RALPH NADER RADIO HOUR EP 386 TRANSCRIPT

Steve Skrovan: Welcome to the *Ralph Nader Radio Hour*. My name is Steve Skrovan along with my co-host David Feldman. Hello, David. Welcome back.

David Feldman: Thank you. I was on assignment.

Steve Skrovan: That's what we said, and nobody believed it then either. [chuckle] And we also have the man of the hour, Ralph Nader. Hello, Ralph?

Ralph Nader: Hello. You can save money on this program if you have an auto insurance policy.

Steve Skrovan: Yes, and we're going to get to that, but I want to refer back to last week's program where we spoke to the authors of *Closing Death's Door: Legal Innovations to End the Epidemic of Healthcare Harm*, and we got a lot of good feedback on that. Ralph, do you want to comment?

Ralph Nader: We really did. I mean some of it was heart-rending, as you might expect, the very bad experiences that people had. So, I want to thank Don; I want to thank Eric; I want to thank Rebecca and Portlands for some of their letters. And keep sending them to us because we don't want to drop this subject. Over 1000 people a day in the United States, according to this book, based on the best estimates and clinical review of representative cases, 1000 or more people a day die from preventable problems in hospitals, and almost nothing is being done about it in state capitals or Washington, D.C.

So we've got to pay attention to that. These people pass away anonymously often without any culpability for why they were not given the safest treatment possible in these hospitals. And there's a lot of preventive work to do, and some hospitals are doing it and they need to be publicized so other hospitals, the larger majority, pick up on these best practices, like the checklist that came out of Johns Hopkins University School of Medicine.

Steve Skrovan: Right, so feel free to comment on our webpage. Some of those came from our YouTube page. We have an inbox you can contact. We read those and we save some of those and that's what we're all doing here. So that's *Closing Death's Door: Legal Innovations to End the Epidemic of Healthcare Harm* from last week, Michael Saks, Stephan Landsman.

But we have a whole new show this week, which you can comment on. And I want to start by telling you that the federal government holds more than $1 trillion in student loan debt. And while 45 million Americans try their best to pay down their loans, the government has done its best to strip nearly every consumer protection from these borrowers. Meanwhile, the companies that service these loans have allegedly been committing widespread fraud and abuse. Typically you can apply to get your monthly loan payments adjusted according to how much money you're currently making, but a recent class action lawsuit alleges that Nelnet, one of the country's largest federal loan servicers, systematically mishandled those applications.

Our first guest today will be one of the lawyers in that lawsuit, Anthony Fiorentino. We'll be asking him about that case, plus a new docuseries entitled *Scared to Debt*, which features both him and our very own Ralph Nader. It takes viewers through how the federal government, financial institutions, and universities have worked together to sellout American consumers. Then we'll welcome back our good friend Robert Hunter. When we had him on the program last August, he explained how auto insurance companies owed consumers billions of dollars in givebacks. With fewer cars on the roads and fewer crashes during the pandemic, their profits skyrocketed. Some of that money, around $25 billion, was supposed to go back to policyholders. So it's been nearly a year. Have these corporations paid back what they owed? Have they honored their moral and legal obligation to their policyholders? I think I can guess the answer.

But the second half of the program, we'll see what Mr. Hunter has to say. Then Ralph will give us an update on the Congress Club and answer some more of your listener questions. As always, somewhere in the middle we'll check in with our corporate crime reporter, Russell Mokhiber. But first, how did predatory lenders burden millions of student borrowers with trillions of dollars in debt? David?

David Feldman: Anthony Fiorentino is an attorney who currently represents plaintiffs in the national class action lawsuit ongoing against federal loan servicer Nelnet. We're going to play a clip from the docuseries, *Scared to Debt*, which features Mr. Fiorentino and Ralph.

[Video clip]

Male: Who could want to have 10% of the population strangled in debt that kicks them out of the economy, forces them off the grid and destroys their American dream? Who does that benefit?

Female: As far as I'm concerned, the guy who made this happen was Al Lord. He really made this happen.

Male: Albert Lord took Sallie Mae from being a governmental agency to a completely for-profit corporation. Albert Lord became the highest paid CEO in Washington, D.C. He had made enough money to build his own personal 18-hole golf course.

Male: Nobody wants to think of the federal government as a predatory lender. Nobody wants to think of the Department of Education as a loan shark.

Female: By removing the bankruptcy protection, from an ethical standpoint and a societal standpoint, you're taking it from a legitimate business and operation to a scam.

Female: Why did the Department of Education decide to renew Sallie Mae's contracts when it clearly violates the rules and has done so repeatedly?

Male: Who is responsible for putting all these students and parents in these loans that they can't afford?

Male: Everybody in the education business is making out on this . . . on the misery of young people who are entering into catastrophic financial decisions when they're still teenagers.

Male: What was their crime [that] they went to college and university?

David Feldman: That clip was from the docuseries *Scared to Debt*. Welcome to the *Ralph Nader Radio Hour*, Anthony Fiorentino.

Anthony Fiorentino: Thank you so much, David and Steve. Hello, Ralph, and thanks for having me.

Ralph Nader: You're very welcome. Let's lay the framework for our listeners. This is such a gigantic economic and other kinds of problems. The debt that students incurred, and now with interest piling up, the debt as of February was $1.7 trillion. Now, to put that into perspective, that is almost 10 times the outstanding medical debt that people have who cannot yet pay their doctors and hospitals and clinics--almost 10 times. 1.7 trillion and it keeps growing month by month. It's probably higher than [that] now.

Then you have a problem of it never ends. I know people in their 60s who are still paying student debt. And when students get the loan and they're in school, they don't pay on the loan, they pay when they graduate. Or if they drop out they'd have to start paying, and it just piles up on them. And if they're not making ends meet and they can't keep up, the interest rates are outrageous compared to the almost zero interest rate you're getting on your savings account, thanks to Chairman Powell of the Federal Reserve.

So we're dealing here with, what, 45 million people, Tony, who still have student debt? So when people who don't have student debt and know little about it hear the word "student debt", they think of students. But it's adults in their 20s, 30s, 40s. And as you point out, they postpone home ownership. They postpone marriage. They're indebted like contract servitude to fine print contracts. So with that background, Tony, tell us why you filed this class action lawsuit and anything else that can frame this gigantic problem that has also involved our government betraying these students for many years.

Anthony Fiorentino: Sure. I worked with some other attorneys, partnered with some other firms to file class action lawsuits against three of the nation's largest federal student loan servicers. One of them was Nelnet, as mentioned, and we also have lawsuits against Navient, formerly known as Sallie Mae, and also against FedLoan Servicing. And I got into this work, Ralph, because I'm an attorney myself and I'm also a federal student loan borrower. I had to borrow money to go to law school. There was no way I could afford it. It was over $40,000 of tuition per year. So I took out loans myself and when I graduated, I was interested in what's called an income-driven repayment plan. Under the standard repayment plan, you have to pay off the entire balance within 10 years. Most people can't afford to do that. The payments would be upwards of $2000, $3000 a month. So under an income-driven repayment plan, you have your payment adjusted to about 10% of your adjusted gross income and it's based on your family size and how many dependents you have.

Ralph Nader: What kind of interest do they charge?

Anthony Fiorentino: Ralph, for my loans, it's 6.8%, which is a disgrace because as you know, banks get to borrow from the Federal Reserve for 0.75% interest. And so you have working-class people who are paying 7% interest, sometimes upwards of that, while the biggest banks are borrowing for less than one percent.

Ralph Nader: Tony, just to clarify for our listeners, the US government now pretty much monopolizes loaning money to students since 2010, as the Department of Education. And they contract out with companies, some of whom you're suing, to service the contract, to process the payments and interface with the student loan debtor. Is that correct?

Anthony Fiorentino: That's correct. So until 2010, for decades, we had what was called the Federal Family Education Loan Program and under that program, a private institution, like a bank, would make a loan to a student and then the federal government would guarantee the loan. And so it was a federal loan, but it was still held by a private entity. In 2010, that was finally discontinued because it became obvious that this was really just a boondoggle for the banks. They didn't have to do anything; there was no credit risk. The federal government guaranteed the money and the government could just make the loans itself. And so finally that program was discontinued. Unfortunately, things have not gotten better for borrowers since that happened, because instead of getting ripped off by banks, now they're being ripped off by the federal government and the private entities that service the federal loans. And those are some of the entities I mentioned just a moment ago.

Ralph Nader: And what interest rate now is the Department of Education charging new student borrowers?

Anthony Fiorentino: It depends on what kind of loan you're taking out. There are multiple. For instance, it's much higher if you're pursuing a graduate degree or a professional degree as opposed to an undergraduate degree. But I know for most graduate degrees, people who are going to go to law school or medical school or chiropractic school, they're very high, like I said, upwards of 7%. And so we'll often talk to people who are trying to pursue that kind of career who are ending up with six figures of debt just to begin with. That's before years of compounded interest factor.

Ralph Nader: Only in America, by the way. I was in Australia a number of years ago talking with college students in Sydney and I mentioned college loans and student debt. They didn't even know what I was talking about. They were protesting a $25 fee, student fee for incidentals. In most Western countries, except England recently, there's no such thing as student debt. There's higher education free tuition. They don't even know what it means to graduate and then be stuck with a debt for 5, 10, 20, 30 years. Only in America! Continue, Tony.

Anthony Fiorentino: Well, Ralph, we filed these lawsuits because I realized that what was happening to me was happening to thousands of people. What happened is I tried to enroll in an income-driven repayment plan, and because it's based on your income, you have to provide documentation of your income, your family size, [and] number of dependents each year, once a year, to your loan servicer. And like I said, these are private entities that get millions of dollars from the Department of Education to service the loan. Well, what I was noticing was for three years in a row, for some reason, my application to renew my plan was rejected for one reason or another. Sometimes I would be told that the income documentation was insufficient even though I followed all the instructions on the application to a T. Sometimes I would be told, you checked this box here but this box here and those are inconsistent, so we can't accept your application. Or sometimes the loan servicer would just delay processing the application until months after the plan expired because it only runs for one year at a time.

And what many people don't know is, when you're kicked out of one of these income-driven repayment plans, all of your accrued interest capitalizes. So let's say you have a student loan of

$10,000 principal and $2000 interest. What they'll do is if you don't renew the plan by the annual deadline, you get kicked out of the plan. [Then] your monthly payments go up thousands of dollars, and now they take the $2000 of interest and they tack it onto the principal. So now you have $12,000 of principal balance and now you're going to pay interest on that interest for many years to come. And this is one of the ways that the debt starts to spiral. So we had to bring these class actions against these companies to ensure that that wouldn't happen anymore. And we found some of our plaintiffs by working with Alan Collinge, who you know Ralph; he's featured in the *Scared to Debt* documentary. It's wonderful six-part series that really gives a lot of great information on how we got to this point. It's directed by Mike Camoin.

But Alan is such an inspiring figure. The first episode of the series just launched at the Whistleblower Summit & Film Festival and it shows how Alan has been working on this issue for 20 years. I have testified at hearings with him; I've met with lawmakers with Alan. I don't know any citizen activist who is more dedicated to this issue. So the documentary is very informative, very inspiring, and I hope that the lawsuits, along with the information given in this documentary, will help get some hearings in Congress and get the kind of change we need.

Ralph Nader: Well, you stimulated a lot of questions. We're talking with Anthony Fiorentino who is of the Fiorentino Law Offices in Chicago, Illinois. He's a former public defender in Champaign County, Illinois, which tells you where he's coming from. That's a tremendously grinding, thankless, low-paid public-supported job to fulfill the constitutional requirement that an accused defendant of a crime has a right to a lawyer. So here's my first question. Is your class certified?

Anthony Fiorentino: No. Right now all three of the actions we brought are still putative class actions. We just went into the discovery phase so we're still pretty early on. But so far, we've been doing well.

Ralph Nader: Okay. Are you getting the actual contracts that you are suing against, the contracts between Department of Education in Washington and these corporate servers?

Anthony Fiorentino: Fortunately, the main contracts that are at issue here are publicly available and any borrower can look them up. And that helped us a lot in investigating the kind of claims that we were bringing. Now, if you have a loan under the old program, the FFEL [Federal Family Education Loan] program, those are contracts that you have that are held between the bank or the other private institution and the government. Those are not publicly available. So, only under the newer programs since 2010, can you access the contract that gives you rights as a borrower. But it is still available online.

Ralph Nader: Are there other lawsuits around the country like yours?

Anthony Fiorentino: There have been so many, Ralph, because there are so many different issues. The income-driven repayment plan irregularities that I was talking about, that's really just the tip of the iceberg. I've seen so many different cases brought against collection agencies, guarantor agencies, student loan servicers, the lenders themselves, and even sometimes naming the federal government as a party because there have been so many incompetencies and irregularities in the collection and the origination of these loans, and the consolidation of them.

Ralph Nader: Any victories so far?

Anthony Fiorentino: There have been some. Many of the most pivotal are still pending, but many of them have now been either certified or have certification motions pending. But there have been some victories at least at the pleading stage. So I'm hopeful that these will bring relief to a lot of people.

Ralph Nader: And what are the names of the corporate law firms fighting you in this litigation?

Anthony Fiorentino: Oh, there are so many, Ralph. Most of them are out in Pennsylvania. That's where some of the loan servicers are headquartered, so that's where we filed one of the suits. We also filed another one in Nebraska. That's where Nelnet is located. But Sallie Mae . . . it used to be Sallie Mae, now it's Navient. That one is out in the Middle District of Pennsylvania and so is FedLoan Servicing, so that's where our current litigation is pending.

Ralph Nader: Listeners, to give you an idea how gigantic this student loan system is in this country. It's over $700 billion greater than the total US credit card debt of all the consumers. Over $700 billion greater, and it moves week by week upward and upward. The anxiety that radiates through millions and millions of people in this country as they move into their 30s, 40s, 50s, 60s is unheard of in Western countries, unheard of. Only in America. What points do you want to make for our listeners? What should they learn from what you know; where they should go for more information?

Anthony Fiorentino: Well, Ralph, I think the best way to understand how we got here is just a very brief history of what Congress has done to strip away consumer protections from these kinds of loans. I've met with members of Congress and they have no idea what's happened over the years. So if I may, Ralph, it begins in 1965, that's when the Higher Education Act was enacted. And for the first 11 years of its operation, federal student loans were treated no differently from any other kind of consumer loan. They were fully dischargeable through Chapter 7 liquidation in bankruptcy if you couldn't afford to pay back your debt. And, after 11 years, Congress in 1976 enacted a five-year moratorium to getting it discharged in Chapter 7. So in other words, after you graduated and you went into repayment, you had to wait five years before you would become eligible for a discharge under Chapter 7. So why did they do this? It was based largely on very flawed reports from the US comptroller general at the time. There was sensational media coverage about how borrowers were strategically filing for bankruptcy right after graduating without making any attempt to pay.

Now, there were some members of Congress who were skeptical about the comptroller general's report and they requested a more in-depth analysis from the GAO at that time, the General Accounting Office. And in 1977, the GAO's report came out and it showed that only two-tenths of 1% of federal student loans were actually discharged in Chapter 7 filing. So this was never a problem, but by that time it was too late. Now, if you fast forward to 1984, Congress authorized the seizure of tax refunds to pay off outstanding student loan debt. So if you were expecting a tax refund check but you hadn't paid off your loans, you can kiss your check goodbye. Fast forward to 1990, Congress extends the five-year moratorium to seven years and it also applies it to Chapter 13, which is more commonly known as a wage earner plan. So now, the soonest you could get relief under the Bankruptcy Code is seven years. And then a real sea change, Ralph, came in 1991.

That was when Congress removed all state and federal statutes of limitation on the collection of federal student loans. So now, student loan debt remained with you for your natural life until you paid it off in full.

Ralph Nader: What senator was the most prominent defender of the financial institutions and the banks against student loan borrowers?

Anthony Fiorentino: I would say the chief supporters of some of these problems at that time--I don't know exactly who was lobbying the most--but I do know that when some of the worst changes came, which is in 1998, that was when all federal loans became excluded from bankruptcy protections permanently. And in 2005 Congress extended this to even private loans. The top two recipients of Sallie Mae's [PAC] funds during that time were John Boehner and Buck McKeon. Now they both served in the role of chairman of the House of Education Committee so they were very much influenced by what the student loan companies wanted and they certainly did their bidding.

Ralph Nader: Who is their main ally in the US Senate?

Anthony Fiorentino: I would say . . . well, I'm sorry to say, Ralph, but Joe Biden was a big ally. He was one of the chief authors of the 2005 bankruptcy reform bill. And that was what made even private student loans permanently non-dischargeable through bankruptcy. So this has really been a bipartisan problem. It was in 1998 with a Republican House but a Democratic president that all federal student loans became excluded from bankruptcy protections permanently. And in 2005, it was under a Republican president and Congress, but you had senators like Joe Biden who were also supporting. So you really can't lay this at the feet of either party. They have gradually stripped away every consumer protection over the years to even administrative wage garnishments. Up to 10% of your income, Congress has authorized the IRS to take away your wages. They don't have to file a lawsuit or go to a judge for approval. It's completely executive and it gives the IRS extraordinary collection powers.

Ralph Nader: Just to share your indignation, Tony, what democratic society would first burden millions of its young people starting out in life with these unconscionable loans under unconscionable interest rates, and then when the student borrowers are in their 20s or 30s and they're squeezed and they want to exercise the right that other consumers in other areas of our economy to go bankrupt and start a clean slate, they're burdened by all kinds of discriminatory restrictions and exposed to all kinds of discriminatory garnishment and so on, as you pointed out. Just go off a few thousand feet and give us a general comment. What's your view of a society that allows that to happen? And then I'm going to put some attention on the tens of millions of borrowers who have not organized their power, but I'll get to that in a minute. What is your political science view on all this, Tony?

Anthony Fiorentino: Well, I think it's disgraceful, Ralph. I've always agreed with the public good theory of education. I don't think you can have a functioning citizenry unless they're educated. And in any advanced industrialized economy, and particularly the 27 OECD countries, education is treated as a public good. You can go to countries in Scandinavia, not only do not take out loans while you're going to school, they pay you a stipend. They actually pay you to go to school because school is work. Ask anybody who is pursuing a PhD or a doctorate. They'll you, it's a lot of hard work to go to school and to excel. And so instead of taking out loans, we should be doing that. We should be investing in people having an educated citizenry. But instead, we've created a predatory lending system that is not about creating pathways to education; it's about enriching large for-profit corporations and banks. And unfortunately, it's also about taxing the middle class because this federal loan program is actually a tax. It's just called a loan, but it's a way of getting revenue for the federal government without having to tax corporations. So you charge these interest-bearing loans to working class people and then you don't have to tax them because you already just charged them interest on an interest-bearing loan.

And so it is a disgraceful system and it's really predatory. I've seen . . . if you watch the documentary, *Scared to Debt* which, as I said, the first installment has just come out, there is one borrower who originally borrowed $20,000 and this was 20 years ago [yet] she has been making payments ever since, and now she owes over $214,000. That's because the payments don't even touch the principal. You're just paying back interest year after year, and the interest keeps compounding and you can never get out from underneath it. I mean it's so much worse than paying lenders.

Ralph Nader: So the US government, through its contracts and fine print outsourcing, has turned itself into a loan shark.

Anthony Fiorentino: Well, absolutely, Ralph. When you strip away consumer protections, like bankruptcy protections [and] like statutes of limitation on collection, you create a functionally predatory loan system. And that's why it's now common for borrowers to pay back the amount they borrowed plus interest without ever touching the principal balance and still keep going. Most borrowers' payments that I've spoken to, and I've spoken to thousands, only cover the interest. And you've got interest rates as high as 7%. And so what we have now is really a predatory lending system that's being run by the federal government in collusion with these federal loan servicers who are supposedly servicing the loans but in most cases they're just kicking people out of repayment plans that they're entitled to be in.

Ralph Nader: Okay, on the bright side, maybe Joe Biden is changing his stripes because he has just appointed Richard Cordray, who is a former star attorney general in Ohio, and did a very good job heading under Obama the Consumer Financial Protection Bureau before Trump stripped it into nothing. And now he's been appointed to head the student loan section of the Department of Education. What do you think is going on and what benefit are we going to get from Cordray in charge here?

Anthony Fiorentino: Well, I think it's definitely improvements, certainly better than when we had Betsy DeVos heading the Department of Education. I mean that administration couldn't have been more friendly to the borrowers. I do think having Mr. Cordray lead the FSA section of the Department of Education is definitely going to be improvement but unfortunately Ralph, I don't think this problem can be solved without Congress. Until bankruptcy protections are restored, which should have never been taken away, and until statutes of limitation are put in place, which exist for every other kind of legitimate consumer debt, I don't think we can get past this hurdle.

Ralph Nader: Yeah, I think you're right. I think what Cordray and the secretary of education are going to have to do is put a proposal to repeal a lot of these restrictions and damages to student loan borrowers discriminatorily into the congressional hopper. And Biden is basically going to have to either continue Biden, defender of government and corporate loan sharks against student borrowers, or reverse himself and say to Mr. Cordray, Yes, I'm going to support you. Send the bill up so it can start getting heard by the House and Senate education committees and get more media. I would think, wouldn't you Tony, that this would be a good political issue for the Democrats because the Republicans hate to change this; they love to have these creditors sit on the back of millions of student loan debtors? Don't you think this would be a good issue for 2022? You're talking 45 million people stuck in this student loan craw.

Anthony Fiorentino: I think it would be a great issue, and I'm surprised that nobody has really taken up the banner, because so many of the proposals that had been put forward go in the wrong direction. It's one proposal after another of, here's a better income-driven repayment plan; here's a lower interest rate. It doesn't deal with the fundamental problem of having no consumer protections. And when you take away a person's right to discharge their debts through bankruptcy or to have a statute of limitation, or to not have their tax returns taken away . . . You know, Ralph you can even have your Social Security benefits seized by the federal government! That was another law that was passed in the '90s by Congress. There's really no other kind of debt that can make you lose your retirement funds because of some loan you took out 20 years ago that you weren't able to pay back in full. So I think it would be a great issue.

I will say Dick Durbin, we met with him, Alan and myself, and he did come out with a bill that would have repealed the section of the Bankruptcy Code that excluded student loan debt, and not surprisingly it stalled in the Senate. So I'm hoping they reintroduce that legislation this term and that we can get some traction on it because there should be bipartisan support. I don't think it should be . . . there are student loan debtors on both sides in this country. And I've talked to borrowers who are of all different political stripes and they all want to see this problem solved.

Ralph Nader: This is such an easy slam-dunk political issue because the Republicans, led by McConnell and McCarthy in the Senate and the House, are totally intransigent on the side of the banks and the financial industry. So they're not going to try to fuzz it with rhetoric as they do other issues with the Democrats. So it's a perfect clear-eyed Democrats standing up finally for millions of student loan borrowers stuck in high interest rates throughout their decades. [This is] a perfect example of the Democrats dropping another 2022 election issue that was put right in their lap by the Republican Party. Here's what I want to ask you, Tony. This is a question that I've had on my mind for years. All right, the students are in college and they're taking out loans but they're not paying until they drop out or they graduate. So they're not organizing. There's only 15 million or so community college students, many of them on student loans. But then we have people who are paying every month if they can, and they're 25, 30, 35, 40, 45, 50. They're mostly online; they don't have to buy postage stamps to organize with one another; they don't have to make long-distance telephone calls [since] the internet provides a tremendous organizing nexus. And outside of a few hundred of these people, this mighty political force has simply said to themselves, we can't do anything so why try? What's your answer?

Anthony Fiorentino: Well, one thing that brings me hope, Ralph, is this documentary that I appeared in and you appeared in, and some other very important voices, and that's how you . . . a great journalist, Catherine Fitts, a former Sallie Mae member who brings the insider view; Jon

Oberg, who's formerly with the US Department of Education. I hope that this documentary can be a catalyst to organize students. And I think you're right to point out that really universities and college campuses have to be a hot bed of organization on this because they have the infrastructure; students are together. When I was in law school, Ralph, I was a student senator at the University of Illinois and I worked with the student senate. We organized student debt awareness week [during which] we had a march, we had rallies. Students were getting so interested in it that the administration was so terrified that during our main event, where we had Alan as a guest speaker and several state lawmakers, they actually scheduled a symposium with another lawmaker on the same night at the same time to try to deter students from being interested in our event. I mean they were so terrified that we were even talking about it as a group of students that they wanted to distract away from what we were doing. I think that's the only way it's going to happen, Ralph. I think colleges and universities, these students have to organize . . .

Ralph Nader: Okay. If that's so, how can people see this documentary, and give its title and spell out the last word.

Anthony Fiorentino: Sure. So the series is called *Scared to Debt*, and you can go to the website at scaredtodebtmovie.com. It's all one word. And the filmmakers are actually open to scheduled screenings so they can be reached at www.scaredtodebtmovie.com. The filmmakers are still looking for funds because there's still post-production and there's still a shortfall in the budget. So if you can donate anything to them, please click on the donate button. But it's really going to be a great series and I hope it can do for this issue what documentaries like Michael Moore's *Sicko* did to get healthcare reform at least started.

Ralph Nader: And debt is spelled D-E-B-T, listeners. Scared to Debt, D-E-B-T. And if 45 million holders of this debt gave a dime, that's $4.5 million. Would that do it, Tony?

Anthony Fiorentino: That would absolutely do it, Ralph.

Ralph Nader: All right. We're going to give that contact in just a few seconds where you can actually see it. It's the first of a six-part series. Is that correct?

Anthony Fiorentino: That's correct. We just screened the first chapter. We're calling it chapters, kind of like the bankruptcy code. And then the next five are still in production but they're mapped out, so it's coming along.

Ralph Nader: Okay. Well, let's have Steve and David get in here. They may be debtless, I'm not sure, but I'm sure they've had experience with it. David?

David Feldman: Yeah. What happens if these 40 million people say, we're not paying our debt [and there are] massive rallies around the country and it's "stop paying your debt" and 40 million Americans agree to stop paying their student loan debts off?

Anthony Fiorentino: I think that's a fair question, David. And actually, that very question is taken up in the documentary, *Scared to Debt*. Alan Collinge, who has been one of the greatest activists on this issue, proposes that very thing. He calls it "Slexit", kind of after Brexit, but student loan exit. So what happens if Slexit occurs, if we all just refuse to stop participating in our exploitation, our own immiseration and refuse to pay? Obviously people are going to have to deal with consequences if that happens, but if enough people do that, I think it would focus the national spotlight where it needs to go. It would prompt congressional hearings and it would certainly cause chaos at the IRS and the Department of Education. So if Congress does not act, that might be the course that borrowers have to go down.

Ralph Nader: We're speaking with Anthony Fiorentino, a lawyer from Chicago who is bringing class action with other lawyers against some of these servicing companies, student loans. Does this surprise you that there haven't been more people supporting Alan who is really a hero in this area year after year, and mobilizing at least tens of thousands of people on their members of Congress? Because as we've said so often on this program, it's the Congress people, that can change it. What do you think the problem is?

Anthony Fiorentino: I think for a lot of people, Ralph, it's such a demoralizing problem and so you have so many people who graduate with student loan debt and they don't see it as a collective problem. The culture tells them, if you have bad finances, you messed up; you took out loans that you couldn't afford; you signed on the dotted line. And people try to think of how to solve this as an individual problem instead of realizing this is a political problem. You have to work with other people who are in your situation to organize. It's not your fault if you have defaulted student loans. This is a predatory lending system that was inflicted upon you by Congress and by multiple administrations, taking away your consumer protections decade after decade. And if people learn that through this documentary, if they don't blame themselves, if they stop seeing it as an individual finance problem and see it as a political problem, I think they'll start to organize, hopefully, on universities and campuses but hopefully it will move out from there into the general population.

Ralph Nader: On a partial bright side, some of these commercial universities that advertise on TV and they're for-profit universities, they so defrauded their students that didn't Congress pass legislation allowing these students to have their debts cancelled because they were procured by fraud?

Anthony Fiorentino: That did happen. Unfortunately, that only applied to certain for-profit schools. And so the vast majority of students who go to public universities, public colleges, community colleges, it didn't really give them any relief. So it did help certain borrowers but those borrowers didn't even get a legitimate degree or a legitimate education to begin with. People who are just being overcharged for normal education, like so many of the borrowers that we see with this problem today, they've really gotten no relief. And these are the kinds of borrowers you see in the documentary mostly covered.

Ralph Nader: Steve Skrovan?

Steve Skrovan: Yeah. Tony, this is fantastic. Whenever we hear about spending bills, the question though is who is going to pay for it? How are we going to pay for it? And I went to Change.org where there is a petition about student debt and I'm going to quote from them because I think it makes a tremendously compelling case that answers those questions. And they say, quote, "Trillions could be injected into the economy with no tax money needed, nothing added to the national debt. During the pandemic, we've given $1 trillion in loans that don't need to be repaid to small businesses, and additional trillions doled out to businesses, governments, individuals, colleges, and others. This all required money to be drawn from the Treasury, and added to the national debt. Cancelling $1.6 trillion in federal student loans, on the other hand, will require nothing from the Treasury, and will add nothing to the national debt." That seems like a pretty compelling case. Hard to argue, right?

Anthony Fiorentino: Well, not only that, Steve, but people have to remember that when the largest banks and insurance companies committed mass securities fraud in the mid-2000s, they got a $700 billion bailout and they had committed crimes. They had committed mass securities fraud. Now you're talking about students who committed no crimes and they've just taken out loans that they had to take out just to educate themselves so they're viable in a modern economy. And yet they can't get the same kind of relief that criminal banking institutions got. And it wasn't just that $700 billion, of course. The Federal Reserve has bought up these banks' toxic assets. Now we've got millions of students with toxic assets, which are called student loans. How come the Federal Reserve doesn't buy up those?

Ralph Nader: What's the position of Senator Warren and Senator Sanders on debt forgiveness?

Anthony Fiorentino: Senator Warren has always been a good proponent about bringing back bankruptcy protection. She herself was a law professor who focused on bankruptcy. And she hasn't been as vocal about it in recent years, but she had been a proponent of that. Unfortunately, a lot of the lawmakers now are talking about issues that are not going to fix the problem. It's one proposal after another of a better repayment plan, cancellation of $50,000 loan debt, which of course wouldn't help somebody who, in a year from now, borrows $100,000 loans. So none of these problems really get at the root structural problem, which is taking away your consumer rights. Elizabeth Warren needs to come out more vocally on that. Joe Biden needs to come out on that. Really, both parties need to adopt that line because there's no reason why these loans should be not dischargeable.

And it's worth pointing out, Ralph, that every other kind of federal loan is still dischargeable, whether it's a small business association loan, an FHA loan, agricultural loans; those are federal loans. And so if they're not repaid, the taxpayer is still on the hook. But for some reason, those all receive the same protection under the bankruptcy code. It's only the student loan, and it's really an injustice.

Ralph Nader: Injustice to the young Americans who are going to inherit this country and the world. I mean it's beyond condemnation. I think our listeners should look at this movie, this documentary, and just stake out their two senators and representatives with messages . . . they're coming back from their big August recess, by the way . . . and just say, we want public hearings on this scandal, this mass scandal, 45 million people, $1.7 trillion debt, almost 10 times the medical debt outstanding--bigger by far than the unpaid balances in the credit card debt. You can't tell me you shouldn't have hearings. We want hearings. We want you to say "yes" in writing to us, the citizens, back in your state and district!

We always have a few among our listeners, Tony, who are inveterate letter writers to their members of Congress. So inveterate letter writers, just demand the hearing. Everything starts with the hearings because then you have publicity, you have media, you have whistleblowers, you have pressure on the White House--hearings in Congress. Do you want to give that contact again on the documentary?

Anthony Fiorentino: Yes. Thank you, Ralph. The documentary is called *Scared to Debt*. And the website is www.scaredtodebtmovie.com. And if you go to the website, you can connect with the filmmakers. Once again, they are open to scheduled screenings, so you can reach out to them if you'd like to schedule a screening. And there is a donate button on the page. You can help get this very important documentary out into the world.

Ralph Nader: Well, we're out of time. Thank you very much, Anthony Fiorentino of the Fiorentino Law Offices in Chicago, and one of the few lawyers who are stepping up in class actions against these corporate servicing companies and the Department of Education whose loans they are servicing for a lucrative fee, one might add. Thank you very much, Tony, and good luck.

Anthony Fiorentino: Thank you so much, Ralph. Thanks for having me.

Steve Skrovan: We have been speaking with Anthony Fiorentino. We will link to *Scared to Debt* at ralphnaderradiohour.com. Let's take a quick break. When we come back, do auto insurance companies owe you money? But first, let's check in with our corporate crime reporter, Russell Mokhiber.

Russell Mokhiber: From the National Press Building in Washington, D.C., this is your *Corporate Crime Reporter* “Morning Minute” for Friday, July 30, 2021. I'm Russell Mokhiber.

Erin Nealy Cox, the US attorney in Texas, who earlier this year cut a sweetheart deal with Boeing and its lawyers at Kirkland & Ellis has quit the government and signed on as a partner in the Dallas office of Kirkland & Ellis. Columbia law professor, John Coffee, at the time the deal was cut, called it "One of the first deferred prosecution agreements I have seen. Boeing did not have to plead guilty; no Boeing executive was charged, and no monitor was appointed. There never seemed to be an adequate or even a plausible reason why this case was brought in Texas when Boeing had no connection whatsoever with that state," Coffee said. Now the US attorney's joining the defense counsel's law firm suggests they were both on the same wavelength about finding a quick and gentle resolution of the case that did not embarrass or injure Boeing.
For the *Corporate Crime Reporter*, I'm Russell Mokhiber.

Steve Skrovan: Thank you, Russell. Welcome back to the *Ralph Nader Radio Hour*. I'm Steve Skrovan along with David Feldman and Ralph. The COVID-19 pandemic reduced travel in all forms, including our nation's roads and highways. Less mileage, fewer mishaps. Does that mean auto insurance companies owe us money? David?

David Feldman: Robert Hunter is the Director of Insurance at the Consumer Federation of America. Welcome back to the *Ralph Nader Radio Hour*, Robert Hunter.

Robert Hunter: Thank you.

Ralph Nader: Yeah. Welcome indeed, Bob. Listeners should know that you're about to hear from the leading consumer expert on property casualty insurance in the United States by far, former federal insurance commissioner, former Texas insurance commissioner, and actuary by profession. And earlier we had Bob on last year, because when the COVID-19 pandemic struck the United States, people drove less. That's obvious. The highways were almost empty [and] streets were almost empty for weeks on end. And that should have gotten a refund by the insurance companies who would have to pay out far less in claims, a refund to all you policyholders, all of you who have auto insurance policies. Bob, pick up on last year. How much has been rebated yet and what states are doing the job, what states aren't, and how much is left?

Robert Hunter: Well, the insurance companies paid back somewhere near $10 billion in the months of April and May 2020, for those months. And since then, they haven't paid much back at all. A few companies have done a little bit of work past May 2020. Only a few insurance companies have even tried to pay anything close to what's required. The $10 billion that was paid back was about half of what should have been paid back even for the time that they did put it into effect, that is, April and May of 2020. Right now, we think that the insurance companies owe an additional roughly $25 billion to make it square with the policyholders.

Ralph Nader: That's $25 billion with a B . . .

Robert Hunter: Billion, yeah.

Ralph Nader: Billion, right. And what's going on now?

Robert Hunter: Okay. Well, only a couple of states have done anything. Michigan, New Jersey and New Mexico did require paybacks during that period of time when they actually were making them. California is the only state that requires anything beyond that. California has been requiring money throughout. In fact, just within the last few weeks, the commissioner there, Richard Lara, said the insurance companies still were overcharging and underpaying back. He said that from March to September last year, they paid back about 9% of the premiums, but they should have paid back 17%. So really, only California, of any state, has done what is required, and that's partly because of course they have Proposition 103 in place which has been a miracle for consumers in California. The problem has been, in every state, the law says rates cannot be excessive. I mean the law in every state says exactly that. And yet, the insurance commissioners in all but one state are ignoring it. It's bad enough that they're not protecting consumers generally, but here they're not even enforcing the law. And so we're in the midst of publishing another study where we'll show the full impact, the 25 billion that is owed. And what's been happening is the profits have skyrocketed. Allstate and GEICO doubled their underwriting profit last year. State Farm and Progressive were up 50%. Some companies have been paying huge dividends to stockholders instead of paying the money back to policyholders. For example, Progressive had its largest ever dividend, $2.6 billion, to stockholders. And Allstate had its largest dividend ever and [they’re] acting like, look at the money we're making for you, instead of saying, look at the money we're stealing for you!

Ralph Nader: Let me ask you this. You've testified before a lot of state legislatures, to say the least. This should be good politics. You'd think state legislators would want to take credit for sending good-sized checks back to their constituents in rebates. You would think that editorial writers would think this is good copy. Consumer columnists like Michelle Singletary of the *Washington Post* has written on it once or twice but we need a drum beat here. We need some of the remaining television consumer reporters around the country to take it up. It seems to be a no-brainer type of consumer justice. I fail to understand why people aren't taking up the cudgels here. It's such an easy slam-dunk, clear legal requirement that our insurance commissioners, waiting for a possible job offer after they leave the state government, are ignoring, including the insurance commissioner of Connecticut.

Robert Hunter: Well, I mean including the insurance commissioner of New York. We remember the photographs and videos of Times Square empty, and yet New York has done nothing on this issue. It's to me astonishing. And we have sent letter after letter after letter to the insurance commissioners. We've issued press release after press release. I think the media has gotten tired of the issue, but it makes no sense. I agree with you. Pretty simple for a legislator to take some credit if a big check goes back to everybody in the state. I think they are missing the boat completely.

Ralph Nader: We're talking with Bob Hunter, who is an insurance consumer protection advocate par excellence. Bob, you worked for many years with the Consumer Federation of America, and the Consumer Federation has a website that you have informed regularly and up-to-date about what's going on with these insurance refunds or non-refunds state by state. Can you give that website slowly to our listeners so they can connect?

Robert Hunter: Sure. Our website is consumerfed.org. That's the word "consumer", and then the first three letters of the word "federation". Consumerfed.org is the website and there's a lot of stuff on the website besides insurance [like] banking and children's toy safety and all kinds of things that could be helpful to you. But there is an insurance section where you could get into a lot of detail about this.

Ralph Nader: And it tells them how to reach their insurance commissioner, things like that?

Robert Hunter: Yeah. The easiest way to reach your insurance commissioner is to go on their website and find out how to file a complaint or how to contact the commissioner. You could go to the National Association of Insurance Commissioners' website at naic.org, and on the front page is the statement for a map. Click on the map; it shows the map of the United States. Then click on your state and you'll be taken to your state website.

Ralph Nader: And for your state legislator, the phrase they're terrified of, which I attribute to Harvey Rosenfield, is to tell them the following, "I want my money back." They're terrified with the declarative simplicity of that demand.

Robert Hunter: They're also terrified of any thought that the federal government might take an interest in insurance. One way to get the states to move is if the federal government would hold hearings on this; if the Financial Services Committee, for example, in the House would hold a hearing on the lack of payback and what's owed--the billions and billions owed to American consumers, I think you'd find the states moving quickly.

Ralph Nader: Has CFA, Bob, made a demand with other consumer groups that chairperson Maxine Waters hold hearings on this?

Robert Hunter: That's one of the things we're going to do when we release the $25 billion calculation hopefully before the end of this month.

Ralph Nader: Okay, very good. Thank you very much, Bob Hunter, for your work over the years, for your update, communicating to listeners how they can get real cash back into their pocketbooks.

And to be continued. We'll try to get Maxine Waters to have hearings. I mean she's a progressive Democrat. She's the chair of the House financial committee, for heaven's sake. This should be good politics for the Democrats in California. So if you're in California, send a strong, urgent message for hearings. That will make it a nationwide issue and other people will pick up on it.

Robert Hunter: That's right. That's what to do. Thanks, Ralph.

Ralph Nader: You're welcome, Bob, as always. Bye-bye.

Steve Skrovan: We've been speaking with Robert Hunter of the Consumer Federation of America. We will link to his work at ralphnaderradiohour.com. Ralph, before we get to the listener questions, we've got a Congress Club update and you have another letter you would like people to send. Tell us about that.

Ralph Nader: Yeah. Bernie Sanders in the US Senate has not yet introduced his single-payer bill the way he has in prior years. It's puzzling a lot of his supporters because if he doesn't introduce it, there are not going to be any co-signers because he's the leader, and of course he campaigned all over the country for president on this cardinal issue of full Medicare for All. So we have a nice letter addressed to Bernie Sanders that will be on our website. And you can actually send the letter or paraphrase the letter, and send it to Bernie Sanders at US Senate in Washington, D.C., and ask him when he's going to introduce the single-payer bill.

Steve Skrovan: All right, very good. We'll, do that, and yeah, that will be on the website. You'll get the verbiage and as Ralph said, you can modify it any way you'd like. This next thing I want to read is from listener Fern Burch who is a member of the Congress Club. And she sent us a copy of her letter about taxing the rich. She sent it to Dianne Feinstein, Alex Padilla, and Mark DeSaulnier. And we want to read it to you just so you get an idea of what you could possibly do because I think it's a pretty good letter. So Fern writes to her representatives, this is what she wrote.

"Today, after Jeff Bezos launched himself into space, we thank the employees and customers of Amazon for funding his joyride. Their efforts at work and online purchases funded his ride to the edge of space. These hardworking people have something in common – they pay taxes. Jeff Bezos does not. Should their efforts fund high-status hijinks in space? Is it right for billionaires to party on the backs of their employees and customers? We need a fair tax system in this country where people who make more money pay more taxes, and people who make less money pay less. This simple concept would make sense to any 10-year-old. The tax cutters in Congress are paid to ignore this reasonable policy, leading to extreme economic and political inequality. We, the people, need programs to end poverty and to provide financial relief to those who may lose their housing due to COVID related job losses. We are facing a climate catastrophe that screams out for attention. The funds for all of these programs can come from taxing the ultra-wealthy and the corporations they own. I turn to you, in your leadership position, to spearhead this simple and fair-minded proposal. I will be watching to see if you have the courage to take up the mantle of tax fairness. Please let me know of the plans you have to reform the tax system."

That's a great letter from Fern Burch. What do you think, Ralph?

Ralph Nader: Exactly. We need more letters from people who've already applied to be members of the Congress Club. So let them pour in, people. If we don't hear that you have sent letters to your designated senators and representatives, we can't help you on this end in terms of monitoring the offices so they send you in due time a response on tax reform, a response on increasing corporate crime enforcement, a response on other letters. We have to have that circle of movement in order to help each other. Thank you very much, Fern, for that.

Steve Skrovan: I want to thank our guests again, Anthony Fiorentino and Robert Hunter. For those of you listening on the radio, that's our show. For you podcast listeners, stay tuned for some bonus material we call “The Wrap Up”. A transcript of this show will appear on the *Ralph Nader Radio Hour* website soon after the episode is posted.

David Feldman: Ralph wants you to join the Congress Club. Go to the *Ralph Nader Radio Hour* website and in the top right margin, click on the button labeled "Congress Club" to get more information. We've also added a button right below that with specific instructions about what to include in your letters to Congress. Join us next week on the *Ralph Nader Radio Hour*. Thank you, Ralph.

Ralph Nader: Yes, listeners, ask your auto insurance company for a refund; send a demand to the insurance department in your state capital.

[Music]
Don't let the system pull you down
Stand up
Stand up
Oh, you've been sitting way too long
You say you're tired of trying
You say we have no choice
You say you're just one person
And who will hear your voice
Don't let them fool you
You have the power in your hand
I'm only trying to school you