to repay. At the peak of the subprime student lending boom, the then-CEO of Sallie Mae, Thomas Fitzpatrick, boasted about his firm's predatory lending, telling an internal meeting of executives: "If the borrower can create condensation on a mirror, they need to get a loan this year."⁷

As lenders pushed risky subprime loans to borrowers, they packaged these loans into trusts, sold stakes in the trusts to investors, and walked away before borrowers defaulted on their debts.⁸ This allowed lenders to offload the risk to investors from predatory loans, even as borrowers remained saddled with debts that the original creditors knew would never be repaid. The effects of this subprime student lending boom still plague the hundreds of thousands of borrowers today who are saddled with this toxic debt: now in the form of predatory collection practices.

If the borrower can create condensation on a mirror, they need to get a loan this year.

Sallie Mae CEO, 2007

⁶ See CFPB and U.S. Department of Education Joint Report Finds a Cycle of Boom and Bust in Private Student Loan Market, Consumer Financial Protection Bureau (July 19, 2012), <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-and-u-s-department-of-education-joint-report-finds-a-cycle-of-boom-and-bust-in-private-student-loan-market/>.

⁷ Complaint at 26, Illinois v. Navient Corp. (Jan. 18, 2017) (No. 2017CH00761), http://www.illinoisattorneygeneral.gov/pressroom/2017_01/NavientFileComplaint11817.pdf.

⁸ See, e.g., SLM Loan Trust 2008-9 Prospectus Supplement, (2008), <https://www.sec.gov/Archives/edgar/data/949114/000119312508184482/d424b5.htm>; Prospectus National Collegiate Student Loan Trust 2006-4 (2006), <https://sec.report/Document/0001125282-06-007609/>.

Case Study: NCSLT in New York

Many bad actors plague the student loan debt collection system.⁹ Borrowers across the country are subject to or at risk of predatory actions by investors, creditors, and debt collectors who profited off the subprime private student loan boom and continue to pursue these debts. Some of these players include Navient,¹⁰ Jefferson Capital,¹¹ Arrowood Indemnity,¹² Student Loan Solutions,¹³ and Turnstile Capital Management.¹⁴

While numerous creditors and debt collectors have engaged in these predatory practices, the largest and most notorious owner of private student loan debt is known as the National Collegiate Student Loan Trusts,¹⁵ or NCSLT. The following report focuses on the consequences of this specific predatory private lending scheme and contains a case study of the impact on New York borrowers to illustrate broader trends and challenges in the student loan debt collection system. However, readers should note that the problems highlighted below were not limited to NCSLT.

⁹ See, e.g., Complaint, *Obelagu v. Navient* (Feb. 7, 2018) (No. 8:18-cv-00392-PX), <https://www.classaction.org/media/obeleagu-v-navient-solutions-llc-et-al.pdf>.

¹⁰ See Complaint, *Illinois v. Navient Corp.*, *supra* note 7 ("From 2006-2007 Sallie Mae claimed 42% of the private student loan market by pursuing an unfair and deceptive subprime lending strategy of providing expensive subprime loans to vulnerable borrowers even though Sallie Mae knew many - even most - of those loans would default.").

¹¹ See, e.g., *2017 Annual Report*, Housing and Economic Rights Advocates (2017), http://www.heraca.org/documents/annual_reports/HERA_Annual_Report_2017.pdf ("HERA represented a borrower sued by a debt buyer [Jefferson Capital] on a predatory private student loan. HERA successfully defended the client and the case against her was dismissed resulting in the elimination of \$40,617 in claimed debt.").

¹² See, e.g., *Going to School on Robo-signing: How to Help Borrowers and Stop the Abuses in Private Student Loan Collection Cases*, National Consumer Law Center & Student Loan Borrower Assistance (Apr. 2014), <https://www.studentloanborrowerassistance.org/wp-content/uploads/2013/05/robo-signing-2014.pdf>.

¹³ See, e.g., Complaint, *Shadrin et. al. v. Student Loan Solutions, LLC et. al.* (Dec. 17, 2020) (No. C-02-cv-20-002123) (alleging a violation of the statute of limitations applicable to consumer debt collection).

¹⁴ See, e.g., Molly Hensley-Clancy, *New Class Action Lawsuit Targets Student Loan Debt Collector*, BuzzFeed News (July 15, 2016), <https://www.buzzfeednews.com/article/mollyhensleyclancy/new-class-action-lawsuit-targets-student-loan-debt-collector>.

¹⁵ See Marco Di Maggio, Ankit Kalda & Cinvent W. Yao, *Second Chance: Life without Student Debt* (July 31, 2019), <https://www.fdic.gov/news/conferences/consumersymposium/2019/documents/papers/kalda-paper.pdf>.

In the years prior to the 2008 financial crisis, Wall Street packaged into trusts more than \$12 billion of largely subprime private student loans.¹⁶ Many of these risky loans were made to students at predatory for-profit colleges across the country.¹⁷ These loans were made by banks, including US Bank, Bank of America, JPMorgan Chase, and Citizens Bank.¹⁸ Loans were sold to investors through NCSLT and would come to be known as the “worst-performing student loan investment vehicles ever created by Wall Street,”¹⁹ ultimately driving hundreds of thousands of student loan borrowers into financial distress.

But it gets worse.

Loans were sold to investors through NCSLT and would come to be known as the “worst-performing student loan investment vehicles ever created by Wall Street.”

The companies managing NCSLT were grossly incompetent and lost many of the documents proving ownership of the loans in the trusts.²⁰ This includes embattled student loan giant the Pennsylvania Higher Education

¹⁶ See Cowley & Silver-Greenberg, *supra* note 4.

¹⁷ Medina v. National Collegiate Student Loan Trust 2007-1, 19-ap-00065 (Bankr. S.D. Cal. 2020) (seeking relief from private student debt incurred at a for-profit culinary school); Medina v. National Collegiate Student Loan Trust 2004-2, et. al., 2016 WL 11574867, at *5–6 (Bankr. D. Nev., 2016) (concluding NCSLT failed to provide adequate documentation for loans incurred a for-profit college.); National Collegiate Student Loans Trust 2004-2 v. Vitale, 2018-ef-0036 (N.Y. Sup. Ct. Jan. 12, 2020) (sanctioning NCSLT and ordering them to pay debtor’s attorney’s fees for seeking judgment on student debt they could not verify or prove); National Collegiate Student Loan Trust 2005-2 v. Kraushaar, 2018-ef-5428 (N.Y. Sup. Ct. 2018) (seeking default judgment on debt for for-profit college Full Sail Real World Education).

¹⁸ See Cowley & Silver-Greenberg, *supra* note 4.

¹⁹ Shahien Nasiripour, *Wall Street Is Fighting a CFPB Deal Over Billions in Defaulted Student Loans*, Bloomberg (Nov. 8, 2017), <https://www.bloomberg.com/news/articles/2017-11-08/wall-street-is-fighting-a-cfpb-deal-over-billions-in-defaulted-student-loans>.

²⁰ See *National Collegiate’s Audit of P.H.E.A.A.*, The New York Times (July 17, 2017), <https://www.nytimes.com/interactive/2017/07/17/business/dealbook/document-National-Collegiate-PHEAA-audit.html>.

Assistance Agency, which remains responsible for maintaining loan documents and account records for NCSLT.²¹

In order to continue collecting on the debt, NCSLT lied to courts across the country in thousands of lawsuits²² and used mass-produced documentation, also known as robo-signing,²³ in tens of thousands of other cases to drag borrowers into court for debts NCSLT could not prove the borrowers owed.²⁴ NCSLT investors were so worried about this brewing scandal that they conducted—and then suppressed—a shocking audit finding that 100 percent of a random sample of NCSLT's portfolio lacked proper ownership documentation.²⁵ One federal regulator explained this scheme in 2017 court filings:

*To collect on defaulted private student loans, [NCSLT] filed collections lawsuits . . . in state courts across the country . . . [executing and filing] affidavits that falsely claimed personal knowledge of the account records and the consumer's debt and, in many cases, personal knowledge of the chain of assignments establishing ownership of the loans. In addition, [NCSLT] filed at least 2,000 collections lawsuits without the documentation necessary to prove Trust ownership of the loans or on debt that was time-barred. Finally, notaries for [NCSLT] notarized more than 25,000 affidavits even though they did not witness the affiants' signatures.*²⁶

The federal government ordered NCSLT to pay over \$20 million for its illegal acts up to 2017, spurring years of litigation between the investors and banks that created the trusts.²⁷ Court filings reveal that various parties

²¹ *Id.* For further discussion of the role that the Pennsylvania Higher Education Assistance Agency plays with respect to these trusts, see Student Borrower Protection Center and Kentucky Equal Justice Center, *Amicus Brief in PHEAA v. Kentucky* (2018), https://protectborrowers.org/wp-content/uploads/2019/01/SBPC_PHEAA_KY_Amicus_Brief-.pdf.

²² See Cowley & Silver-Greenberg, *supra* note 4. See also, Complaint at 2, *Consumer Fin. Prot. Bureau v. The Nat' Collegiate Master Student Loan Trust*, *supra* note 2 ("In support of these lawsuits . . . Defendants executed and filed affidavits that falsely claimed personal knowledge of the account records and the consumer's debt and, in many cases, personal knowledge of the chain of assignments establishing ownership of the loans.").

²³ See Eric Dash, *Foreclosures: A Paperwork Fiasco*, N.Y. Times (Oct. 23, 2010), <https://www.nytimes.com/2010/10/24/weekinreview/24dash.html>.

²⁴ See Cowley & Silver-Greenberg, *supra* note 4.

²⁵ *National Collegiate's Audit of P.H.E.A.A.*, *supra* note 20.

²⁶ Complaint at 2-3, *Consumer Fin. Prot. Bureau v. The Nat'l Collegiate Master Student Loan Trust* *supra* note 2.

²⁷ See *CFPB Takes Action Against National Collegiate Student Loan Trusts, Transworld Systems for Illegal Student Loan Debt Collection Lawsuits*, Consumer Financial Protection Bureau (Sept. 18, 2017), <https://www.consumerfinance.gov/about-us/newsroom/cfpb-takes-action-against-national-collegiate-student-loan-trusts-transworld-systems-illegal-student-loan-debt-collection-lawsuits/>.

purporting to speak on behalf of NCSLT blocked the settlement between the government and the trusts in 2020 and this litigation will continue into 2021.²⁸ As litigation related to this and other public enforcement actions continues, NCSLT's problems persist to this day.²⁹

Impact of COVID-19

The onset of the coronavirus pandemic has only exacerbated the crisis for those with private student loan debt. In the months of February to April, New York suffered through higher declines in employment when compared to the rest of the country. New York State saw a loss of more than 1.9 million jobs in March and April.³⁰ Any gains seen over the subsequent months ended in October, as New York's jobs total remained nearly 1.1 million below February levels amid a new spike in COVID-19 cases.³¹

Despite the fact that New Yorkers have struggled with unemployment and the public health effects of the pandemic since March 2020, private student loan borrowers continue to have little recourse. While the federal government has suspended interest and payments on federal student loans since March 2020 for approximately 41 million borrowers, private loans are not included in these protections.³² And even those with jobs may be subject to wage garnishment if they cannot afford to make payments due to economic fallout caused by the pandemic.³³

Even though coronavirus cases and subsequent increases in unemployment badly damaged New York, private student loan debt collectors have continued to pursue judgments against New Yorkers in courts across the state. After courts reopened in the summer, there was a spike in debt collection lawsuits which sustained even when

²⁸ See Shahien Nasiripour, *Wall Street Halts Massive Student-Loan Relief Deal in Court*, Bloomberg (June 3, 2020), <https://www.bloomberg.com/news/articles/2020-06-03/wall-street-thwarts-massive-student-loan-relief-deal-in-court>; *Notice to holders of notes*, US Bank (Mar. 30, 2018), <https://trustinvestorreporting.usbank.com/TIR/public/deals/populateReportDocument/19012352/PDF>.

²⁹ See, e.g., *Amicus Curiae Brief in the Matter of Pennsylvania Higher Education Assistance Agency v. the Commonwealth of Kentucky*, Student Borrower Protection Center (2019), https://protectborrowers.org/wp-content/uploads/2019/01/SBPC_PHEAA_KY_Amicus_Brief.pdf.

³⁰ Off. of the N.Y. State Comptroller, *New York's Economy and Finances in the COVID-19 Era* (Dec. 2, 2020), <https://www.osc.state.ny.us/reports/covid-19-december-2-2020>.

³¹ *Id.*

³² Annie Nova, *For People with Private Student Loans, Little Relief Amid the Pandemic*, CNBC (May 2, 2020), <https://www.cnbc.com/2020/05/01/the-cares-act-delivered-no-relief-to-those-with-private-student-loans.html>.

³³ N.Y. C.P.L.R. Law § 5231 (2021).

COVID-19 cases and unemployment numbers rose once again in the fall and skyrocketed in November and December 2020.³⁴ At the same time, Navient rejected the consensus of scientists and public health officials by declaring an end to the COVID-19 pandemic just months after it began, prominently displaying on its website:

*In light of the reopening of the U.S. economy and the resumption of normal business activities that have already begun... [administrative forbearance programs for those not included in Congressional student loan protections would] no longer be offered as of June 30, 2020.*³⁵

Since the first period of the pandemic, including when courts were closed, the weekly rate of just one debt collector's case filings has increased by almost 4 times. When New York courts reopened in July, COVID and its economic fallout were still getting worse.³⁶ But NCSLT quickly began pursuing lawsuits against New Yorkers. Now, NCSLT continues to drag New York borrowers into court in the middle of a global pandemic that has caused the most devastating recession since the Great Depression—for debts it may not be able to prove borrowers owe.³⁷

³⁴ Danielle Douglas Gabriel, *Student loan companies return to court to collect on private education debt*, Washington Post (January 21, 2021), <https://www.washingtonpost.com/education/2021/01/21/private-student-debt-collection/>.

³⁵ Navient, Covid-19 Support Center (Dec. 7, 2020), <https://perma.cc/XD2V-HDHE> (last accessed Dec. 17, 2020).

³⁶ Ctrs. for Disease Control, United States COVID-19 Cases and Deaths by State over Time, <https://data.cdc.gov/Case-Surveillance/United-States-COVID-19-Cases-and-Deaths-by-State-o/9mfq-cb36> (last accessed Feb. 5, 2021).

³⁷ Fed. Rsrv. Bank of St. Louis, *Initial Claims in New York*, <https://fred.stlouisfed.org/series/NYICLAIMS> [<https://perma.cc/7FWB-AEKA>] (last accessed Feb. 5, 2021).

Figure 1: COVID cases and NCSLT lawsuits in New York

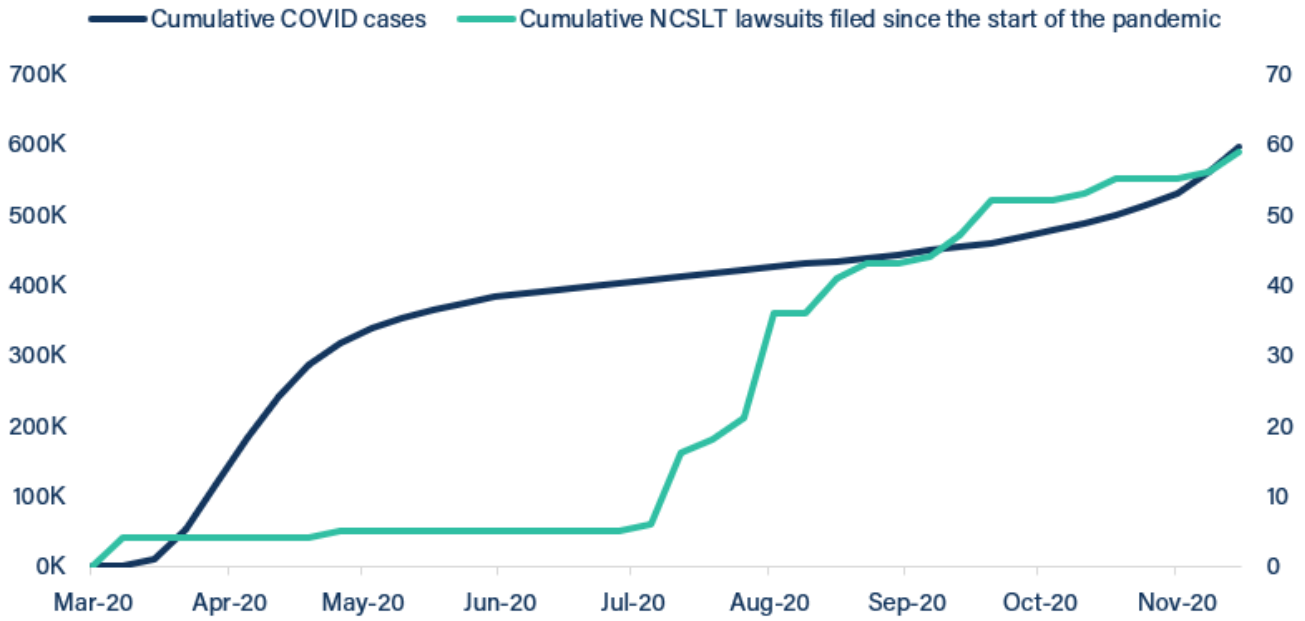
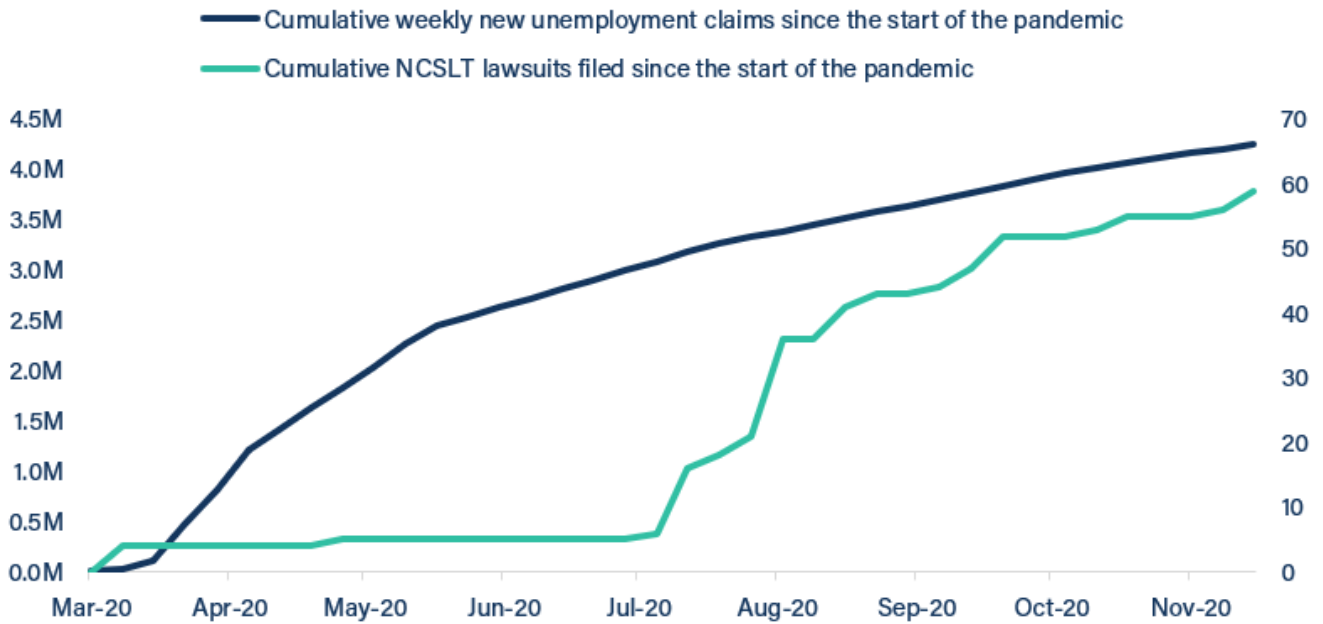


Figure 2: Unemployment and NCSLT lawsuits in New York



Student Loan Lawsuit Machine Targets Borrowers Across New York

Court filings show that predatory collection tactics, including abuse of the courts, are widespread in the private student loan industry.³⁸ The following case study examines the practices of NCSLT across the state of New York, documenting how, as the largest owner of private student loan debt,³⁹ NCSLT's practices have hit New York borrowers particularly hard.

Key Findings:

53,700+ loans

totaling more than **\$627 million** made to borrowers in New York

2,400+ lawsuits

filed against New York borrowers over the past six years

Almost half

of the lawsuits were against borrowers in the state's three majority-minority counties.

2.6x more lawsuits

per capita in majority-minority counties than in majority white ones.

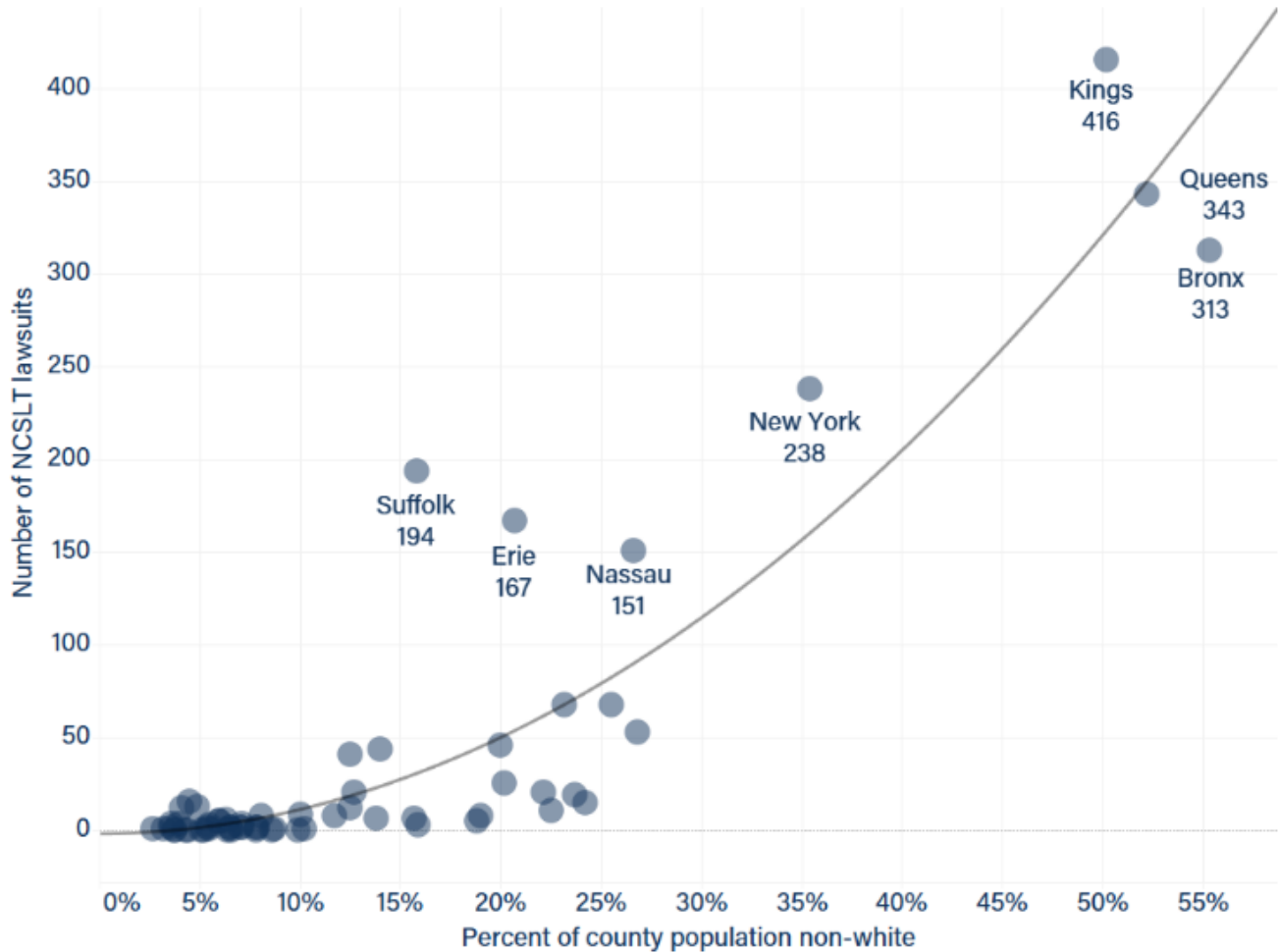
To examine the scope of the issue, the SBPC reviewed SEC filings and court filings from January 2015 through December 2020. Public filings show that over the past two decades, NCSLT owned more than 53,700 separate loans totaling more than \$627 million made to borrowers in New York. When New Yorkers defaulted on these loans, NCSLT was relentless in its use of the state's court system to pursue these defaulted debts. NCSLT filed over 2,400 cases against New York borrowers since the start of 2015 alone. These lawsuits disproportionately target communities of color in the state. Though New York has only three counties with populations that are majority non-white (Kings, Queens, and Bronx), those three counties account for over 44 percent of NCSLT

³⁸ See, e.g., Complaint, *Obelagu v. Navient*, *supra* note 9; *Going to School on Robo-signing*, *supra* note 12; *Hensley-Clancy*, *supra* note 14.

³⁹ See *Marco Di Maggio et al.*, *supra* note 15.

lawsuits filed in the state.⁴⁰ Overall, the number of NCSLT lawsuits per capita in New York state is 2.6 times higher in majority-minority counties than it is in majority white ones.

Figure 3: NCSLT lawsuits and race in New York state



Today, state lawmakers have an opportunity to step in to protect borrowers from what has been described as the “systemic malfeasance, gross negligence and willful misconduct” of creditors and collectors, like NCSLT and more broadly across the market, pursuing consumers in default on private student loans.⁴¹

⁴⁰ U.S. Census Bureau, *Quick Facts*, <https://www.census.gov/quickfacts/fact/table/US/PST045219>.

⁴¹ Shahien Nasiripour, *supra* note 19.

Recommendations for State Policymakers and State Courts

These are only a portion of the aggressive debt collection practices and abusive lawsuits plaguing borrowers. Unfortunately, these practices are not unique to NCSLT. Predatory tactics are common across the industry, including for trusts managed by the embattled student loan giant Navient Corporation.⁴²

State lawmakers can act to protect borrowers who took out predatory private student loans by strengthening state laws to ban abusive debt collection tactics and stop the private student loan industry from deceiving the courts and cheating borrowers.

In New York, 440 borrowers were dragged into court multiple times, with one borrower subject to 21 different cases.

- **Ban the use of mass-produced documentation, also known as “robo-signing,” by prohibiting creditors like NCSLT from obtaining garnishment orders without proper documentation.** States should require creditors to prove the debt is valid and the balance is accurate by producing original loan documentation at the time a court order is sought. Necessary documentation should include proof that the plaintiff in a consumer debt collection case owns the loan and has the right to collect on it; evidence should also include a copy of the original contract or other documentation showing the consumer’s liability.⁴³
- **Ban abusive debt collection tactics by requiring debt collectors to prove debts are valid when attempting to collect.** States should require debt collectors provide basic documentation substantiating

⁴² See Complaint, *Obelagu v. Navient*, supra note 9; see also Consumer Fin. Prot. Bureau, Mid-Year Update on Student Loan Complaints (June 2015), https://files.consumerfinance.gov/f/201506_cfpb_mid-year-update-on-student-loan-complaints.pdf.

⁴³ See *Going to School on Robo-signing*, supra note 12.

these debts as part of the first attempt to collect a debt from a private student loan borrower, long before a creditor tries to drag a borrower into court.

- **Give borrowers new tools, such as a private right of action, to halt abuses when debt collectors and creditors break the law.** SBPC's investigation reveals that debt collection companies and creditors often pursue default claims multiple times against the same borrower, likely because these companies are rarely held to account when collecting on illegitimate debts. In New York, 440 borrowers were dragged into court multiple times, with one borrower subject to 21 different cases. With a private right of action from any new state consumer protection legislation, borrowers could bring lawsuits against student finance companies for collecting on debts they cannot document or deceiving courts about the validity of these debts. This protection would discourage debt collection companies from filing repeated default claims against the same borrower, among other abuses.