



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION

Via Electronic Mail

Matthew Glazer
Chief Legal Officer
FRANK
12 East 49th Street 11th floor
New York, NY 10017

November 10, 2020

Re: Misleading Students About CARES Act Emergency Assistance and Cash Advance Product

WARNING LETTER

Dear Mr. Glazer:

This letter is to advise you that TAPD, Inc., doing business as Frank Financial Aid (“Frank”), may be unlawfully misleading consumers regarding temporary relief available to postsecondary students in violation of the Federal Trade Commission (“FTC Act”), 15 U.S.C. § 45, and the terms of a cash advance product in violation of the FTC Act and the Truth in Lending Act, 15 U.S.C. § 1601 *et seq.* and 12 C.F.R. § 1026 (“TILA”).

As you know, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) is intended to provide emergency relief to individuals, families, and businesses under severe financial strain amid the novel coronavirus outbreak. The CARES Act includes vital assistance to postsecondary students offered through the U.S. Department of Education’s Higher Education Emergency Relief Fund. According to the Department of Education, “[e]ach school decides the criteria for qualified students to receive a grant, the grant amount, and how and when the grant will be disbursed (paid out) to students.”¹

¹ U.S. Department of Education, “Coronavirus and Forbearance Info for Students, Borrowers, and Parents,” available at <https://studentaid.gov/announcements-events/coronavirus>.

FTC staff has reviewed advertising and marketing by Frank, including the website www.withfrank.org, as recently as November 9, 2020. This website makes some potentially misleading claims including that:

- Consumers may “[a]pply in 2 minutes for your student emergency grant” through Frank’s website and that “Frank emails you everything you need to send to your school,” when in fact, Frank creates letters for consumers to submit that are not tailored to the application process and documentation requirements of each school;
- Students and/or their parents must have experienced one or more of four identified criteria (for example, a firing or furlough) since March 1, 2020 to be eligible for emergency relief, when in fact, each school determines its own grant eligibility criteria; and
- Consumers who receive a cash advance from Frank can “[p]ay it back when your financial aid comes in” (also stated as “[w]hen your aid comes in, pay us back”), when in fact, fine print reveals that consumers are required to pay back Frank’s cash advance “61 days after the date of disbursement.”

To the extent that any of these claims are not truthful, omit material information needed to prevent the claims from misleading consumers, or are not substantiated, they would violate Section 5 of the FTC Act, 15 U.S.C. § 45, which prohibits “unfair or deceptive acts or practices in or affecting commerce.” Under Section 5, it is unlawful to make representations that are likely to deceive consumers. This includes express or implied representations, whether made directly or indirectly.

In addition, Frank’s website advertises that consumers can obtain a cash advance of up to \$5,000 on their student loans, with “No interest, no fees – ever” (also described on the website as 0% APR and 0% interest), despite charging a fee of \$19.90 a month. As noted above, to the extent these claims are not truthful, are misleading, or are not substantiated, they would violate the FTC Act. Further, to the extent they disclose certain terms, such as interest or other finance charges, while not disclosing other key terms, or disclosing such terms inaccurately, or if credit is provided without disclosing additional required information, this would violate the Truth in Lending Act. *See e.g.*, 12 C.F.R. §§ 1026.16 and 1026.6; 12 C.F.R. §§ 1026.24 and 1026.18.

Frank should take prompt action, including by reviewing and monitoring all advertising and marketing used by Frank in any form (including websites, social media, emails, telemarketing, and text messages), to ensure any deceptive or unlawful claims or offers are removed or corrected, as appropriate, and any other required disclosures are provided. This letter is not meant to contain an exhaustive list of possible violations related to your products or operations.

Please notify us no later than November 17, 2020 of the specific actions you have taken to address the FTC’s concerns. For any claims that remain in your advertising and marketing, please state how they comply with Section 5 of the FTC Act and TILA. Please direct your email

response to Helen Clark at hclark@ftc.gov. FTC investigators have copied and preserved your website and marketing materials and will continue monitoring your representations to evaluate whether further action is appropriate in connection with your activity.

Sincerely,

Malini Mithal
Associate Director
Division of Financial Practices
Federal Trade Commission