



STATE OF CALIFORNIA

Department of Financial Protection and Innovation

GOVERNOR **Gavin Newsom** • ACTING COMMISSIONER **CHRISTOPHER S. SHULTZ**

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California DFPI Requires Student Loan Debt-Relief Company to Pay More Than \$1 Million in Penalties, Restitution

Continues Crackdown on Illegal Student Loan Debt-Relief Activities

SACRAMENTO – The California Department of Financial Protection and Innovation (DFPI) today announced it is [requiring a Tustin-based student loan debt-relief company, Amerifed Doc Prep LLC, to pay penalties and refunds totaling more than \\$1.37 million](#) after finding the company violated the California Consumer Financial Protection Law (CCFPL) by collecting illegal advance fees prohibited under the federal Telemarketing Sales Rule.

The announcement follows a [wider crackdown](#) that began in February against student loan debt-relief companies skirting the CCFPL and the Student Loan Servicing Act.

“The DFPI is committed to protecting student loan borrowers from predatory debt-relief scams,” said Acting Commissioner Christopher S. Shultz. “The Department will not tolerate student loan debt-relief companies that charge California consumers fees that violate the law or bilk and mislead consumers. Borrowers with challenges repaying student loans should call the U.S. Department of Education or their loan servicer directly.”

In a consent order, the DFPI required Amerifed to refund California student loan borrowers more than \$870,000 it had collected in fees and pay a \$500,000 penalty to the Department. In the order, the company also agreed to cease its illegal conduct, to cancel all unlawful contracts with consumers, and to refund consumers within 60 days.

An investigation by the Department found that Amerifed lured consumers with promises of getting their student loans reduced or forgiven in exchange for an initial payment as high as \$899 and an ongoing monthly fee of \$39. The DFPI’s investigation found that more than 1,000 California student loan borrowers signed up with Amerifed and were charged illegal up-front fees prohibited under the federal telemarketing law.

The Department recently issued several other actions to stop similar behavior and continue its aggressive crackdown against student loan debt-relief companies violating the new consumer protection law. The DFPI recently signed another [consent order](#) with San Diego-based Libre

Technology, Inc., doing business as Docupop, requiring that it repay \$7,379 to consumers in fees collected, pay a \$2,500 penalty, and stop offering student loan debt-relief services in California without a license.

Earlier this month, the DFPI issued desist and refrain orders against two other Tustin-based student loan debt-relief companies. The Department issued an [order](#) against Federal Document Assistance Center LLC after finding it blanketed consumers with misleading mailers that falsely implied an affiliation with official federal borrower assistance programs. The Department issued another [order](#) against Higher Level Processing Inc. after finding it relied on social media marketing to reach vulnerable borrowers. And earlier this year, Irvine-based Optima Advocates, Inc., found in February to be breaking the law, [issued nearly \\$100,000 in refunds to California borrowers](#) of fees it had collected and paid a \$47,500 penalty to the Department.

Consumers can apply free of charge for loan deferments, forbearance, forgiveness, discharge, or alternative repayment plans directly through the U.S. Department of Education or their loan servicer. For federal student loan repayment options, visit www.StudentAid.gov/repay. For private student loans, contact your loan servicer. To file a complaint with the DFPI regarding a debt-relief company, visit <https://dfpi.ca.gov/file-a-complaint/>.

In 2020, Governor Gavin Newsom signed the CCFPL into law and expanded the DFPI's authority to regulate a broader range of consumer financial products and services, like debt-relief companies. Under the CCFPL, one of the DFPI's aims is protecting the 3.7 million borrowers in California who owe nearly \$125 billion in student loan debt. Nationwide, student loan debt exceeds \$1.5 trillion and is the second-largest class of consumer debt behind mortgage loans.

In addition to debt-relief companies, the DFPI licenses and regulates state-chartered banks and credit unions, commodities and investment advisers, money transmitters, mortgage servicers, the offer and sale of securities and franchises, broker-dealers, nonbank installment lenders, Property Assessed Clean Energy (PACE) program administrators, student-loan servicers, escrow companies, debt collectors, rent-to-own contractors, credit repair companies, consumer credit reporting companies, and more.

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