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April 20, 2021

Hon. Blake Paulson
Acting Comptroller
Office of the Comptroller of the Currency
400 7th Street SW
Washington, DC 20219

Mr. Paulson,

The undersigned organizations write to you to raise serious concerns regarding a federally chartered national bank under your supervisory jurisdiction: Blue Ridge Bank, N.A (“Blue Ridge Bank”).¹ Blue Ridge Bank is engaged in a “partnership”² with MentorWorks Education Capital (“MentorWorks”), a provider of a risky emerging credit product referred to as an Income Share Agreement (ISA).³ ISAs are a consumer financial product wherein borrowers pledge a portion of their future income for funding generally used to finance postsecondary education.⁴ MentorWorks specifies that its ISAs are “issued” by Blue Ridge Bank.⁵ Despite their brief history in the financial services marketplace, ISA providers have engaged in a shocking range of abuses and questionable business practices.⁶ We therefore urge you to carefully scrutinize Blue Ridge Bank’s partnership with MentorWorks and the risks posed by its—or any other federally chartered bank’s—involvement in the ISA space.⁷

¹ See Blue Ridge Bank, <https://www.mybrb.com/> (last visited Apr. 17, 2021).

² *Blue Ridge Bankshares, Inc. Announces Fourth Quarter Earnings and Strong Start to 2021 Paycheck Protection Program Round*, Security Exchange Commission, <https://www.sec.gov/Archives/edgar/data/842717/000119312521022847/d44480dex991.htm>.

³ *Income Share Agreement (ISA) Program*, MentorWorks, <https://mentorworks.com/> [<https://perma.cc/6RST-ASTU>].

⁴ See generally, *Income Share Agreements*, Student Borrower Prot. Ctr., <https://protectborrowers.org/income-share-agreements-2/>.

⁵ FAQ, MentorWorks, <https://mentorworks.com/faqs/> [<https://perma.cc/5EA7-457J>].

⁶ See *infra* notes 13-51.

⁷ Though not explored at length in this letter, the scrutiny we call for should include consideration of whether banks should be offered credit toward obligations under the Community Reinvestment Act (CRA) for providing or supporting institutions that provide ISAs. MentorWorks was recently granted certification by the Department of the Treasury as being a Community Development Financial Institution (CDFI). See Press Release, MentorWorks Education Capital, MentorWorks Secures CDFI Certification after Rigorous Review by the US Dept. of the Treasury Defining New Funding Category, Demonstrating Industry Leadership in ISA Space (Feb. 17, 2021), https://www.prweb.com/releases/mentorworks_secures_cdfi_certification_after_rigorous_review_by_the_us_dept_of_the_treasury_defining_new_funding_category_demonstrating_industry_leadership_in_isa_space/prweb17731469.htm. The concerns enumerated here regarding ISAs raise the question of whether firms offering of the product or organizations that partner with them are truly promoting the CRA’s stated goal of encouraging financial institutions “to help meet the credit needs of the local communities in which they are chartered consistent with the safe and sound operation of such institutions.” 12 U.S.C. § 2901.

The OCC has a duty to ensure that banks’ new products and activities are developed and implemented in a way that is consistent with sound risk management practices.

The OCC “ensures that national banks and federal savings associations operate in a safe and sound manner, provide fair access to financial services, treat customers fairly, and comply with applicable laws and regulations.”⁸ This mandate includes the monitoring of federally chartered banks’ new product offerings and business lines.⁹ With regard to those offerings, the OCC has stated, “[n]ew activities should be developed and implemented consistently with sound risk management practices and should align with banks’ overall business plans and strategies. New activities should encourage fair access to financial services and fair treatment of consumers and should be in compliance with applicable laws and regulations.”¹⁰ The OCC’s 2017 bulletin on “New, Modified, or Expanded Bank Products and Services” explicitly contemplates that new product offerings “may result from relationships with third parties,”¹¹ such as through Blue Ridge Bank’s partnership with MentorWorks. However, the OCC’s 2017 bulletin notes:¹²

“When banks fail to fully consider appropriate risk management systems and controls before approving new activities, the lapses can result in

- *costly errors, unfavorable consequences, and losses.*
- *an inability to achieve business plan objectives.*
- *systems and control problems.*
- *violations of applicable laws and regulations.*
- *litigation.*

Moreover, negative results can lead to strategic, reputation, credit, operational, compliance, and liquidity risk.”

It is with these costs and risks in mind that we warn of the likely substantial risks associated with the participation of Blue Ridge Bank—or *any* federally chartered bank—in the ISA market.

Extensive evidence indicates that offering ISAs is incompatible with the OCC’s guidance for sound business practices.

The entrance of federally chartered banks into the ISA market likely conflicts with the OCC’s principles of “sound risk management” and may stand to expose individual institutions and the banking system as a whole to each of the various costs and risks the OCC pointed to in the 2017 bulletin cited above. The following are only a few of the myriad of reasons why national banks’ entrance into the ISA space generally, and Blue Ridge Bank’s in particular, should concern the OCC:

⁸ *What We Do*, Off. of the Comptroller of Currency, <https://www.occ.treas.gov/about/what-we-do/index-what-we-do.html>.

⁹ Press Release, Off. of the Comptroller of Currency on New, Modified, or Expanded Bank Products and Services: Risk Management Principles (Oct. 20, 2017), <https://www.occ.treas.gov/news-issuances/bulletins/2017/bulletin-2017-43.html>.

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

- Companies promoting ISAs deny that the product is a loan or a form of credit and therefore claim immunity from consumer protection laws, creating substantial legal and reputational risks.** A central feature of the marketing of ISAs is industry’s insistence that the product is not “credit” or a “loan,”¹³ and that companies offering ISAs therefore do not have to comply with federal¹⁴ and state consumer protection laws.¹⁵ MentorWorks, whose ISAs Blue Ridge Bank originates, falls into this pattern, saying that its ISAs are “not a loan”¹⁶ and describing ISAs generally as “student loan alternatives.”¹⁷ However, legal experts have exhaustively debunked these claims and have firmly established that ISAs meet the definitions of credit and loans under relevant consumer protection statutes.¹⁸ Accordingly, regardless of industry claims, firms offering ISAs must comply with the Truth in Lending Act (TILA), the Equal Credit Opportunity Act (ECOA), the Consumer Financial Protection Act (CFPA), the Federal Trade Commission Act (FTCA), and various other consumer protection laws and regulations.¹⁹ As outlined below, however, available evidence indicates both that ISA companies including MentorWorks may not currently be complying with these laws and that these firms’ business models often depend on their ability to sidestep the law. Any bank involved in the origination of ISAs would therefore face substantial legal and reputational risk, undermining the OCC’s stated precepts for conduct related to the introduction of new business activities.
- ISAs involve inherent fair lending concerns, exposing banks to possible litigation, compliance risk, and likely reputational dangers.** ISA providers usually vary the terms and cost of their product based on the institution students attend and/or the course of study they pursue.²⁰ This practice allows ISA lenders to avoid adverse selection by

¹³ See Joanna Pearl & Brian Shearer, *Credit by any Other Name: How Federal Consumer Financial Law Governs Income Share Agreements*, Student Borrower Prot. Ctr. (July 21, 2020), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3661989 (“ISA lenders market these products as alternatives to traditional education loans and debt. The first words in the sample ISA contract Purdue makes available on its website are: ‘THIS IS NOT A LOAN OR CREDIT.’”) (citing Utah’s ISA, Clarkson’s ISA, and Purdue’s ISA).

¹⁴ *Id.*

¹⁵ See Benjamin Roesch, *Applying State Consumer Finance and Protection Laws to Income Share Agreements*, Student Borrower Prot. Ctr. (Aug. 4, 2020), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3672435.

¹⁶ Karthik Krishnan, *ISA Investment 101: What are Income Share Agreements*, MentorWorks (Jan. 8, 2019) [<https://perma.cc/34B3-2AXX>].

¹⁷ MentorWorks, *supra* note 3.

¹⁸ See Pearl & Shearer *supra* note 13; Roesch, *supra* note 15; Benjamin Roesch & Ben Kaufman, *Income Share Agreements and the FTC’s Holder Rule*, Student Borrower Prot. Ctr. (Mar. 11, 2021), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3802911. See also Adam Levitan, *What is “Credit”? AfterPay, Earnin’, and ISAs*, Student Borrower Prot. Ctr. (July 17, 2019), <https://protectborrowers.org/what-is-credit/>.

¹⁹ Pearl & Shearer, *supra* note 13; *SBPC Investigation Finds Coding Bootcamps Offering ISAs May Be Unlawfully Depriving Students of the Ability to Protect Themselves from Fraud*, Student Borrow Prot. Ctr., <https://protectborrowers.org/isa-holder-memo/>.

²⁰ See generally Stephen Hayes & Alexa Milton, *Solving Student Debt or Compounding the Crisis? Income Share Agreements and Fair Lending Risks*, Student Borrower Prot. Ctr. (Jul. 28, 2020), https://protectborrowers.org/wp-content/uploads/2020/07/SBPC_Hayes_Milton_Relman_ISA.pdf.

students into the ISA market, as applying uniform terms to all ISA borrowers would lead a flood of students who expect relatively low incomes after graduation to take up the product while students who expect to earn more (and on whom lenders depend to drive profits) would likely prefer more traditionally structured private student loans.²¹ Such adverse selection would necessarily undermine the ISA business model, meaning that ISA companies' survival depends on their ability to vary their loan terms for students in different schools or major programs.²² However, given that income levels, college selection, and major choice are all closely associated with race in the U.S.,²³ allowing for differences in ISA pricing based on borrowers' educational background opens the door for fair lending violations.²⁴ A recent investigation into the ISA lender Stride Funding confirms the presence of these risks.²⁵ Stride Funding varies its product terms based on borrowers' level of education, course of study, and graduation year, among other variables.²⁶ Mystery shopping revealed that Stride regularly quotes students prices for its ISAs that are thousands of dollars higher if the students attend a Minority-Serving Institution (MSI) such as a Historically Black College or University (HBCU) than if they attend a non-MSI.²⁷ In one example, Stride Funding represented that an identical ISA product would cost a student \$2,800 more if the student were studying at Tuskegee University, an HBCU, than if the same student were pursuing the same major at Auburn University, a predominantly white institution roughly 20 miles down the road.²⁸ Comparisons such as this one held across dozens of examples and various types of

²¹ See, e.g., Kevin J. Mumford, Student Selection into an Income Share Agreement 26 (Feb. 2020), <https://www.krannert.purdue.edu/faculty/kjmumfor/papers/Mumford%20Income%20Share%20Agreement%20Selection.pdf> [<https://perma.cc/UVT8-4BTD>] (“If there were a single income share percentage applied to all students at the university, I believe there would be strong adverse selection by major and year in school.”).

²² In general, if students were to adversely select into ISA products, the cost for the product would need to rise for the remaining ISA borrowers to compensate creditors for the loss of relatively high-earning students who would have selected out. As costs rose, more borrowers would select out of the ISA pool, and costs would need to increase even more to compensate for those borrowers' loss, accelerating the cycle of adverse selection. This process would theoretically continue until no borrower would rationally choose an ISA, or no creditor would willingly enter the market.

²³ Valeria Wilson, *Racial disparities in income & poverty remain largely unchanged amid strong income growth in 2019*, Econ. Policy Inst. (Sep. 16, 2020 10:49 AM), <https://www.epi.org/blog/racial-disparities-in-income-and-poverty-remain-largely-unchanged-amid-strong-income-growth-in-2019>; Tomás Monarrez & Kelia Washington, *Racial & Ethnic Representation in Postsecondary Education*, Urban Inst. (Jun. 18, 2020), <https://www.urban.org/research/publication/racial-and-ethnic-representation-postsecondary-education>; Lisa Dickson, *Race & Gender Differences in College Major Choice*, Research Gate (May 2009), https://www.researchgate.net/publication/229050752_Race_and_Gender_Differences_in_College_Major_Choice.

²⁴ See generally Hayes & Milton, *supra* note 20.

²⁵ Student Borrow Prot. Ctr., *Inequitable Student Aid: A Case Study of Disparate Lending Practices and Educational Redlining Tactics in the Market for Income Share Agreements* (Mar. 2021), https://protectborrowers.org/wp-content/uploads/2021/03/SBPC_Inequitable-Student-Aid.pdf.

²⁶ *Id.* at 24.

²⁷ *Id.* at 14-15.

²⁸ *Id.*

MSIs, even when a given MSI was the higher “ranked” school.²⁹ Moreover, this investigation builds on recent research noting that the advertised cost of an ISA offered at the University of Utah was thousands of dollars higher for students in majors with relatively more female students and students of color.³⁰

In light of the expert agreement described above that ISAs are subject to ECOA, the fair lending risks inherent to ISAs would expose any bank involved with the product to significant legal and reputational danger. It is doubtful that these dangers can be reconciled with the OCC’s stated principle that banks’ business activities “should encourage fair access to financial services and fair treatment of consumers and should be in compliance with applicable laws and regulations.”³¹

- ***ISAs have an established history of deploying questionable and/or misleading business practices, opening institutions up to extensive possible costs and risks—but the ISA business model may depend on these tactics.*** Building on their insistence that ISAs are not a form of credit, companies peddling the product have come to rely on misleading, unfair, and possibly illegal business practices. Several examples of ISA companies being caught relying on these tactics are available:
 - Recent research has revealed that ISA companies appear to be ignoring TILA’s prohibition on so-called “prepayment penalties” for private education loans,³² a predatory variety of charge that locks financially strapped borrowers into expensive credit.³³ Prepayment penalties came to prominence as part of the subprime mortgage boom, and Congress banned them specifically to protect borrowers and ensure that honest lenders can compete to offer consumers the best possible deal.³⁴ However, a recent investigation revealed that ISA companies may be imposing unlawful prepayment penalties on borrowers by requiring them to pay up to the maximum amount allowable under their ISAs in return for the early retirement of their obligations.³⁵ As the authors described when reporting on the results of their investigation, these penalties may be necessary for the viability of the ISA business model, as they prevent the early exit of lucrative-high income earners from creditors’ pools of borrowers.³⁶ It appears that MentorWorks also relies on these banned penalties, as the cost for borrowers to exit their ISA obligations early that is advertised on an ISA price

²⁹ Based on U.S. News and World Report rankings. See *id.* at 21.

³⁰ *Id.* at 10.

³¹ Off. of the Comptroller of the Currency, *supra* note 9.

³² 15 U.S.C. § 1650 bans prepayment penalties for private education loans. See Mike Pierce & Tamara Cesaretti, *Income Share Agreements and TILA’s Ban on Prepayment Penalties*, Student Borrower Prot. Ctr. (Mar. 30, 2021), <https://protectborrowers.org/wp-content/uploads/2021/03/ISA-Prepayment-Memo.pdf>.

³³ Pierce & Cesaretti, *supra* note 32.

³⁴ *Id.* at 2.

³⁵ *Id.*

³⁶ *Id.*

calculator that MentorWorks makes available to students at one college amounts to a penalty rate.³⁷

- A recent investigation revealed that for-profit coding bootcamps and ISA companies that they support may be violating federal law by illegally omitting certain contractual language required for inclusion in consumer contracts under the Federal Trade Commission's (FTC) "Holder Rule."³⁸ The Holder Rule is a key protection that helps consumers hold companies accountable for fraud.³⁹ In examining a broad sample of ISA contracts, however, the authors of the investigation found that none of the contracts studied included the language required under the Holder Rule.⁴⁰ This systematic omission may violate prohibitions on unfair and deceptive acts and practices found in the Federal Trade Commission Act, the federal Consumer Financial Protection Act, and state consumer protection statutes nationwide, exposing institutions involved in ISA lending to extensive legal jeopardy. A contract for the MentorWorks ISA is unavailable, making it all the more urgent for the OCC to carefully review whether the company may be omitting the language legally required under the Holder Rule.
- A recent investigation revealed that a leading ISA provider may be deploying several misleading or deceptive marketing tactics in violation of the FTCA.⁴¹ In particular, the authors of the investigation found that the company took various steps to understate the costs of its ISAs and overstate the cost of competing loan options, making ISAs appear more attractive than they were likely to be relative to alternatives a student may consider.⁴² But the conduct discovered in this investigation is not anomalous, as MentorWorks makes various representations on its website that may be similarly misleading. For example, an ISA cost calculator that MentorWorks makes available to students at the Benjamin Franklin Institute of Technology defaults to the assumption that the private student loan to which an ISA is compared comes with a four percent origination fee.⁴³ This may inappropriately inflate the cost of the ISA, as, according to at

³⁷ *Income Share Agreement Calculator*, MentorWorks, <https://my.mentorworks.com/schools/bfit/calculator> [<https://perma.cc/HAL7-GQVX>]. Note that for all time periods, the cost to retire the ISA obligation early exceeds the amount borrowed and any accrued interest.

³⁸ Roesch & Kaufman, *supra* note 18.

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *Advocates File Complaint with Federal Trade Commission, Urge Enforcement Action Against Vemo Education for Its Deceptive Marketing of Income-Share Agreements to Students*, Student Borrower Prot. Ctr. (June 1, 2020), <https://protectborrowers.org/vemo-release/>.

⁴² *Id.*

⁴³ MentorWorks, *supra* note 37.

least one industry media source, “most private student loan lenders do not charge origination fees.”⁴⁴

Unfortunately, the dangers and questionable practices present in the ISA market—including those MentorWorks and Blue Ridge Bank may engage in—extend beyond those enumerated above. For example, ISA companies are known to charge much more than borrowers expect given the product’s affordability-focused branding,⁴⁵ leaving borrowers with effective interest rates so high as to possibly violate key consumer protections such as the Military Lending Act.⁴⁶ ISA companies also have a history of associations with institutions offering dubious⁴⁷ or outright fraudulent educational products.⁴⁸ Finally, companies in the ISA market may be subject to incentive misalignment arising from an emerging “originate to distribute” model similar to that seen in the mortgage space in the run-up to the financial crisis.⁴⁹ Specifically, these companies

⁴⁴ Kat Tretina, *Student Loan Fees: What to Know About Federal and Private Student Loans*, Student Loan Hero (May 18, 2020), <https://studentloanhero.com/featured/hidden-student-loan-fees/> [<https://perma.cc/T9FW-3LYT>].

⁴⁵ Jen Mishory, *Private ISA Student Loans Highlight Consumer Protection Challenges*, The Century Found. (Aug. 22, 2019), <https://tcf.org/content/commentary/private-isa-student-loans-highlight-consumer-protection-challenges/>.

⁴⁶ *Id.*; Mike Saunders, *Service Members and Veterans: Beware of Paycheck Advance Apps and Easy ‘Credit’*, Military.com (Mar. 23, 2021), <https://www.military.com/money/personal-finance/service-members-and-veterans-beware-of-paycheck-advance-apps-and-easy-credit.html>.

⁴⁷ Zoe Schiffer & Megan Farokhmanesh, *The High Cost of a Free Coding Bootcamp: Students at Lambda School say the program hasn’t delivers on its promise*, The Verge (Feb. 11, 2020), <https://www.theverge.com/2020/2/11/21131848/lambda-school-coding-bootcamp-isa-tuition-cost-free>.

⁴⁸ Emma Rindlisbacher, *Priyanka Chopra’s Favorite Coding Bootcamp Accused of ‘Fraud’*, Daily Beast (Jan. 28, 2020 7:37 AM), <https://www.thedailybeast.com/priyanka-chopras-favorite-coding-bootcamp-holberton-accused-of-fraud>. Note that MentorWorks may be involved with similarly questionable partners, as the company indicates on its website that the ISAs Blue Ridge Bank originates may be intended for students at several unaccredited coding bootcamps. See MentorWorks, *supra* note 3. Note that these types of schools have a long track record of misleading and harming borrowers with lofty but false promises of quality education and lucrative job placement. See Alice Truong, *California Cracks Down On Coding Bootcamps*, Fast Company (Jan. 31, 2014), <https://www.fastcompany.com/3025896/california-orders-coding-bootcamps-to-stop-enrollment-and-issue-refunds>; Sarah McBride, *Want a Job in Silicon Valley? Keep Away From Coding Schools: For-profit intensive engineering academies have become prevalent, but some graduates find themselves in debt and unprepared for tech jobs.*, Bloomberg (Dec. 6, 2016 2:00 AM), <https://www.bloomberg.com/news/features/2016-12-06/want-a-job-in-silicon-valley-keep-away-from-coding-schools>; Steve Lohr, *As Coding Boot Camps Close, the Field Faces a Reality Check*, NY Times (Aug. 24, 2017), <https://www.nytimes.com/2017/08/24/technology/coding-boot-camps-close.html>. Note that MentorWorks may also be acting as an unlicensed lead generator for these schools, as the company prominently displays on its website that it will “generate targeted enrollment leads for schools using [its] proprietary Talent Accelerator Platform (TAP)” despite appearing not to have secured a license as a lead generator in any state. See MentorWorks, *supra* note 3; NMLS Consumer Access, *No NMLS records match the search terms you provided*, <https://perma.cc/7RK2-QMQ4> (showing that searching for “MentorWorks Education Capital, Inc.” produces no results on the NMLS Consumer Access website, including results indicating that MentorWorks is licensed as a lead generator in any state).

⁴⁹ Fed. Deposit Ins. Corp., *FDIC Center for Financial Research Working Paper: Originate-to-Distribute Model and the Subprime Mortgage Crisis* (Aug. 2010), <https://www.fdic.gov/analysis/cfr/2010/wp2010/2010-08.pdf>.

are increasingly turning to securitization and the sale of loans as a revenue source,⁵⁰ raising the possibility that underwriting standards will eventually decline.⁵¹

The OCC must carefully scrutinize Blue Ridge Bank's entrance into the ISA market and critically question whether ISAs are an appropriate product for any national bank to offer.

The history of education finance in the United States is littered with instances in which institutions introduced novel credit products nominally aimed at expanding access to higher education, only for borrowers to be harmed as these products' disastrous faults came to light.⁵² Some of the most prominent of these episodes have specifically involved new entrants to the student loan market relying on partner or client national banks' charters to originate doomed loans on their behalf.⁵³

⁵⁰ *Edly Review: A Way to Invest in Income Sharing Agreements (ISAs)*, Fin. Samurai (Apr. 15, 2021), <https://www.financialsamurai.com/edly-review-income-sharing-agreement-platform/>; Zoe Schiffer & Megan Farokhmanesh, *As Lambda Students Speak Out, the School's Debt-Swapping Partnership Disappears from the Internet*, The Verge (Feb. 12, 2020 4:41 PM) <https://www.theverge.com/2020/2/12/21135134/lambda-school-students-edly-isa-debt-swapping-partnership-shares-investors>.

⁵¹ Note that MentorWorks and Blue Ridge Bank appear to be involved in the sale of their ISAs. MentorWorks allocates an entire section of its website toward advertising its ISAs to possible investors, and the company has published at least seven blog posts promoting ISAs as an investment vehicle. See *Diversify Your Investments While Making a Difference*, MentorWorks, <https://mentorworks.com/investors/> [<https://perma.cc/9PX8-T4KK>]; Karthik Krishnan, *The Income Share Agreement (ISA) as an Investment Hedge – Why is it Safer?*, MentorWorks (Sep. 5, 2019), <https://blog.mentorworks.com/2019/09/05/the-income-share-agreement-isa-as-an-investment-hedge-why-is-it-safer/> [<https://perma.cc/G9WY-PRK9>]; Karthik Krishnan, *ISA Investment 101: Key Risks in ISA Investing*, MentorWorks (Jan. 8, 2019), <https://blog.mentorworks.com/2019/01/08/isa-investment-101-key-risks-in-isa-investing/> [<https://perma.cc/PL8A-4YTM>]; Karthik Krishnan, *ISA Investment 101: Due Diligence*, MentorWorks (Jan. 8, 2019), <https://blog.mentorworks.com/2019/01/08/isa-investment-101-due-diligence/> [<https://perma.cc/33MK-68DZ>]; Karthik Krishnan, *ISA Investment 101: Active Investment and the MentorWorks Approach*, MentorWorks (Jan. 8, 2019), <https://blog.mentorworks.com/2019/01/08/isa-investment-101-active-investment-and-the-mentorworks-approach/> [<https://perma.cc/AH9N-UHCE>]; Karthik Krishnan, *ISA Investment 101: What are Income Share Agreements?*, MentorWorks (Jan. 8, 2019), <https://blog.mentorworks.com/2019/01/08/isa-investment-101-what-are-income-share-agreements/> [<https://perma.cc/HU52-ZVHV>]; Karthik Krishnan, *ISA Investment 101: The Basics of Investing in ISAs – The When, How, and Why*, MentorWorks (Jan. 8, 2019), <https://blog.mentorworks.com/2019/01/08/isa-investment-101-the-basics-of-investing-in-isas-the-when-how-and-why/> [<https://perma.cc/SK8B-YMJE>]; Karthik Krishnan, *ISA Investment 101: Resource for ISA Investors*, MentorWorks (Jan. 8, 2019), <https://blog.mentorworks.com/2019/01/08/isa-investment-101-resource-for-isa-investors/> [<https://perma.cc/BJ6J-FGU3>].

⁵² See, e.g., *CFPB Takes Action Against Aequitas Capital Management for Aiding Corinthian Colleges' Predatory Lending Scheme*, Consumer Fin. Prot. Bureau (Aug. 17, 2017), <https://www.consumerfinance.gov/about-us/newsroom/cfpb-takes-action-against-aequitas-capital-management-aiding-corinthian-colleges-predatory-lending-scheme/>; Complaint, Wash. v. Navient Corp., et al., (Wash. Super. Ct. 2017), <https://www.documentcloud.org/documents/3363791-Ferguson-Navient-Complaint.html>; Complaint, Consumer Fin. Prot. Bureau v. ITT Educ. Services, Inc., (S.D.Ind. 2014) (No. 1:14-cv-292), https://files.consumerfinance.gov/f/201402_cfpb_complaint_ITT.pdf.

⁵³ See e.g., Keith J. Winstein, *First Marblehead Shares Battered By Possible Student-Loan Defaults*, WSJ (Dec. 6, 2007 12:01 AM), <https://www.wsj.com/articles/SB119690691390915331>; Ian Frisch, *How the Bankruptcy Code Protects Lenders and Harms Student Debtors – And What One Lawyer is Doing About*

The well-documented dangers associated with ISAs cited above beg the question of whether history is repeating itself to borrowers' and the banking system's detriment. We therefore urge you to use your supervisory authority to carefully scrutinize Blue Ridge Bank's involvement in ISA lending.

Sincerely,

Student Borrower Protection Center
Americans for Financial Reform Education Fund
California Reinvestment Coalition
Center for Responsible Lending
Consumer Reports
National Consumer Law Center

CC:

Honorable Jerome Powell, Chairman, Board of Governors of the Federal Reserve System

Honorable Randal Quarles, Vice Chair for Supervision, Board of Governors of the Federal Reserve System

Honorable Dave Uejio, Acting Director, Consumer Financial Protection Bureau

Honorable Jelena McWilliams, Chairwoman, Federal Deposit Insurance Corporation

Honorable Tom Harper, Chair, National Credit Union Administration

Representative Maxine Waters, Chairwoman, House Committee on Financial Services

Representative Patrick McHenry, Ranking Member, House Committee on Financial Services

Senator Sherrod Brown, Chairman, Senate Committee on Banking, Housing, and Urban Affairs

Senator Pat Toomey, Ranking Member, Senate Committee on Banking, Housing, and Urban Affairs

Mr. Brian K. Plum, President and Chief Executive Officer, Blue Ridge Bank, N.A.

Mr. Karthik Krishnan, President and Chief Executive Officer, MentorWorks Education Capital