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12 **UNITED STATES DISTRICT COURT FOR THE**  
13 **NORTHERN DISTRICT OF CALIFORNIA**  
**SAN FRANCISCO DIVISION**

14  
15 THERESA SWEET et al.,

16 Plaintiffs,

17 v.

18 MIGUEL CARDONA, *in his official*  
19 *capacity as Secretary of the United States*  
20 *Department of Education, and*

21 THE UNITED STATES DEPARTMENT  
OF EDUCATION,

22 Defendants.  
23

Case No. 19-cv-03674-WHA

**NOTICE OF FILING**

**HEARING DATE: April 24, 2024**

(Class Action)  
(Administrative Procedure Act Case)

1 Please take notice of the accompanying supplemental declaration of Richard Cordray, Chief  
2 Operating Officer of Federal Student Aid, as indicated in Mr. Cordray's prior declaration, Cordray Decl.  
3 ¶¶ 119, 121, ECF No. 403-1, and in accordance with the Court's April 22, 2024, Order, ECF No. 405.

4 Dated: April 23, 2024

Respectfully Submitted,

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**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA**

THERESA SWEET, ALICIA DAVIS, TRESA  
APODACA, CHENELLE ARCHIBALD,  
DANIEL DEEGAN, SAMUEL HOOD, and  
JESSICA JACOBSON on behalf of themselves  
and all others similarly situated,

*Plaintiffs,*

v.

MIGUEL CARDONA, in his official capacity  
as Secretary of the United States Department of  
Education, and

THE UNITED STATES DEPARTMENT OF  
EDUCATION,

*Defendants.*

Case No. 19-cv-03674-WHA

SUPPLEMENTAL DECLARATION OF  
RICHARD CORDRAY

1           1.     I am over the age of 18 and competent to testify to the matters herein.

2           2.     I was appointed the Chief Operating Officer of Federal Student Aid (“FSA”) in the  
3 U.S. Department of Education (the “Department”) by U.S. Secretary of Education Miguel Cardona  
4 effective May 4, 2021.

5           3.     I certify that I am duly qualified and authorized by the Department to make the  
6 statements contained in this Declaration about the implementation of the settlement agreement in  
7 this case. The statements contained herein are based either on my personal knowledge as an  
8 employee of the Department or on information reported to me by Department officials who created  
9 and/or are familiar with the pertinent records and communications with third parties who are  
10 involved in the loan-servicing processes. Some of the statements contained herein are based on  
11 forecasts or predictions, which reflect my or other Department officials’ good-faith assessments  
12 that are inherently subject to unknown future developments.

13           4.     This Declaration supplements the Declaration that I executed on April 2, 2024.

14           5.     Status of Relief. The Department’s analysis of NSLDS data, which is described in  
15 Paragraphs 81-83 of my Declaration filed April 2, 2024, indicates the following as of April 19,  
16 2024:

17           a.     146,385 Exhibit C class members (74.7%) have fully processed discharges.

18           b.     1,774 Exhibit C class members (0.9%) have unconsolidated school loans  
19 (and no eligible consolidated loans) for whom relief remains incomplete or requires further  
20 verification.

21           c.     47,755 Exhibit C class members (24.4%) have consolidated loans  
22 associated with Exhibit C loans for whom relief remains incomplete or requires further  
23 verification.

24           d.     Note that for 5,643 Exhibit C class members with FFEL loans, the  
25 Department has confirmed that there are no additional steps for the Department to take  
26 to effectuate full relief. *See* Cordray Decl. ¶¶ 63-68; Settlement § IV.F.1. The  
27 Department has further confirmed that, for the great majority of these class members’  
28

1 eligible FFEL loans, the GAs are in the process of paying off the loans.<sup>1</sup> The Department  
2 will continue to monitor the status of relief for these class members.

3 e. Additionally, a small number of borrowers have conflicting records as to  
4 whether they have any eligible loans that are being reviewed by the Department.

5 6. Change Request (“CR”) Regarding Tracking, Effectuation, and Verification of Full  
6 Settlement Relief.

7 a. The process for finalizing and implementing the CR is described in  
8 Paragraphs 107-108 of my Declaration filed April 2, 2024. As of April 22, 2024, the status  
9 of the CR is:

10 i. The impact assessments from the servicers have been approved, the  
11 servicers have submitted cost proposals, and FSA’s budgeting office has confirmed  
12 the availability of the necessary funding.

13 ii. The next step is for FSA to provide servicers with authority to  
14 proceed on the CR, which the Department is targeting to issue by the end of this  
15 week.

16 b. The servicers have continued to process relief while the CR is being  
17 finalized and, once the servicers are given authority to proceed, they will begin  
18 incorporating the terms of the CR into the process of effectuating relief. That process will  
19 include the following requirements and steps:

20 i. For each eligible loan and subsequent consolidations, update a  
21 reporting spreadsheet that tracks the steps needed, including interim consolidation  
22 adjustments, for relief to be reflected on the class member’s current consolidated  
23 loan. This includes tracking discharges, refunds, and credit deletions on all relevant  
24 loans and any consolidation adjustments and refunds processed on consolidated  
25 loans in the borrower history.  
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27  
28 <sup>1</sup> In coordination with the GAs, the Department has identified 228 eligible FFEL loans for which the lender is still working to provide the GA the information needed for the GA to pay off the loan.

1           ii.       Initially, these tracking records will be updated to reflect discharges,  
2           refunds, adjustments, and other steps that have already been completed. As the  
3           servicers continue to receive and process consolidation adjustments, they will  
4           update their portion of the tracking records to include the adjustments processed,  
5           refunds issued, and credit reporting deletions.

6           iii.       Servicers will be required to make these updates daily as applicable  
7           as they complete discharges, adjustments, refunds, etc. on the borrower accounts,  
8           which will provide FSA with insight into the status of adjustments on all Exhibit C  
9           consolidated borrowers. FSA will monitor all updates to the tracking records and  
10          contact servicers if progress is not being made as required on borrower accounts.

11          iv.       The final consolidation servicer will update an indicator on the  
12          tracking record once all consolidation adjustments have been processed and all  
13          other necessary steps have been taken for the borrower to have received full relief,  
14          thereby indicating all processing for the borrower is complete. Servicers will also  
15          verify that credit deletions have been processed (*i.e.*, sent to the credit reporting  
16          agencies) and the loans reflect the correct status and balance in NSLDS.

17          c.       In addition, the Department has identified 12,509 class members with  
18          consolidated loans that did not include any underlying loans ineligible for relief under  
19          Exhibit C. On April 12, 2024, the Department instructed the servicers to delete tradelines  
20          associated with all Sweet Exhibit C class members, including with respect to these loans.  
21          On April 15, 2024, the Department instructed the servicers of these class members' current  
22          consolidation loans to process discharges and issue refunds in order to bring the current  
23          consolidated loans' balances to zero. This instruction will result in these discharges being  
24          completed much more quickly; indeed, some already have been completed. If these class  
25          members consolidated multiple times, the Department and servicers will continue to  
26          process relief to ensure the class members receive all the relief to which they are entitled.

27          7.       Improved Process for Credit Reporting.  
28

1 a. As mentioned above, on April 12, 2024, FSA provided servicers with  
2 guidance to delete all credit tradelines for a Sweet Exhibit C class member.

3 b. Most servicers report they can complete sending the deletion requests by  
4 the first week in May. FSA is working to determine how to delete tradelines for loans that  
5 were serviced by decommissioned servicers.

6 8. Refund Update.

7 a. Servicers reported during the first week of April that their records show  
8 refund files being submitted for 31,287 Exhibit C class members with consolidated loans,  
9 which total nearly \$200 million in refunds to these class members.

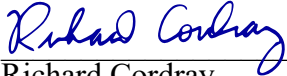
10 b. The Department's Financial Management System ("FMS") currently does  
11 not track refund payments at the loan level or by discharge type, but it does have records  
12 showing payments to individual borrowers. The Department's records show that as of early  
13 March, 2024, over 80,000 individuals with an SSN matching that of an Exhibit C class  
14 member are listed as having received payments. These payments together total more than  
15 \$444 million. This includes over 34,000 class members with consolidated loans; the  
16 payments to this group total in excess of \$168 million. The Department's FMS data is not  
17 specific to refunds under this settlement and, therefore, some of the payments noted in this  
18 paragraph are for other types of discharges or financial adjustments. The previously  
19 discussed CR will provide more precise tracking about refund payments.

20 c. Certain servicers have informed the Department that they have also  
21 identified a population of class members for whom a refund is due but who lack a current  
22 address to send the refund. The Department is working with the servicers to find a solution  
23 for ensuring that the appropriate refunds reach these borrowers.  
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I declare under penalty of perjury, pursuant to the provisions of 28 U.S.C. § 1746, that the foregoing is true and correct.

Executed on this 23rd day of April, 2024.

  
Richard Cordray  
Chief Operating Officer  
Office of Federal Student Aid  
United States Department of Education