

Congress of the United States

Washington, DC 20515

April 5, 2023

Anthony Noto
Chief Executive Officer
SoFi Technologies, Inc. and SoFi Lending Corp.
375 Healdsburg Avenue, Suite 280
Healdsburg, CA 95448

Dear Mr. Noto:

I am writing today regarding SoFi Technologies, Inc's exploitative attempt to force an end to the student loan debt payment pause for millions of Americans. Let us be clear – President Biden has the legal authority to cancel student loan debt and to enact and extend a payment pause. Your company's attempt to use the courts to enact a backdoor repeal of this payment pause – at the same time the Supreme Court debates whether it will halt President Biden's student debt cancellation plan, and while touting your values as a company that will “do the right thing,”¹ – is unconscionable and you owe your customers, and the American public, an explanation for these actions.

Your company has argued before the courts that it is being “forced to compete” and is suffering “significant, irreparable harm” during the payment pause.² But you are telling your shareholders a different story. You revealed that that “SoFi is going to be fine either way. ... We achieved over a billion dollars of revenue in all of 2021.”³ You described your bank's rapid growth when you released your quarterly financial results earlier this year, writing that “We finished a remarkable year with another quarter of record financial results ... We generated our seventh consecutive quarter of record adjusted net revenue, which ... surpassed \$1.5 billion for the full year, up 52% versus 2021. We also generated record adjusted [earnings] in the fourth quarter, finishing the year with over \$143 million in 2022, nearly five times the total adjusted [earnings] compared to full year 2021.”⁴

Indeed, your company has thrived during the pandemic payment pause, and you have been richly rewarded. You were paid a whopping nearly \$103 million in 2021, and your company's four other highest-paid executives made over \$70 million combined.⁵ SoFi's attempt to end the

¹ SoFi, “SoFi Core Values,” <https://www.sofi.com/values/>.

² Washington Post, “SoFi sues Cardona, Education Dept. to End Student Loan Payment Pause,” Danielle Douglas-Gabriel, March 6, 2023, <https://www.washingtonpost.com/education/2023/03/06/sofi-student-loan-payment-pause-lawsuit/>.

³ Yahoo Finance, “SoFi CEO on Biden and student loan forgiveness: 'This is classic leadership by indecision,’” Aarthi Swaminathan, March 27, 2022, <https://finance.yahoo.com/news/student-loan-forgiveness-sofi-ceo-biden-151611256.html>.

⁴ SoFi Technologies, Inc., “Fourth Quarter and Fiscal Year 2022 Results,” January 30, 2023, https://s27.q4cdn.com/749715820/files/doc_financials/2022/q4/q4/Q4-2022-Earnings-Release-Final.pdf.

⁵ Securities and Exchange Commission, SoFi Technologies, Inc. Schedule 14A, p.63, May 23, 2022, <https://www.sec.gov/edgar/browse/?CIK=1818874&owner=exclude>.

student loan payment pause and force millions of Americans into repayment while raking in massive revenues and handing out huge executive paychecks represents corporate greed at its worst.

The pandemic and ongoing legal challenges to student loan debt forgiveness have created confusion and uncertainty for the 43 million Americans who are due student loan debt relief, and the payment pause is an essential tool for providing relief for these borrowers.⁶ According to the Consumer Financial Protection Bureau, “student loan borrowers are increasingly likely to struggle and may face difficulties once their monthly student loan payments are reinstated,” including risking falling into default, even as forgiveness of these same loans works its way through the courts.⁷

By asking the courts to force borrowers back into repayment, SoFi is actively working to harm millions of people with federal student loan debt. As of December 2021, “about 43 million Americans held federal student loans, and about 20% of those borrowers were in default,”⁸ a number that the Department of Education (ED) warns could skyrocket if payments are restarted.⁹ A recent poll found that two-thirds of adults with federal student loans say they have struggled to afford their student loan payments, and nearly 60% say they may not be able to afford their loan payments when the payment pause ends.¹⁰ Further, borrowers historically struggle to regain stability on their loan repayments after experiencing periods of forced or emergency forbearance: borrower defaults spiked following mandatory administrative loan forbearance periods put in place as a result of natural disasters such as Hurricanes Harvey, Irma, and Maria, and the California wildfires.¹¹ However, unlike natural-disaster related forbearances, the current pandemic-related payment pause has impacted a larger share of borrowers over a longer period of time.¹²

Last month, I released a report that revealed the importance of the payment pause and the

⁶ White House, “FACT SHEET: President Biden Announces Student Loan Relief for Borrowers Who Need It Most,” press release, August 24, 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/08/24/fact-sheet-president-biden-announces-student-loan-relief-for-borrowers-who-need-it-most/>.

⁷ Consumer Financial Protection Bureau, “Office of Research blog: Update on student loan borrowers during payment suspension,” Thomas Conkling and Christa Gibbs, November 2, 2022, <https://www.consumerfinance.gov/about-us/blog/office-of-research-blog-update-on-student-loan-borrowers-during-payment-suspension/>.

⁸ Pew Trusts, “Student Loan Default System Needs Significant Reform,” Travis Plunkett, January 9, 2023, <https://www.pewtrusts.org/en/research-and-analysis/reports/2023/01/student-loan-default-system-needs-significant-reform>.

⁹ Forbes, “Student Loan Defaults Will Increase ‘Historically’ Without Debt Forgiveness, Biden Administration Says,” Carlie Porterfield, November 16, 2022, <https://www.forbes.com/sites/carlieporterfield/2022/11/16/student-loan-defaults-will-increase-historically-without-debt-forgiveness-biden-administration-says/?sh=2b5e7c0071c0>.

¹⁰ Morning Consult, “Public Lays Blame for Student Debt Forgiveness Limbo on Conservative Judges, Republicans in Congress,” Amanda Jacobson Snyder, November 30, 2022, <https://morningconsult.com/2022/11/30/student-loans-courts-survey-data/>.

¹¹ Federal Student Aid, “Federal Student Aid Posts New Reports to FSA Data Center,” August 7, 2019, <https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2019-08-07/federal-student-aid-posts-new-reports-fsa-data-center>.

¹² Letter from Student Borrower Protection Center to Senator Warren, January 31, 2023, p. 7, [On File with the Office of Senator Elizabeth Warren].

ongoing burden of student loan debt. We learned of the impact that ending the payment pause would have on these borrowers. Two borrowers told us:

I don't know how I can make payments again. I have over \$90K in student debt, and I'm a single mom who lives hand to mouth. I am drowning in financial insecurity due to the pandemic, inflation, and being a single parent. I am riddled with stress and anxiety. Being a paycheck away from extreme poverty at any moment, I worry every day about what straw will break my back. If payments [resume], I will certainly default on my loans. I've already filed for bankruptcy once and still have all this debt that I couldn't possibly pay off in my lifetime. I don't know where to turn at this point and am so distressed.¹³

In our current world, even though my education has afforded me to have a stable career, my impending student loan payments, and our current economic crisis, I am struggling due to rising food costs, rent costs, gas prices, etc. Even in a two-income household, it is a struggle. If my loan payments restart, we would be struggling even further.¹⁴

The impacts of the student loan debt burden also disproportionately impacts low-income communities. An analysis of the applications for student loan debt forgiveness found that “more than 98 percent of applications came from ZIP codes where the average income is under \$75,000” and “[a]bout two-thirds were from neighborhoods with an average income below \$40,000.”¹⁵ In addition, more applications per capita came from communities of color than from majority-white communities,¹⁶ and studies have shown that student loan debt disproportionately impacts Black and Latino borrowers.¹⁷ This burden doesn't just impact young people; by the end of 2020, borrowers 50 and older owed about 22 percent of the total student loan debt, representing a five-time increase since 2004.¹⁸ Alarming, the Federal Reserve of New York found that “lower-income, less educated, non-white, female and middle-aged borrowers will struggle more in making minimum payments” when the payment pause ends.¹⁹

¹³ Senator Elizabeth Warren, “Hanging in the Balance: Millions at Risk if the Supreme Court Denies Student Debt Cancellation,” February 2023, p. 13, <https://www.warren.senate.gov/imo/media/doc/FINAL%20COVER-combined.pdf>.

¹⁴ Senator Elizabeth Warren, “Hanging in the Balance: Millions at Risk if the Supreme Court Denies Student Debt Cancellation,” February 2023, p. 13-14, <https://www.warren.senate.gov/imo/media/doc/Student%20Debt%20Cancellation%20Report%20Feb%202023.pdf>.

¹⁵ Politico, “What we know about the 25M Americans who signed up for Biden's student debt relief,” Michael Stratford, Sean McMinn, and Taylor Miller Thomas, February 16, 2023, <https://www.politico.com/news/2023/02/16/joe-biden-student-debt-relief-00083243>.

¹⁶ *Id.*

¹⁷ Data for Progress, “The President Doesn't Need Congress to Cancel Student Loan Debt. Democrats Will Push For Action in 2021,” Senators Chuck Schumer and Elizabeth Warren, September 17, 2020, <https://www.dataforprogress.org/blog/2020/9/17/the-president-doesnt-need-congress-to-cancel-student-loan-debt-democrats-will-push-for-action-in-2021>.

¹⁸ AARP, “Student Loan Debt Is an Unheralded Burden for Older Borrowers,” John Waggoner, November 22, 2022, <https://www.aarp.org/money/credit-loans-debt/info-2021/student-debt-crisis-for-older-americans.html>.

¹⁹ Federal Reserve Bank of New York, “What Might Happen When Student Loan Forbearance Ends?,” Rajashri Chakrabarti, Jessica Lu, and Wilbert van der Klaauw, April 21, 2022, <https://libertystreeteconomics.newyorkfed.org/2022/04/what-might-happen-when-student-loan-forbearance-ends/>.

SoFi appears to be utterly indifferent to the pending hardship it could cause by running to the courts. And it is not the first time SoFi has tried to undermine federal student loan debt relief to pad your bottom line. In March 2022, SoFi called on the Department of Education to end the payment pause because borrowers were “paralyzed with uncertainty,” positing the end of the relief provided by the payment pause as the only way to “end the confusion.”²⁰ In October 2022, in response to the Biden Administration’s announcement to cancel up to \$20,000 of student loan debt, your company sought to undermine the benefits for borrowers by convincing them to seek private loan refinancing options that would make borrowers ineligible for cancellation.²¹

SoFi’s lawsuit against ED is a dangerous and cynical ploy to prevent millions of borrowers from obtaining relief. It not only contradicts its stated values, but threatens your own customers and millions of other Americans. Given our concerns about your lawsuit and the impact it could have on student loan debt borrowers, we are requesting answers to the following questions not later than April 18, 2023:

1. Specifically, how much in additional earnings, and profits, will SoFi make in 2023 if the company’s court case is successful and forces President Biden to reinstate student loan payments?
2. Please list your total compensation (including all components of this compensation), and the total compensation for each of the top five highest-paid executives at SoFi, for each year from January 31, 2020, to the present.
3. What is your estimated 2023 compensation? What components of this compensation are incentive based? How much in extra compensation will you personally make in 2023 if the company’s court case is successful and forces President Biden to reinstate student loan payments?
4. Please describe the financial products and services offered by your company and the contribution of each of the products and services towards SoFi’s 4Q22 revenue.
 - a. How does this compare to the share each of SoFi’s financial products and services offered by the company in 4Q19?
5. Since the announcement of President Biden’s cancellation plan, how many federal loan borrowers have refinanced their loans with your company?
 - a. How many of these borrowers who refinanced with SoFi were eligible for cancellation under the President’s plan?
 - b. How has your company supported customers who refinanced their federal loans during the pandemic with SoFi to qualify for refunds if they were eligible for the President’s cancellation plan?²²

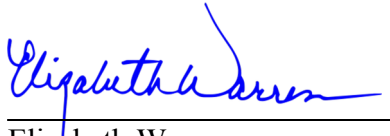
²⁰ SoFi, “Our Recommendation for President Biden,” Anthony Noto, March 17, 2022, <https://www.sofi.com/blog/our-recommendation-for-president-biden>.

²¹ Yahoo, “Servicers use student loan forgiveness to promote refinancing,” October 12, 2022, <https://news.yahoo.com/servicers-use-student-loan-forgiveness-refinancing-192734738.html>.

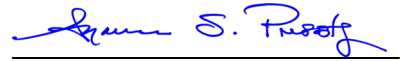
²² Federal Student Aid, “One-Time Federal Student Loan Debt Relief,” <https://studentaid.gov/manage-loans/forgiveness-cancellation/debt-relief-info>.

6. Please describe how SoFi has notified and advised student loan borrowers about guidance regarding the President's student debt relief plan and other announced student loan system reforms.
7. If your company's court case is successful and forces the resumption of student loan payments, how will your company help borrowers who are unable to pay their student loans?

Sincerely,



Elizabeth Warren
United States Senator



Ayanna Pressley
Member of Congress