

# United States Senate

WASHINGTON, DC 20510

July 30, 2014

The Honorable Chuck Hagel  
Secretary of Defense  
1000 Defense Pentagon  
Washington, DC 20301-1000

Dear Secretary Hagel:

We write to express concern over the long delay in the Department's review of the servicemember allotment system. While we recognize the complexity of the issue, we urge you to expedite the Department's efforts to determine how the allotment system could be improved to protect servicemembers.

The allotment system, which allows merchants to divert payments automatically from a servicemember's monthly income, unfortunately continues to be abused by unscrupulous actors. For example, there have been press reports about at least one business alleged to be using the allotment system – among other payment arrangements – to sign servicemembers up for questionable payment plans and then suing them for failure to pay. And yesterday, the Consumer Financial Protection Bureau and 13 State Attorneys General announced a \$92 million enforcement action against two businesses that used the allotment system to trap thousands of servicemembers in illegal predatory loans.

We applaud this recent enforcement effort, and join in commending you for ordering a review of the Department's allotment system and for asking for recommendations to protect servicemembers. However, given the known problems, we believe that there is an urgent need to improve the allotment system to prevent these sorts of abuses going forward. As such, we urge you to expedite the completion of this report. We look forward to your prompt response and to working with you to provide servicemembers with the protections they deserve.

Sincerely,



Jack Reed  
United States Senator



Richard Blumenthal  
United States Senator



Mark Warner  
United States Senator



Jeanne Shaheen  
United States Senator

A handwritten signature in blue ink, appearing to read "Tim Kaine". The signature is written in a cursive style with a large initial "T" and "K".

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Tim Kaine  
United States Senator