



STATE OF NEW YORK  
OFFICE OF THE ATTORNEY GENERAL  
(212) 416-8296

DIVISION OF PUBLIC ADVOCACY  
BUREAU OF CONSUMER FRAUDS AND PROTECTION

ANDREW M. CUOMO  
ATTORNEY GENERAL

*Melvin.Goldberg@oag.state.ny.us*

February 1, 2007

VIA OVERNIGHT MAIL

The Office of the New York State Attorney General has concerns about the practices of certain student loan companies with respect to incentives that they may be offering or providing in order to secure placement on schools' "preferred" lender lists, as well as other lender activity which might tend to create possible conflicts of interest and compromise the interests of individual student borrowers. Your school has been identified as having information with respect to some or all of the practices referenced below. Our authority to proceed in this matter is founded upon New York law, including but not limited to New York Executive Law § 63(12).

We request that you provide to us at our offices, Consumer Frauds & Protection Bureau, 3<sup>rd</sup> Floor, 120 Broadway, New York, New York, on or before March 1, 2007 the following information and documents for the period January 1, 2004 to date, unless otherwise specified:

1. A current organizational chart of your school's financial aid office or offices.
2. A current directory or list of your school's financial aid officers and counselors.
3. Copies of your school's preferred lender lists. As used herein, "preferred lender list" refers to a list of lenders which have been selected by your school, which are recommended by your school, or which otherwise have a relationship with your school to provide loans to your school's students.
4. Copies of documents setting forth the school's criteria for selection of lenders for inclusion on "preferred lender lists" and for removal of lenders from such lists.
5. Copies of documents setting forth the school's procedures for selection and removal of "preferred lenders," including but not limited to use of requests for proposals ("RFPs").

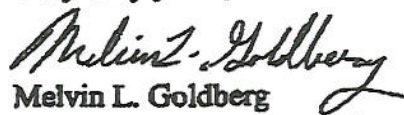
6. A list of lenders that have offered your school compensation, equipment, or services for placement on preferred lender lists, including the type and amount of compensation, equipment or service offered, the name of the lender official at each of those lenders who made the offers.
7. Copies of documents (both hard copy and electronic) concerning gifts, compensation, equipment, services, expense-paid trips, meals, tickets or other incentives or inducements by lenders to your school and/or to school officials or financial aid officers.
8. A list of lenders, if any, that have communicated with your school concerning override pools, opportunity funds or other similar programs or mechanisms, including the names of the lender officials who participated in those communications. As used herein, "override pools" and "opportunity funds" refer to any agreement, understanding or practice in which a lender applies more lenient loan underwriting criteria than it otherwise would to a certain class of loan applicants if the school meets certain milestones or metrics with respect to other loans with that lender, such as the number of loans initiated or in force, or the dollar amount of such loans.
9. Copies of documents concerning the use of override pools, opportunity funds or other similar programs or mechanisms by lenders with your school.
10. A list of lenders, if any, which have asked your school's financial aid officers or counselors to serve on their advisory panels or boards, and a list of such appointments that have been accepted, if any.
11. Does your school participate in the federal Direct Lending program or the Federal Family Education Loan Program ("FFELP")?
12. A list of lenders, if any, that have communicated with your school concerning dropping out of the federal Direct Lending program and entering the FFELP.
13. Copies of documents concerning communications with lenders regarding dropping out of the federal Direct Lending program.
14. A list of lenders, if any, that your school has had service of other difficulties with, including the nature of the difficulties and the resolution, if any, and the name of the lender officials at each of those lenders who communicated with your school concerning those difficulties.
15. A list of lenders that have or had memoranda of understanding or contracts with your school.
16. Copies of documents concerning memoranda of understanding or contracts that your

school has or had with lenders, including but not limited to proposed memoranda of understanding or contracts sent to or by your school.

17. Copies of documents concerning revenue sharing agreements, if any, that your school has or had with lenders, including but not limited to the actual agreements and proposed agreement sent to or by your school.
18. Copies of documents concerning "School as lender" programs, if any, including but not limited to documents evidencing the terms of such programs.
19. Copies of documents concerning compensation, gifts, meals, or expense-paid trips given by lenders to your school or its officials or financial aid officers either to attend National Association of Student Financial Aid Administrators ("NASFAA") and similar regional, state or local meetings or events or at such meetings or events.
20. Copies of documents concerning complaints by present and former student borrowers concerning lenders' practices or policies with respect to repayment and/or defaults on student loans.
21. Copies of documents concerning more favorable loan terms secured by your school's present and former student borrowers through use of lenders on your school's preferred lender list for FFELP, private and consolidation loans.
22. A chart showing the weighted average interest rates; origination fees, and other charges paid by your students for FFELP, private, and consolidation loans who use lenders on your school's current preferred lender lists.
23. Copies of applications for student loans, and informational and marketing materials given or sent by your school to prospective and enrolled students concerning student loans for the period January 1, 2005 to date.
24. Lists of lenders, if any, whose private student loan products are included in your school's financial aid awards.
25. Copies of documents, if any, concerning [mappingyourfuture.org](http://mappingyourfuture.org).

We thank you in advance for your cooperation.

Very truly yours,

  
Melvin L. Goldberg  
Assistant Attorney General