

SPECIAL INVESTIGATIVE REPORT

REGARDING ALLEGATIONS OF IMPROPRIETY

AT THE UNIVERSITY OF TEXAS AT AUSTIN

OFFICE OF STUDENT FINANCIAL SERVICES

AND BY ITS DIRECTOR, DR. LAWRENCE W. BURT

by

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May 14, 2007

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I. INTRODUCTION

The University of Texas System Office of General Counsel¹ working with The University of Texas at Austin campus officials² and special outside counsel, Kenneth M. Breen of Paul, Hastings, Janofsky & Walker LLP,³ submits this special investigative report to the U. T. System Board of Regents and U. T. Austin President William C. Powers, Jr. Pursuant to the charge given the Office of General Counsel, this report makes findings of fact and draws conclusions based upon our investigation of issues concerning the relationship between Dr. Lawrence W. Burt, Director of the Office of Student Financial Services at U. T. Austin (OSFS), and private lenders. Various external oversight and regulatory entities⁴ are conducting similar inquiries.

Over the course of the last month, the Office of General Counsel, working with special outside counsel, has conducted a careful and impartial investigation of the allegations against Dr. Burt and OSFS. In doing so, we have attempted to balance thorough investigatory techniques with the desire to more promptly reach conclusions regarding the matters investigated. We have spent in excess of 30 hours interviewing multiple witnesses, including Dr. Burt and members of his staff, reviewed over 200,000 pages of documents,⁵ performed forensic computer analysis⁶ with the help of technology experts, performed audits of certain OSFS accounts, engaged in collaborative communications with outside regulatory agencies looking at these allegations nationwide, and spent over 300 hours researching and preparing this report.

¹ Office of General Counsel attorneys who have contributed to this report and the investigation on which it is based are Barry Burgdorf, Hannah Huckaby, Kent Kostka, and Karen Lundquist.

² U. T. Austin campus officials contributing to the coordination and fact finding in this report are Vice President of Student Affairs Dr. Juan Gonzalez and Vice President for Institutional Relations and Legal Affairs Patricia Ohlendorf.

³ Mr. Breen's biography is attached as Exhibit A.

⁴ External oversight and regulatory entities that have issued written or oral requests for information to U. T. Austin concerning the allegations covered by this report include the State of New York Office of the Attorney General, the United States Senate Committee on Health, Education, Labor, and Pensions (HELP) chaired by Senator Edward M. Kennedy, the Attorney General of Texas, and the Travis County District Attorney. Each of these instrumentalities of federal, state, or local government has requested that this report be made available to them as soon as possible upon approval of the Board of Regents.

⁵ Document requests have been propounded on U. T. Austin by the New York Attorney General and the United States Senate HELP Committee. Through outside counsel on May 4, 2007, we have produced responsive documents and, at their requests, copied the Attorney General of Texas on that production. The Office of General Counsel also propounded document requests to Dr. Burt, personally, and OSFS, copies of which are attached to this report as Exhibits B and C, respectively.

⁶ As part of the investigation, a forensic copy of Dr. Burt's computer hard drive was taken. As a result, all of the documents on his hard drive were recovered, including documents that had been designated for deletion but had not yet been overwritten on the hard drive. The earliest date of any document recovered is September 10, 1999. The documents consisted principally of e-mails and attachments. While the copy of the hard drive yielded a substantial volume of documents, it could not capture documents that were deleted and overwritten long ago. For example, if Dr. Burt deleted an e-mail that he sent or received, over time the file likely would have been overwritten on the hard drive. In addition, the contents of Dr. Burt's Outlook file on the U. T. Austin server were copied.

This report highlights key findings regarding the most significant of these allegations⁷ and makes recommendations regarding OSFS management and oversight, implementation of student loan processes and procedures at U. T. Austin, ethics and conflicts of interest issues, and other obligations under which Dr. Burt and others in OSFS operate. We have confined our investigation to the time period from approximately 2001 to the present. An exhaustive investigation of Dr. Burt's full tenure in OSFS dating to 1994 could yield additional information.

Some limitations apply to the Office of General Counsel's ability to gather information in preparing this investigatory report. Unlike a court, a litigant, or a governmental entity with criminal investigatory powers, we have no authority to compel persons or entities to appear for interviews, truthfully answer interview questions, produce documents, or produce all of the documents requested. Nevertheless, we requested interviews of Dr. Burt and most of his top management staff, and propounded document requests on Dr. Burt and OSFS. Given the limited time period in which we conducted this investigation and our lack of subpoena power, we believe this report represents a substantially complete picture of the allegations it discusses. However, additional investigations by investigators with different access and powers could reveal additional findings.

II. EXECUTIVE SUMMARY

A. Overview of the Student Investigation

In an investigation that began in early 2006 and that was expanded this year, the New York Attorney General's office, now headed by Andrew Cuomo, is targeting "troubling and possibly illegal" practices of the student lending industry. In some cases, allegations involve claims of outright payments by student lenders to student financial aid offices at universities and their employees. At the heart of the New York Attorney General's investigation are allegations that student lenders have given benefits (often referred to as "kickbacks" by the New York Attorney General and the media) to universities and, in some cases, individuals employed in student financial aid offices as a *quid pro quo* for being listed on the university's lender list or for favorable placement relative to others on such lists. In the popular vernacular, these lists are called "preferred lender lists." However, the term "preferred" was not routinely used in conjunction with the lender lists previously published by OSFS. On April 16, 2007, U. T. System placed a moratorium on the use of lender lists by U. T. System institutions unless such lists are based solely on verifiable, objective criteria.⁸

Among the practices being investigated is revenue-sharing. Under alleged revenue-sharing arrangements, universities contracted for a commission or a percentage of profits a lender receives when a student from that university takes out or repays a loan. Our investigation has not revealed any evidence of a revenue-sharing arrangement at OSFS. Other allegations being investigated nationwide include:

⁷ This report does not attempt to discuss every single document or interview excerpt relevant to an allegation or issue. Instead, we use examples to support key findings relevant to significant allegations.

⁸ See Exhibit D, e-mail communication from Vice Chancellor and General Counsel placing moratorium on use of preferred lender lists.

1. Gifts and other perks provided by student lenders to student financial aid office workers, including athletic event tickets and resort travel.
2. Advisory board service by student financial aid personnel where the student financial aid employee serving on that advisory board was either paid for that service or treated to luxurious conference travel.
3. Gifts by or discounted purchases of equity in student lending companies doing business with student financial aid officers.
4. Outsourcing by universities of financial counseling and other student-oriented services to lenders, such as call centers (for example, under these alleged arrangements students who thought they were calling a university for objective financial advice were instead counseled by employees of student lenders with an interest in steering the students to their products).
5. Complimentary products and services by student lenders to student financial aid offices, such as operational software and processing facilities.
6. Agreements between universities and lenders to fund staffing of student financial aid offices.
7. Co-Branding initiatives between lenders and universities, whereby student lenders were identified and named in university materials; and
8. Incentives and inducements for universities to refuse to participate in the federal direct loan program.⁹

In sum, the New York Attorney General has suggested that these alleged practices have led to a corruption of the student loan industry. In return for perks and benefits given to universities and their employees personally, higher-cost lenders were directly and indirectly recommended to and foisted upon students, thereby costing students more to finance their college education. In the absence of proof of direct links showing a *quid pro quo* between these

⁹ Our investigation did not reveal any evidence of OSFS accepting or any lender offering any inducement to refrain from participating in the federal direct loan program. Therefore, this report does not address this issue any further. However, it is true that OSFS does not participate in the federal direct loan program. Our interviews with OSFS employees indicated that they had developed opinions about the federal direct loan program that may not comport with current reality. For example, Associate Director Don Davis stated the process was difficult, but it is our understanding that, if a financial aid office is already set up to process Pell Grants, it should be able to process funds from the federal direct loan program. (May 2, 2007 Interview with Don Davis.) Mr. Davis admitted that he had not looked into participating in the federal direct loan program since the mid-1990s. (May 2, 2007 Interview with Don Davis.) Other employees indicated a similar lack of awareness of the current program, and it did not appear to us that OSFS has investigated participating in the federal direct loan program in quite some time. We recommend that OSFS conduct an analysis of the federal direct loan program to determine if some of its features, such as “income contingent repayment options,” might benefit some U.T. Austin students, thus making it a worthwhile additional option for students.

inducements¹⁰ and placement on a preferred lender list and/or a precise measurement of damages arising from comparing the loan package of a lender on a university's lender list to one that was not, the New York Attorney General has generally espoused a usurpation of benefits theory to measure damages to students. In essence, the theory assumes that any benefits received by universities directly could or would have been bestowed instead on students in the form of lower interest rates or other borrower benefits.¹¹ The New York Attorney General has settled several cases against universities by having universities (1) disgorge benefits received and disburse those benefits to students, and (2) sign codes of conduct that pledge forbearance of such practices in the future. In Texas, on April 30, 2007, Texas Christian University reached such a settlement with the New York Attorney General, agreeing to a code of conduct and reimbursing students the total sum of \$13,000.¹²

B. The Allegations Concerning Dr. Burt and OSFS

The allegations against Dr. Burt, and OSFS generally, are narrower, although in our investigation, we looked for evidence of all of the practices discussed above. On April 4, 2007, President Powers received a letter from the New York Attorney General requesting documents and information concerning Dr. Burt. In the letter, the New York Attorney General stated that its investigation to date had revealed that Dr. Burt “may have received significant amounts of stock from Student Loan Xpress, Inc., one of UT-Austin’s preferred lenders.” The letter asked President Powers to “undertake to determine whether any other financial aid officers received any payment, stock, or other benefits from any other lending institutions.” Specifically, the New York Attorney General alleged that, “[i]n September 2003, Dr. Burt, along with several other shareholders including other financial aid directors, offered 1,500 of his formerly restricted shares of Education Lending Group, Inc. [then the parent company of Student Loan Xpress] for public sale pursuant to a prospectus filed with the Securities and Exchange Commission.”¹³ The New York Attorney General closed by expressing his deep concern that “Dr. Burt may have received these shares in exchange for placing Student Loan Xpress on UT-Austin’s various preferred lender lists, or that he may have recommended Student Loan Xpress for inclusion on these lists while he held the shares.”

On April 11, 2007, Senator Edward Kennedy, on behalf of the United States Senate Committee on Health, Education, Labor, and Pensions, wrote President Powers seeking documents related to the Education Lending Group, Inc. stock allegations against Dr. Burt. The HELP Committee has since interviewed Dr. Burt twice.

¹⁰ The Higher Education Act of 1965, 20 USC 1085(d)(5), mandates penalties for any lenders that offer “directly or indirectly, points, premiums, payments, or other inducements, to any educational institution or individual in order to secure applicants for loans.”

¹¹ “Borrower benefits” is a term generally used to describe a package of inducements offered to students in connection with a student loan. Examples of borrower benefits include lender payment of origination fees, interest reductions for repeated on-time payment, and forgiveness of other fees.

¹² “Cuomo: 6 More Colleges Sign Student Loan Code,” *Associated Press* article dated April 30, 2007.

¹³ As discussed below, Dr. Burt did not sell the stock in question until 2005.

On April 30, 2007, based upon documents received in open records requests, *The Daily Texan* ran a story detailing OSFS's use of a "lender treats" list as an analytical tool in its annual lender lists analyses. That story was picked up by the *Austin American-Statesman*, *The Wall Street Journal*, and several other national publications. To date, no outside investigatory agency has specifically requested documents concerning these allegations. However, we have included documents responsive to these allegations in our document productions to the New York Attorney General and Senator Kennedy's HELP Committee.

In addition to these formal written allegations, we have received inquiries from the State of Texas Office of Attorney General and the Office of the Travis County District Attorney. Both of those entities have asked to see the results of our investigation.

Since the beginning of this investigation, bills have been introduced at both the federal and state level to regulate all of the activity that is the subject of these allegations. To date, no legislation has been enacted. In Texas, bills have been introduced by Senators Eliot Shapleigh, Royce West, and Judith Zaffirini that would prohibit, for the most part, all of the conduct discussed above.

C. Summary of Investigative Findings

In investigating the full panoply of the allegations discussed above, our investigation centered on five specific areas of inquiry, which are discussed in detail in this report:

1. The process and procedure by which the OSFS lender lists were created and maintained, and related interactions with student lender representatives, including the receipt of food and entertainment by Dr. Burt and other OSFS employees from student lenders.
2. Dr. Burt's receipt and ownership of stock in Education Lending Group (the parent of Student Loan Xpress) at a time when he was overseeing operations of OSFS, and other potentially inappropriate relationships with Student Loan Xpress.
3. Service by OSFS employees on student lender advisory committees, and travel and entertainment provided to OSFS employees in conjunction with such service.
4. Provision of direct benefits to OSFS operations by student lenders; and
5. General awareness and application of, and training with regard to, state ethics and conflicts of interest laws and institution policies.

As to the issue of creation and maintenance of lender lists, the process was flawed. Dr. Burt effectively had sole decision-making authority as to which lenders were included on the list. The decision-making process was opaque, and the criteria used did not place primary emphasis on students' interests.

Dr. Burt owned stock in one publicly-held lender. It is not clear whether he paid fair value for it, but he was afforded a benefit in having the unique opportunity to acquire the stock in a private transaction. Given the totality of circumstances, Dr. Burt's acceptance of the stock, as

well as his acquisition of additional stock in the company on the open market, constituted a violation of U. T. System and U. T. Austin standards of conduct. In addition, Dr. Burt's failure to disclose his holdings at a time during which he was making decisions concerning that lender compounded the conflict and the appearance of impropriety.

As to student lender advisory committees, OSFS personnel did serve on such committees. Their service, however, did not violate Texas ethics laws or U. T. System or U. T. Austin policies.

In addition, OSFS did receive free software from two student lending companies. The receipt of such software, however, did not constitute a violation of relevant anti-inducement statutes and there was no harm to students from the use of the free software.

Finally, the investigation revealed a widespread ignorance among OSFS management about basic ethics and conflicts of interest principles. Dr. Burt failed to communicate a 'tone at the top' of ethics compliance. As such, the report outlines a number of recommendations to revamp ethics training and to ensure that a compliance culture prevails.

III. TEXAS ETHICS AND CONFLICTS OF INTEREST LAWS AND UNIVERSITY POLICIES

In order to understand a large part of the framework for the allegations investigated, it is important to understand the principles that govern ethics and conflicts of interest.¹⁴ The first and foremost rule of Texas ethics is that a state employee may never take anything as consideration for an official act.¹⁵ This provision, generally referred to as the "Texas Bribery Law," applies to any exercise of discretion by a state employee.¹⁶ Texas law also prohibits the acceptance of an honorarium for services that a state employee would not have been asked to provide but for his official status as a state employee.¹⁷ If a state employee is asked to provide services such as a speech because of his official status as a state employee, he may still accept meals, transportation, and lodging in connection with that speech and may also accept a nominal benefit, such as a plaque or coffee cup.¹⁸

If a state employee has determined that the proposed gift is not in consideration for an official act and does not constitute an honorarium as defined by state law, he may still not accept any benefit from any person or entity subject to regulation, inspection, or investigation by that employee's agency or who is interested or is likely to become interested in a contract or any

¹⁴ This brief discussion of Texas ethics and conflicts of interest laws does not discuss the laws as applied to registered lobbyists.

¹⁵ Section 36.02, Penal Code.

¹⁶ Section 36.02(a)(1), Penal Code.

¹⁷ Section 36.07, Penal Code.

¹⁸ Section 36.07(b), Penal Code; Texas Ethics Commission Advisory Opinion Nos. 36 (1992), 97 (1992), 118 (1993).

other type of pecuniary transaction with the agency.¹⁹ This general prohibition against accepting gifts or other benefits from prohibited sources is subject to a few defined exceptions:

1. A state employee may accept an item with a value of less than \$50, unless it is cash, a check, or a negotiable instrument.²⁰

2. A state employee may accept benefits or gifts based on kinship, a personal relationship independent of official status, a professional relationship independent of official status, or a business relationship independent of official status.²¹

3. A state employee may accept payments to which he is lawfully entitled for services provided in a capacity other than in his official status as a state employee.²² For example, a state employee may be paid for consulting services related to his expertise rather than his status as a state employee.

4. A state employee may accept benefits in the form of food, lodging, transportation, or entertainment regardless of value if accepted by the state employee as a guest and properly reported according to state law reporting requirements.²³ In order for a state employee to accept something as a guest, the donor must be present.

At U. T. Austin, all employees receive online training on these general ethical principles expressed in Texas law.²⁴ Upon employment at U. T. Austin, employees are required to sign and then periodically reaffirm campus standards of conduct that embody these principles and go further by pledging the employee to refrain from accepting a gift that “might reasonably tend to influence” the employee or that the employee “knows or should know is being offered with the intent to influence” conduct.²⁵ The standards of conduct also require an employee to refrain from making “personal investments that could reasonably be expected to create a substantial conflict between the employee’s private interest and the public interest.”²⁶ Dr. Burt last electronically acknowledged the standards of conduct in 1999. In addition, U. T. Austin

¹⁹ Sections 36.08(a) and (d), Penal Code.

²⁰ Section 36.10(a)(6), Penal Code.

²¹ Section 36.10(a)(2), Penal Code.

²² Section 36.10(a)(1), Penal Code.

²³ Section 36.10(b), Penal Code. For most state employees, there is no reporting requirement. However, Board members and agency heads may be required to report certain gifts on their annual personal financial statement filed with the Texas Ethics Commission.

²⁴ Online institutional compliance training can be accessed at <http://www.utexas.edu/administration/oic/>.

²⁵ Section 2113.014, Government Code.

²⁶ These standards of conduct are also provided by state law applicable to all state officers and employees. (Section 572.051, Government Code.) State law does not provide civil or criminal penalties for a violation of the standards. However, the Regents’ *Rules and Regulations* provide that failure to adhere to the standards of conduct may be grounds for disciplinary action. (Series 30104, Regents’ *Rules and Regulations*.)

employees are periodically provided an employee compliance guide entitled, “Do The Right Thing.” Employees are required to acknowledge that they have read and understand the guide. Dr. Burt last acknowledged the employee compliance guide in October 2001. Finally, U. T. Austin employees with contracting authority are required to complete a financial disclosure and conflict of interest statement. The financial disclosure and conflict of interest statement (essentially the same form in use throughout U. T. System) requires employees with contracting authority to disclose all business entities in which they hold a “substantial interest.”²⁷ Dr. Burt, in the past, has not completed a financial disclosure and conflict of interest statement because, under U. T. Austin policy, he does not have the authority to contract with or recommend contracts with outside entities.

IV. STRUCTURE OF THE STUDENT LOAN INDUSTRY; ROLE OF OSFS

In 2006, college students took out over \$85 billion in education loans.²⁸ The vast majority of those loans were originated, processed, serviced, and collected pursuant to an array of federally regulated loan programs implemented with the overall goal of increasing college access. While there is a federal direct loan program, most of the loans to students in the system are provided by private lenders. Sitting in the middle of the triangle between the federal government, private lenders, and college students are college and university student financial aid offices. These offices serve as the operational hub of the system. In the words of Dr. Burt, OSFS moves one-third of a billion dollars a year pursuant to federal regulation from private lenders and other financial aid servicers through OSFS into the hands of students attending U. T. Austin.²⁹

Student financial aid offices have or should have a vested interest in ensuring that the money gets to the right students at the right time in the right way. They play a key role in putting together award packages and communicating eligibility for funds to students. They routinely counsel students on financial aid packages by e-mail, telephone, and in person. They work with lenders as processing and service problems arise. They serve as a vital and necessary middleman between the student loan industry and its student borrowers. As such, they should and must be held to high standards of ethical conduct and accountability.

The creation and promulgation of lender lists by student financial aid offices nationwide, at least in theory, represent an attempt by those student aid offices to communicate useful information to student borrowers. For students sometimes faced with a dizzying array of

²⁷ “Substantial interest” in a business entity means: (1) a controlling interest; (2) ownership of more than 10 percent of the voting interest; (3) ownership of more than \$25,000 of the fair market value; (4) a direct or indirect participating interest by shares, stock, or otherwise, regardless of whether voting rights are included, in more than 10 percent of the profits, proceeds, or capital gains; (5) service as a member of the board of directors or other governing board, including a trustee or advisory director; (6) service as an officer; or (7) service as an employee.

²⁸ National Center for Education Statistics’ Data Analysis System (National Center for Education Statistics 2006); Adolph Reed, Jr., and Sharon Szymanski, “Free Higher Education” in *Academe*, July - August 2004, Volume 90, Number 4.

²⁹ April 19, 2007 Interview with Dr. Lawrence Burt conducted by Vice Chancellor and General Counsel Barry Burgdorf.

potential lenders (at U. T. Austin, there are over 150 lenders of various sizes actively offering a multitude of lending packages to U. T. Austin students), a lender list can be a useful vehicle to narrow the field. The compilation of lender lists by financial aid personnel who are solicited by lenders for inclusion in the lists, however, can create at least the appearance that lenders are included on the lists for reasons other than the merits of the loan products that they are offering to students.

V. LENDER LISTS AT OSFS

Our investigation revealed several distinct infirmities with the process and procedure by which lender lists were created and maintained by OSFS. Although this report speaks generally of a lender list or lender lists, it is important to note that OSFS maintained multiple lender lists based on the specific type of loan available to students.³⁰ The lender lists created by OSFS listed 20 lenders. There is significant overlap among the lists such that at any given time approximately 30-35 lenders were listed on various OSFS lender lists.

Size was a strength of OSFS lender lists. The OSFS lists did give students a range of meaningful choices. There is no statutory or regulatory requirement to have a preferred lender list, but the U.S. Department of Education has indicated that if a college has a preferred lender list, it must include at least three different lenders.³¹ Media reports indicate that lender lists at some universities comprised two or three lenders, or in some cases, one. These extremely short lender lists have a tendency towards “king-making,” enabling one or two lenders to capture an overwhelming majority of student loan volume on that campus. At U. T. Austin, no lender captured a majority of the volume of the total business on campus, and some lenders on the lender lists held as little as 2-4% of the volume in a given year.³²

However, our investigation revealed serious problems with the lender lists of OSFS.

A. Concentration of Power in Dr. Burt

All employees of OSFS interviewed in this investigation agreed that Dr. Burt was the ultimate decision-making authority as to which lenders were to be added to, or removed from,

³⁰ Attached as Exhibit E are sample OSFS lender lists.

³¹ “Proposed Regulatory Language: FFEL - Institutional Preferred Lenders” (to be codified at 34 CFR §§ 682.212 and 682.603) (pre-decisional draft proposed March 6, 2007). On April 23, 2007, Rep. Howard “Buck” McKeon, ranking minority member of the House Education and Labor Committee, introduced the Financial Aid Accountability & Transparency Act of 2007 (H.R. 1994). The legislation would require a minimum of three unaffiliated lenders on each preferred lender list. On February 1, 2007, Senator Kennedy introduced the Student Loan Sunshine Act (S. 486), and on February 7, 2007, House Education and Labor Committee Chairman George Miller introduced legislation in the House (H.R. 890, which was passed by the House of Representatives on May 9, 2007). Both pieces of legislation require a minimum of three unaffiliated lenders on each preferred lender list.

³² For example, a copy of an Excel spreadsheet entitled 060 UNDERGRAD FFELP LENDER LIST attached to Memo dated February 23, 2007 from Christine to Larry regarding 060 Lender Review is attached as Exhibit F. The memo indicates the lender volume and default rate information was obtained from the Texas Guaranteed Student Loan Corporation.

the lender lists in a given year.³³ Dr. Burt alone decided the final composition and ordering of the lender lists.³⁴ While he did receive input and statistical information from various employees, he did not routinely discuss that input with anyone else, and his staff generally did not question his construction of the lender lists or the reasons for any particular decision. Among documents produced by OSFS were several e-mails from Dr. Burt to OSFS employees reflecting authoritative decisions to add or remove a lender to the lists or to change the order of the lists without any rationale or explanation given for such decisions.³⁵ Employees promptly complied with these requests, sometimes in as little as 24 hours.³⁶

Dr. Burt himself noted that he molded the lists to include a variety of large and small lenders.³⁷ He changed the order to prevent some lenders from capturing too much volume,³⁸ and he added some lenders to “give them a try.”³⁹

Lack of collaborative decision-making with subordinates was coupled with the absence of oversight from anyone above Dr. Burt. Dr. Burt’s decision-making process with regard to the lender lists was not approved or endorsed by anyone at U. T. Austin to whom he reported.⁴⁰

This concentration of power and lack of any semblance of collaborative decision-making with regard to the lender lists resulted in a lack of transparency. As a result, there is no record reflecting Dr. Burt’s reasons for including a particular lender on the list, and there is no record upon which to assess the merits of his inclusion of any particular lender.

In sum, the concentration of power in Dr. Burt led to a process lacking transparency and accountability, which could not, at the end of the day, be adequately explained or rationalized to outside constituencies.

³³ May 2, 2007 Interviews of Don Davis (Associate Director), Miguel Wasielewski (Assistant to the Director), and Christine Gauger (Accounting and Loans Supervisor) conducted by Vice Chancellor and General Counsel Barry Burgdorf.

³⁴ April 19, 2007 Interview with Dr. Lawrence Burt (stating that the process used to construct lender lists was “subjective, or my own internal formula”); *see* e-mail from Barbara J. Kolthoff to Don Davis 8/8/03 (stating that Dr. Burt “approved the who and the order of presentation”) attached as Exhibit G.

³⁵ E-mails from Dr. Lawrence Burt to Samuel R. Riley and Don C. Davis 6/8/05, 6/9/05, and 7/5/05, attached as Exhibit H.

³⁶ E-mails from Dr. Lawrence Burt to Samuel R. Riley and Don C. Davis 6/8/05 and 6/9/05.

³⁷ April 19, 2007 Interview with Dr. Lawrence Burt (“As all the lenders know, *I* make the decisions [regarding placement on the lender lists].”)

³⁸ April 19, 2007 Interview with Dr. Lawrence Burt.

³⁹ April 19, 2007 Interview with Dr. Lawrence Burt.

⁴⁰ May 3, 2007 Interview with Dr. Lawrence Burt conducted by Vice Chancellor and General Counsel Barry Burgdorf.

B. Lack of Objective Criteria

As indicated above, there was no precise formula by which OSFS lender lists were constructed. No one inside or outside OSFS could objectively tell what process was used to create or maintain OSFS lender lists. On the contrary, subjective criteria were employed in Dr. Burt's decision-making process. In his interview, Dr. Burt stated that he looked at whether the Texas Guaranteed Student Loan Corporation was the guarantor of the lender's loans, the lender's consistency in the marketplace, borrower benefits offered by the lender, and the lender's general reputation for service.⁴¹ Dr. Burt admitted that the process was subjective and that he did not use any set formula.⁴² In later years, OSFS employees provided Dr. Burt information on "lender visibility" (discussed more fully below) and customer service.⁴³ The matrix for weighing these factors was uncertain, and lenders were rated "poor," "average," "good," or "very good" without any delineation of what it took to achieve each rating.

Again, the lack of an objective process results in several realized and latent problems. A heavily subjective process can easily serve as a hiding place for improper motives and lacks transparency and accountability. It provides no assurance to students or other constituents that a lender list is being constructed that serves its stated goal – to be an aid to students making complex educational financing decisions.

C. Failure to Use Students' Best Interests as Overriding Consideration

It is not at all clear that the factors considered by Dr. Burt in constructing OSFS lender lists, both objective and subjective, served the students' best interests or, even if they did, it is not clear how these factors were weighed in making the final decision. As mentioned above, Dr. Burt identified consistency in the marketplace as one factor used to evaluate student lenders for inclusion on OSFS lender lists. In recent years, this criterion was reduced to a measure of volume rank. No OSFS employee was able to clearly explain a correlation between volume rank and benefit to students. It does seem logical that some base level of volume could be used as a proxy to evaluate a lender's threshold familiarity with lending to U. T. Austin students. However, there is absolutely no evidence, and no one could explain, how or why a lender ranked 2nd in volume was a better lender than a lender ranked 7th in volume.

Another factor repeatedly mentioned by OSFS staff members was "OSFS visibility." This factor was distinguished from "school customer service." Again, no one could explain how, and there appears to be no reason why, OSFS visibility benefited students. In fact, it is a finding of this investigation that no such link exists. OSFS visibility was measured with reference to

⁴¹ April 19, 2007 Interview with Dr. Lawrence Burt.

⁴² April 19, 2007 Interview with Dr. Lawrence Burt.

⁴³ For example, a copy of an Excel spreadsheet entitled "050 Grad Lender List" (with handwritten notes "GRAD Lender List Analysis 060" dated 3/10/2006) attached to Memo dated March 10, 2006 from Sam to Larry regarding "050 Lender Review" (document provided by OSFS in response to document request) is attached as Exhibit I.

“presence” in the office by student lender representatives.⁴⁴ Student customer service problems, however, are handled by a completely different group of employees at a student lender. There is no reasonable connection between the number of visits a lender representative makes to OSFS and the lender’s ability to solve customer service problems.⁴⁵

Another factor cited by Dr. Burt was an evaluation of borrower benefits.⁴⁶ Students are induced to pick a particular lender through the offering of a robust package of borrower benefits, including promised reduction in interest rates for on-time payments and similar incentives. However, these loans are often sold soon after they are originated and the new lender assuming the loan typically is not bound to offer these benefits.⁴⁷ Some studies show that over 90% of student borrowers never realize their benefits, and 70% fail to realize benefits through no fault of their own.⁴⁸ One proposed legislative change that has not received as much attention with regard to the student lending industry is the creation of mechanisms to curtail this practice, such as an outright limit on the ability to transfer loans absent promised borrower benefits or a conspicuous disclosure that benefits may be terminated or modified. It appears that OSFS, to the extent that it considered borrower benefits, did not also assess the likelihood that such benefits would be lost upon resale of a loan.

Finally, Dr. Burt also looked at default rates to analyze student lenders for inclusion on lender lists. U. T. Austin has below-average default rates across all student loan categories. Lender default rates typically vary between 0% and 3-4% on campus.⁴⁹ It is not clear how an

⁴⁴ For example, a copy of an Excel spreadsheet entitled “050 Grad Lender List” (with handwritten notes “GRAD Lender List Analysis 060” dated 3/10/2006) attached to Memo dated March 10, 2006 from Sam to Larry regarding “050 Lender Review” (document provided by OSFS in response to document request) is attached as Exhibit I.

⁴⁵ May 7, 2007 Interview with Sam Riley (former OSFS employee) conducted by Vice Chancellor and General Counsel Barry Burgdorf.

⁴⁶ April 19, 2007 Interview with Dr. Lawrence Burt.

⁴⁷ For example, UFCU’s “Zero-Fee Loan” offered to UT students has language stating that UFCU “reserve[s] the right to change or discontinue the [borrower benefit] programs at any time without notice.” Citibank’s Federal Stafford Loan Discounts and Benefits are offered with the caveat that “[w]e reserve the right to modify or discontinue benefit programs at any time without notice.” In general, these borrower benefit discounts are not included as part of the original promissory note (the contract between the borrower and lender), and thus can be modified or changed at any time if the loan is sold or consolidated. Many student lenders sell every loan they originate.

⁴⁸ Open letter from Tim Fitzpatrick, CEO of Sallie Mae (Feb. 20, 2007) (stating that “the bottom line is that less than 10% of borrowers will earn all the advertised Repayment Benefits” and that over 70% of all student loan borrowers involuntarily lose their benefits due to consolidation or sale of their loan); Additional research from nonprofit public interest groups is even more pessimistic, indicating that between 0.14% and 6.0% of all borrowers will receive their full benefits. “FinAid! The SmartStudent Guide to Financial Aid” (2006); “Comparing Discounts on Federal Student Loans,” The Project on Student Debt (2005).

⁴⁹ For example, a copy of an Excel spreadsheet entitled “050 Grad Lender List” (with handwritten notes “GRAD Lender List Analysis 060” dated 3/10/2006) attached to Memo dated March 10, 2006 from Sam to Larry regarding “050 Lender Review” (document provided by OSFS in response to document request) is attached as Exhibit I.

analysis of default rates benefits individual students. None of the OSFS employees we interviewed were able to articulate a correlation between the historical default rates of a particular lender and a potential benefit to prospective student borrowers.

D. Inappropriate Use of Staff “Treats” as Criteria

It also appears that Dr. Burt acquiesced in the creation of lists tracking so-called “lender treats” and relied upon these lists in deciding whether to include particular lenders on the preferred lender lists. Sometime earlier in this decade, OSFS adopted a practice of tracking and charting the visits of student lender representatives to OSFS offices, but only when those visits included a food, snack, or entertainment benefit to OSFS staff members. The “lender treats” list compiled from May 2005 - December 2005 is indicative of the items tracked. OSFS staff members were treated to ice cream, lasagna, barbecue, candy bars, popcorn, happy hours, birthday cakes, cookies, and other personal benefits. It is worth noting that Student Loan Xpress is one of the most active lenders providing these benefits to OSFS staff.⁵⁰ The 2006 list contains a similar array of personal benefits bestowed upon OSFS staff.⁵¹ No OSFS staff member interviewed could recall exactly when OSFS began tracking “lender treats,” and none could say how Dr. Burt considered it in his analysis. Dr. Burt himself stated that he did not consider it,⁵² although the documents clearly show that this information was provided to Dr. Burt on an annual basis when he was making lender lists decisions for the upcoming year.⁵³

As discussed above, in addition to being a subjective factor not important to student welfare, the practice of overtly linking “lender treats” to lender list consideration may implicate the Texas ethics laws discussed in Section III above. The analysis is as follows: Texas gift laws allow state employees to accept gifts with a value of less than \$50. Most, if not all, of the items listed on OSFS treat lists were probably valued at less than \$50. However, it is worth noting that all of the employees of OSFS who were interviewed for this investigation stated that there were no processes in place to determine whether benefits received were worth more or less than \$50. It is equally clear under Texas law that OSFS employees could accept food and entertainment from a student lender representative if they were guests of the student lender representative. It also appears from statements and the “lender treats” lists that, in most cases, lender representatives were present when the food and entertainment were provided, but again there was no awareness among the OSFS employees interviewed that this mattered. Nonetheless, under

⁵⁰ For example, a copy of an Excel spreadsheet (with handwritten notes “Lender Treats 050,” dated 3/10/2006) attached to Memo dated March 10, 2006 from Sam to Larry regarding “050 Lender Review” (document provided by OSFS in response to document request) is attached as Exhibit I.

⁵¹ A copy of an Excel spreadsheet entitled “2006-07 Lender Events” attached to Memo dated February 23, 2007 from Christine to Larry regarding “060 Lender Review” (documents provided by OSFS in response to document request) is attached as Exhibit F.

⁵² May 3, 2007 Interview with Dr. Lawrence Burt.

⁵³ For example, a copy of an Excel spreadsheet entitled “050 Grad Lender List” (with handwritten notes “GRAD Lender List Analysis 060” dated 3/10/2006) attached to Memo dated March 10, 2006 from Sam to Larry regarding “050 Lender Review” is attached as Exhibit I, and a copy of an Excel spreadsheet entitled “2006-07 Lender Events” attached to Memo dated February 23, 2007 from Christine to Larry regarding “060 Lender Review” is attached as Exhibit F.

the Texas gift laws, even if some of the benefits exceeded \$49.99 in value, they could have been allowed.

However, both the “less than \$50” exception and “guest” exception do not apply if food or entertainment is accepted in exchange for an official act. The investigation did not reveal any express *quid pro quo* by which a lender was offered a place on a preferred lender list if it provided “lender treats” to OSFS staff or to Dr. Burt personally.⁵⁴ Whether or not a fact-finder would find a tacit *quid pro quo*, Dr. Burt’s conduct evidenced poor judgment and indifference towards Texas ethics and conflicts of interest law.

Outside of student lender representative visits to OSFS offices, we discovered other documentation illustrating connections between student lender benefits provided to OSFS staff and solicitations by student lenders to be included on OSFS lender lists. For example, as recently as February 7, 2007, Tom Ramaeker of Access Group e-mailed Don Davis inquiring whether his company “made the cut” for the 2007-08 lender list.⁵⁵ He continues by offering to take Dr. Burt and Mr. Davis to play golf.⁵⁶ We noted several other close connections between offers to entertain OSFS staff and inquiries about lender list decisions. This e-mail exchange falls short of proving an express *quid pro quo* for Access Group’s inclusion on 2007-08 OSFS lender lists⁵⁷ and, for example, the e-mail chain does not indicate whether Dr. Burt, Don Davis and Tom Ramaeker actually played golf together in March 2007. These situations, however, created appearances of impropriety that should have been avoided by all parties involved. As discussed above, playing golf with a student lender representative is not prohibited by the Texas ethics laws, but when questioned about such instances, OSFS management displayed a lack of sensitivity to the appearance of impropriety.

VI. DR. BURT’S STOCK OWNERSHIP IN EDUCATION LENDING GROUP, INC.

Interviews of Dr. Burt, documents provided by him, and documents filed with the Securities and Exchange Commission (“SEC”) in response to our document requests establish a timeline for Dr. Burt’s ownership of Education Lending Group, Inc. stock.

On January 31, 2001, Dr. Burt purchased 800 shares of Direct III Marketing, Inc. (Education Lending Group’s predecessor) through his Fidelity brokerage account.⁵⁸ At the same

⁵⁴ The investigation also revealed evidence of meals and entertainment (golf outing) provided directly to Dr. Burt by various student lenders. The Texas ethics law analysis would apply to these direct benefits provided to Dr. Burt.

⁵⁵ A copy of the e-mail exchange dated February 7, 2007 between Tom Ramaeker and Don Davis is attached as Exhibit J.

⁵⁶ See copy of the e-mail exchange dated February 7, 2007 between Tom Ramaeker and Don Davis attached as Exhibit J.

⁵⁷ See examples of OSFS lender lists attached as Exhibit E. Access Group did move from 9th to 5th in this year.

⁵⁸ As reflected in a Form 8-K filing with the SEC, effective May 21, 2002, Direct III Marketing, Inc. changed its name to Education Lending Group, Inc.

time, Dr. Burt also purchased 200 shares of Direct III Marketing stock for his son, Adam Burt.⁵⁹ Dr. Burt placed his 800 shares in his Roth IRA. This purchase was a market transaction initiated by Dr. Burt. Dr. Burt stated that he purchased the shares in Direct III Marketing because of his familiarity with, and belief in, Robert DeRose, Direct III Marketing's founder and a former employee of the American Express student lending group with whom Dr. Burt first worked during his days as the financial aid director at UCLA.⁶⁰

In November 2001, Direct III Marketing entered the full service student loan business through its subsidiary, Student Loan Xpress. Prior to that date, Direct III Marketing had been primarily involved in the student loan consolidation business.⁶¹

On December 31, 2001, Dr. Burt "purchased" 1,500 share equivalents of Direct III Marketing, Inc., which changed its name in May 2002 to Education Lending Group, Inc. (now the parent company of Student Loan Xpress), from Fabrizio Balestri, an old friend in the student loan lending business who was involved with Robert DeRose in Direct III Marketing. This "purchase" consisted of 1,000 shares and a stock purchase warrant to buy an additional 500 shares. Dr. Burt stated that he purchased these shares by giving cash to Mr. Balestri in three installments of \$500, \$250 and \$250 during three separate personal encounters with Mr. Balestri.⁶²

In March 2002, Dr. Burt decided to premiere Student Loan Xpress on the upcoming year's OSFS lender lists.⁶³

On July 22, 2002, Dr. Burt was sent a gift letter by Douglas L. Feist, Executive Vice President and General Counsel of Education Lending Group, Inc., explicitly stating that the 1,500 share equivalents were a gift to him.⁶⁴ This letter contradicts Dr. Burt's statements regarding payment of cash for the shares. On May 2, 2007, Vice Chancellor and General Counsel Barry Burgdorf received an e-mail from Fabrizio Balestri stating as follows: "This shall confirm that Larry Burt paid \$1.00 per share for 1,000 shares of Direct III Marketing that were issued pursuant to a private placement in 2001. In fact, Mr. Burt paid me a total of \$1,000 in

⁵⁹ According to Dr. Burt's attorney, Adam Burt held the stock until it was cashed out in the 2005 CIT acquisition discussed below.

⁶⁰ April 19, 2007 Interview with Dr. Lawrence Burt.

⁶¹ Page 5, Prospectus of Education Lending Group, Inc., filed pursuant to Rule 424(b)(3), dated September 23, 2003.

⁶² April 19, 2007 Interview with Dr. Lawrence Burt.

⁶³ Our investigation did not obtain a copy of the relevant 2002-03 lender list, but see a copy of the 2003-04 FFEL Stafford Subsidized and Unsubsidized Loan Lender List attached at Exhibit E.

⁶⁴ A copy of the Education Lending Group, Inc. letter, dated July 22, 2002, transmitting 1,000 shares to Dr. Burt and indicating shares are gift, is attached as Exhibit K. (The stock certificate was also dated July 22, 2002, with Direct III Marketing, Inc. struck through and N/C Education Lending Group, Inc. typed above the strikeout.)

cash for such shares.” Therefore, both parties to the transaction now agree that cash was paid for the shares.⁶⁵

In September 2003, Education Lending Group filed a prospectus disclosing the fact that holders of common stock and warrants acquired in private offerings were now permitted sell their holdings in the open market. The prospectus identified Dr. Burt and listed his holdings of his 1,000 shares of privately-acquired stock and 500 warrants. Dr. Burt, however, elected to hold onto his stock and did not sell it at that time. (Some initial news reports concerning the New York Attorney General’s investigation incorrectly stated that Dr. Burt had sold his stock at that time. The mistake was likely due to the fact that the prospectus included Dr. Burt on a schedule of “selling shareholders”, although the filing made clear that the identified shareholders were merely permitted, but not required, to sell their holdings).

On October 4, 2004, Dr. Burt exercised his stock purchase warrant to purchase 500 shares,⁶⁶ bringing his total share ownership in Education Lending Group to 2,300 shares.

In February 2005, CIT acquired Education Lending Group. In the acquisition transaction, individual shareholders were liquidated, and Dr. Burt sold all of his shares of stock.⁶⁷ The transaction for 800 of his shares was carried out through his Roth IRA. The sale of his remaining 1,500 shares resulted in a net profit of approximately \$18,050, as reported on Dr. Burt’s amended 2005 tax return.⁶⁸

As indicated at the beginning of this report, it was Dr. Burt’s stock ownership in Education Lending Group that focused the New York Attorney General’s attention on him and OSFS. Initially, Burt stated that his original stock ownership in Direct III Marketing was not a conflict of interest because at the time he first purchased 800 shares of Direct III Marketing it was only a loan consolidator and not a full service lender.⁶⁹ There are two problems with this line of reasoning. First, documents provided by OSFS indicate that OSFS evaluated whether student lenders offered loan consolidation as a factor for consideration for being on the OSFS lender lists. Often, student lenders team up with consolidators to offer this service. Therefore, even when it was only a loan consolidator, Direct III Marketing was much closer to the business

⁶⁵ It seems that the gift letter may have been issued to Dr. Burt in an attempt to satisfy the requirements of SEC Regulation D, which provides a limited exception for the unregistered private placement of securities. Because Dr. Burt was not an accredited investor, his purchase of shares in that private offering could have created SEC regulatory problems for Education Lending Group, Inc. This investigation has not attempted to investigate or verify the existence of any SEC violations related to this stock transaction.

⁶⁶ A copy of the Education Lending Group, Inc. letter, dated October 14, 2004, transmitting additional 500 shares to Dr. Burt, is attached as Exhibit L.

⁶⁷ Two Forms 1099-B, Proceeds From Broker and Barter Exchange Transactions, issued by CIT Group, Inc., reporting to the IRS for the tax year 2005 gross proceeds of \$9,525 and \$19,050, respectively, for Education Lending Tender Offer Process.

⁶⁸ Form 1040, Schedule D, as amended and filed by Lawrence W. Burt on or about April 26, 2007 to show corrected basis for February 2005 sale of Education Lending Group, Inc. stock.

⁶⁹ April 19, 2007 Interview with Dr. Lawrence Burt.

of OSFS than it might first appear. There is no evidence that Dr. Burt made any effort to determine whether Direct III Marketing was involved in loan consolidation for any of the lenders serving U. T. Austin students.

Second, as set forth in Education Lending Group's SEC filings, Direct III Marketing entered the student loan business through its subsidiary, Student Loan Xpress, in November 2001. This event, which Dr. Burt was clearly aware of, heightened the conflict of interest created by Dr. Burt's ownership in Education Lending Group and his role as director of OSFS. A short two months after Student Loan Xpress entered into the student loan business, Dr. Burt purchased an additional 1,500 share equivalents in Education Lending Group, the parent company of Student Loan Xpress.

Despite the gift letter from Education Lending Group's general counsel, it does not appear that Dr. Burt was actually gifted these shares. Because the shares were offered in a private placement, it is difficult to ascertain their true value. Because this investigation has not had access to other buyers in that private placement, we have not determined whether Dr. Burt paid the same per share price as others. If he paid a discounted share price, that reduced value would clearly be within the definition of a gift or benefit under Texas ethics laws.⁷⁰

Even if Dr. Burt had paid full price for the 1,500 share equivalents, he was still conferred a benefit by Education Lending Group. A "benefit" is defined as anything reasonably regarded as pecuniary gain or advantage,⁷¹ which Texas courts have construed to mean anything to which a price can be assigned.⁷² The mere opportunity to purchase in a private placement is not offered, and it cannot be offered, to the public if the private placement exemption is to be preserved. Dr. Burt was therefore afforded a unique opportunity to purchase Education Lending Group shares. It may be difficult but not impossible to place a price on this opportunity. Media reports and our research have revealed that other financial aid directors were offered the same opportunity. It seems probable then that Dr. Burt was offered this benefit of the opportunity to purchase shares at least in part due to his official status as director of OSFS.

While accepting a benefit because of official status is not by itself a violation of the bribery law under the Texas Penal Code, and while it may not violate the Texas gift statutes because Student Loan Xpress did not actually contract with OSFS and thus was not a prohibited source, acceptance of this benefit violated U. T. Austin's standards of conduct. By accepting a benefit and making an investment "that might reasonably tend to influence the officer or employee in the discharge of official duties or that the officer or employee knows or should know is being offered with the intent to influence the officer's or employee's official conduct" and "that could reasonably be expected to create a substantial conflict between the officer's or

⁷⁰ Texas Ethics Commission Advisory Opinion No. 282 (1995).

⁷¹ Section 36.01(3), Penal Code.

⁷² *Smith v. State*, 959 SW2d 1 (Tex.App.-Waco 1997, discretionary review ref'd).

employee's private interests and the public interests," Dr. Burt violated U. T. Austin's standards of conduct and the Regents' *Rules and Regulations*.⁷³

The next issue to consider with regard to Dr. Burt's Education Lending Group stock ownership is its relation to inclusion of Student Loan Xpress on various OSFS lender lists. Dr. Burt stated that he was aware that Student Loan Xpress was a subsidiary of Education Lending Group at the time he decided to put Student Loan Xpress on OSFS lender lists.⁷⁴ However, because of the concentrated, opaque, and subjective decision-making process that governed the creation and maintenance of OSFS lender lists, this investigation did not reveal any direct evidence that Dr. Burt accepted the 1,500 share equivalents of Education Lending Group in exchange for inclusion of Student Loan Xpress on OSFS lender lists. Nevertheless, the timing of the transaction in relation to Student Loan Xpress' inclusion on OSFS lender lists raises suspicion and, at least, creates the appearance of impropriety. As indicated above, Dr. Burt purchased 1,500 share equivalents of Education Lending Group on December 31, 2001, and three months later in March 2002, he decided to put Student Loan Xpress on OSFS lender lists as a new and, at that time, untested lender.

Dr. Burt asserted that he was willing to put Student Loan Xpress on the lender lists, even as a new lender, because in his words it was "born full grown" as a reincarnation of the American Express student lending group where Robert DeRose had worked. While this analysis may provide some justification for consideration of Student Loan Xpress, it does not fully explain its quick ascent on OSFS lender lists. Student Loan Xpress occupied the #1 spot over a five-year period on every list in our possession except for one list where it appeared as #11.⁷⁵ Don Davis, Associate Director of OSFS, stated that the 11th position at which Student Loan Xpress appeared on the 2003-04 FFEL Stafford Subsidized and Unsubsidized Loan Lender List is in fact a highly favorable position because it is at the top of the right-hand column of the lender list.⁷⁶ Some students might even see that as the 2nd position reading left-to-right in looking at the lender list.⁷⁷

The statistical information compiled by OSFS regarding Student Loan Xpress does not seem to justify a 1st ranking, and no employee of OSFS interviewed, including Dr. Burt, was able to articulate a compelling case for Student Loan Xpress being 1st on any lender list.⁷⁸ Even the flawed criteria Dr. Burt referenced when making lender list decisions indicate Student Loan

⁷³ U. T. Austin's Standards of Conduct; Series 30104, Regents' *Rules and Regulations*.

⁷⁴ May 3, 2007 Interview with Dr. Lawrence Burt.

⁷⁵ We do not have copies of every OSFS lender list, and Student Loan Xpress may not have offered every type of loan available to students. See, examples of OSFS lender lists attached as Exhibit E.

⁷⁶ May 2, 2007 Interview with Don Davis (Associate Director).

⁷⁷ May 2, 2007 Interview with Don Davis (Associate Director).

⁷⁸ May 2, 2007 Interviews of Don Davis (Associate Director), Miguel Wasielewski (Assistant to the Director and in charge of the Community & Outreach programs), and Christine Gauger (Accounting and Loans Supervisor) conducted by Vice Chancellor and General Counsel Barry Burgdorf.

Xpress was over-ranked. Student Loan Xpress volume ranks on the various lender lists were near the bottom of all lenders on the lists, school customer service was often rated as “average,” and, for example, on the GRAD Lender List for 2005, it is not even clear that Student Loan Xpress offered \$0 or reduced fees to students – a key borrower benefit. Finally, Student Loan Xpress’ 2005 default rate, while still below the national average, was on the high end for U. T. Austin at 3.2%.⁷⁹ The only category in which Student Loan Xpress excelled in comparison to other lenders was in “OSFS visibility,” where it was ranked “very good.” As noted earlier, a review of the “lender treats” list indicates that Student Loan Xpress was extremely active in visits and provision of treats to OSFS staff.

Dr. Burt’s acceptance of Education Lending Group shares and continued retention of them in his portfolio represents an error in judgment that created an appearance of impropriety and leads one to seriously question whether there was a *quid pro quo* for purchase of those shares and inclusion of Student Loan Xpress on OSFS lender lists. Even if Dr. Burt had made the purchases without recognition of the real or apparent conflict, he had at least two options for remedying, or at least lessening, the conflict. First, when considering Student Loan Xpress for inclusion on OSFS lender lists, he could have liquidated his investment in Education Lending Group. If divestment was not an option for financial or other reasons, Dr. Burt could have at least disclosed his ownership and recused himself from any participation in any process where OSFS made decisions concerning Student Loan Xpress.⁸⁰ Although disclosure of Dr. Burt’s interest in Education Lending Group would not be called for by U. T. Austin’s financial disclosure and conflict of interest statement (Dr. Burt’s holdings in Education Lending Group were not a “substantial interest”), this report mentions disclosure and recusal because of the totality of the circumstances surrounding his involvement with Student Loan Xpress.

The appearance of impropriety due to Dr. Burt’s ownership of stock in Education Lending Group is further bolstered by evidence of his efforts to promote Student Loan Xpress to others in the industry. Our investigation revealed at least two undated draft letters from Dr. Burt to others proclaiming the virtues of Student Loan Xpress as a student lender. The first was addressed to Jill Desjean, Chair of Graduate Financial Aid at The New School in New York. Dr. Burt closes the letter by stating that “I highly recommend Student Loan Xpress to The New School.”⁸¹ The second draft letter is perhaps more troubling in that it is a form letter to directors of financial aid in general. It is set up for Dr. Burt’s signature but makes it appear as if Dr. Burt is an employee of, or contractor for, Student Loan Xpress. The letter opens by stating that “Student Loan Xpress would like to take this opportunity to introduce a new and exciting

⁷⁹ For example, a copy of an Excel spreadsheet entitled “050 Grad Lender List” (with handwritten notes “GRAD Lender List Analysis 060” dated 3/10/2006) attached to Memo dated March 10, 2006 from Sam to Larry regarding “050 Lender Review” (document provided by OSFS in response to document request) is attached as Exhibit I.

⁸⁰ Appropriate handling of conflicts of interest situations always entails a case-by-case analysis. Therefore, it is worth noting that if a conflict exists, recusal may not always clear the conflict, especially for a department head who oversees all departmental operations and to whom all of the department’s employees ultimately report. Still, recusal can usually improve the appearance issue.

⁸¹ A copy of the draft letter to Jill Desjean is attached as Exhibit M.

product . . .”⁸² As stated above, both of these letters are in draft form, and our investigation did not obtain final, signed copies of these letters. However, we have some indication from a regulatory agency that the New School letter, or a similar letter, was in fact signed by Dr. Burt and sent. Dr. Burt stated that he did not remember either letter and did not recall similar efforts on behalf of any other student lender.⁸³

Taken together with his stock ownership in Education Lending Group, these efforts indicate a close relationship between Dr. Burt and Student Loan Xpress. Other factors that evidence this relationship include (1) admitted long-standing friendship with Fabrizio Balestri,⁸⁴ which included international travel together;⁸⁵ (2) service on Student Loan Xpress’ Advisory Board (discussed in Section VII below), one of the few on which Dr. Burt chose to serve; and (3) the elevated presence in OSFS of the Student Loan Xpress lender representative – Jennifer Golden, a former employee of OSFS.

In sum, Dr. Burt’s relationship with Student Loan Xpress at the very least created the appearance of impropriety and cast substantial doubt on Dr. Burt’s decisions to place Student Loan Xpress at the top of OSFS lender lists. At a minimum, Dr. Burt’s stock ownership should have been disclosed, and he should have recused himself from any dealings with or decisions affecting, Student Loan Xpress that took place within the scope and capacity of his official duties.

VII. SERVICE ON STUDENT LENDER ADVISORY COMMITTEES

Our investigation revealed that several members of the OSFS management team, including Dr. Burt, served on student lender advisory committees. Most invitations for committee membership were extended directly to Dr. Burt. On some occasions, he asked other members of his management team to serve on those committees.⁸⁶ All OSFS employees interviewed agreed that Dr. Burt alone controlled approval for service on the committees. The statements of these employees are also consistent in that the overriding criteria for whether to

⁸² A copy of the draft letter is attached as Exhibit N.

⁸³ May 3, 2007 Interview with Dr. Lawrence Burt. However, our investigation revealed evidence that Dr. Burt bragged to a representative of Collegiate Funding Services (CFS) that he “did a billboard” for CFS by wearing a CFS t-shirt during an interview for Fox News. (See, copy of e-mail exchange dated August 21, 2001 between Larry Burt and Rick Medley attached as Exhibit O.) This e-mail is another example of questionable connections between student lenders on OSFS lender lists (see, examples of OSFS lender lists attached as Exhibit E) and offers of entertainment. In the e-mail exchange, Rick Medley, who was at the time married to Jennifer Medley (now Jennifer Golden), the Student Loan Xpress representative and former OSFS employee who so often visited OSFS, offers to pay for Dr. Burt’s tickets to the Texas/OU game and let him stay at his house in Dallas for the weekend.

⁸⁴ Various e-mails between Dr. Burt and Mr. Balestri discussing personal visits are attached as Exhibit P. In addition, Dr. Burt admitted that Mr. Balestri “lent” him Marriott hotel points to pay for Dr. Burt’s hotel room when they were in Paris together. May 10, 2007 Interview with Dr. Lawrence Burt.

⁸⁵ May 3, 2007 Interview with Dr. Lawrence Burt.

⁸⁶ May 7, 2007 Interview with Sam Riley (former OSFS employee).

serve on an advisory committee were whether OSFS could gain useful information about the lender and could have the opportunity to shape that lender's product offerings to students.⁸⁷ All employees said that all service on student lender advisory committees was unpaid, and our investigation did not reveal any documents showing that any OSFS staff were paid for their service on student lender advisory committees.⁸⁸ However, it is standard practice for most companies to reimburse advisory committee members for travel, lodging, and entertainment expenses associated with attendance at meetings.

Dr. Burt served on the following student lender advisory committees:⁸⁹

<u>Board</u>	<u>Service Dates</u> ⁹⁰
Sallie Mae Advisory Board	-- approximately 2000/2001 to present
Wells Fargo	-- approximately 2002 to present
Student Loan Xpress	-- approximately 2002/2003 to present
Citibank	-- approximately 2005 to present; however, Dr. Burt stated that he never attended a Citibank advisory committee meeting
Chase	-- approximately 1998 to 2003
American Express	-- service ended in 2001 when American Express got out of the student lending business

Dr. Burt said he traveled a few times per year to student lender advisory committee meetings.⁹¹ He specifically recalled trips for Student Loan Xpress to New York and San Diego. He stated that he did not travel internationally to attend any student lender advisory committee meetings. Dr. Burt and other employees of OSFS interviewed for this investigation stated that the typical student lender advisory committee meeting involved going to two days of 8:00 a.m. to 5:00 p.m. meetings, during which student lenders discussed potential new product offerings, discussed process and service concerns in the industry in general, and sought feedback from

⁸⁷ May 2, 2007 Interviews of Don Davis (Associate Director), Miguel Wasielewski (Assistant to the Director and in charge of the Community & Outreach programs), and Christine Gauger (Accounting and Loans Supervisor) and May 7, 2007 Interview with Sam Riley (former OSFS employee).

⁸⁸ Dr. Burt was paid for his service on Department of Education Advisory Committees on student financial aid. Form W-2s provided by Dr. Burt show that he was paid a total of \$2,300 over 5 years for this service.

⁸⁹ Some of the advisory committees listed below are in the process of disbanding.

⁹⁰ As of the date of this report, Dr. Burt may have resigned from some of these committees.

⁹¹ April 19, 2007 Interview with Dr. Lawrence Burt.

committee members.⁹² In the evening, the lenders typically provided dinner and related entertainment to committee members.⁹³

Again, under Texas ethics laws, acceptance of reimbursement of travel, lodging, and entertainment expenses for state employees who are members of student lender advisory committees is permissible either (1) when the employee is a guest of the student lender providing reimbursement,⁹⁴ or (2) as a legitimate gift to a state employee's employer because reimbursement of expenses serves an interest of the state entity.⁹⁵ Under either justification, acceptance of reimbursement of travel, lodging, and entertainment expenses related to student lender advisory committees by OSFS employees, including Dr. Burt, does not violate Texas ethics laws.

Instead, the question is one more of judgment and appearance for OSFS employees dealing with student lenders. Extensive participation with a particular student lender can create the appearance of impropriety. Likewise, the acceptance of overly luxurious travel, lodging, and entertainment can create an expectation that the student lender will receive something in return. Our investigation did not reveal any particular problems along these lines related to OSFS employee service on student lender advisory committees. However, given the current state of nationwide investigations being conducted in the student lender industry, it is our recommendation that OSFS employees avoid service on student lender advisory committees until industry-wide standards can be promulgated on the continued existence of such committees, and U. T. Austin can be assured that those standards are implemented in a way that guards against any suggestion or appearance of impropriety.

In conclusion, this investigation did not reveal any ethical violations related to student lender advisory committee service by Dr. Burt or other OSFS employees.

Nationwide, some investigators have alleged that student financial aid directors received lucrative consulting work from student lenders. We inquired into this practice with regard to OSFS. No employee we interviewed, other than Dr. Burt, reported receiving any consulting income. Dr. Burt did report some limited consulting income from two entities not directly involved in student lending. In 2003, Dr. Burt wrote a piece on college student financial aid for Noel-Levitz, a publisher of a college guide owned by Sallie Mae. Dr. Burt was paid \$600 for this work and provided evidence of this payment by providing a Form 1099-MISC.⁹⁶ Dr. Burt

⁹² May 2, 2007 Interviews of Don Davis (Associate Director), Miguel Wasielewski (Assistant to the Director and in charge of the Community & Outreach programs), and Christine Gauger (Accounting and Loans Supervisor) and May 7, 2007 Interview with Sam Riley (former OSFS employee).

⁹³ May 2, 2007 Interviews of Don Davis (Associate Director), Miguel Wasielewski (Assistant to the Director and in charge of the Community & Outreach programs), and Christine Gauger (Accounting and Loans Supervisor) and May 7, 2007 Interview with Sam Riley (former OSFS employee).

⁹⁴ Section 36.10(b), Penal Code.

⁹⁵ Section 65.31(e), Education Code.

⁹⁶ Form 1099-MISC for tax year 2003 produced in response to document requests propounded by Office of General Counsel.

wrote a similar article for Peterson's, another college guide, and received \$1,000 for this work.⁹⁷ Finally, Dr. Burt wrote yet another article for Sallie Mae's college guide, but he was not paid for this work. He stated that he received a plaque and a copy of the book in which his article was included for his work on the Sallie Mae college guide.⁹⁸ There is no indication that he was asked to provide any of this work because of his official position rather than because of his extensive expertise in student financial aid matters.

Although none of these consulting arrangements indicate the type of lucrative consulting contracts alleged to have been received by other financial aid directors, Dr. Burt stated that he did not follow proper U. T. Austin outside employment procedures with regard to this work.⁹⁹ He had no specific knowledge of any procedures at U. T. Austin related to outside employment and did not follow any particular process or procedure in deciding whether to do consulting work when offered.¹⁰⁰

VIII. INVESTIGATION OF DIRECT PAYMENTS TO OR FUNDING OF OSFS BY STUDENT LENDERS

As stated earlier, our investigation did not reveal evidence of any revenue-sharing arrangements between OSFS and student lenders. Neither did we receive any statements or collect any documents that indicated the outsourcing (deceptive or otherwise) of OSFS functions to student lenders, *i.e.*, the call center example. We did not uncover any evidence that any student lender financed, in whole or part, staffing of OSFS.

We also specifically inquired as to any co-branding or cooperative initiatives between student lenders and OSFS. We found no instances of collateral materials or promotional brochures distributed by OSFS or its employees promoting or touting a particular student lender. In fact, we did learn of one instance in which a student lender, without authorization from OSFS, created promotional materials deceptively tying that lender to OSFS. In that instance, Citibank sent burnt orange cards to students with the OSFS office listed as the return address. Citibank was instructed to immediately cease and desist distribution of the cards and was removed from the OSFS lender lists for that year.¹⁰¹ We found that OSFS employees were relatively vigilant in monitoring and controlling any deceptive associations between student lenders and OSFS. However, in looking for these types of arrangements, our investigation did reveal two areas that warranted additional inquiry.

⁹⁷ Form 1099-MISC for tax year 2002 produced in response to document requests propounded by Office of General Counsel.

⁹⁸ April 19, 2007 Interview with Dr. Lawrence Burt.

⁹⁹ April 19, 2007 Interview with Dr. Lawrence Burt. However, we should note that if Dr. Burt did have a personal consulting contract with a student lender, that would not be the type of document typically kept in OSFS files. Thus, we have relied on Dr. Burt to disclose any contract that existed.

¹⁰⁰ April 19, 2007 Interview with Dr. Lawrence Burt.

¹⁰¹ May 3, 2007 Interview with Dr. Lawrence Burt.

A. Free Student Exit Interview Software Provided by Collegiate Funding Service to OSFS

It appears that Dr. Burt approved an arrangement with one of the lenders on the OSFS lender list, Collegiate Funding Services (CFS), whereby OSFS, at no cost to it, used CFS software in exit interviews. During exit interviews, graduating students are provided with counseling concerning matters such as repayment of their loans, avoiding defaults, and options for consolidating their loans.¹⁰² CFS provides a software program called Collegexit, which schools can use to facilitate the exit interview process.

This free software appears to have functioned as a vehicle for CFS to market its loan consolidation programs. In or around February 2001, a CFS representative began providing Dr. Burt with information about the Collegexit program.¹⁰³ Six months later, the CFS representative reported to Dr. Burt that 532 U. T. Austin students had successfully completed the Collegexit program. He added that of those students, 201 had “asked us for more information about consolidation.”¹⁰⁴ As currently configured, the Collegexit program directs students with questions about matters such as consolidation loans to a Collegexit customer service representative. Although we could not independently confirm that this was the case when OSFS began utilizing the software in 2001, this e-mail suggests that it was the case.

While U. T. Austin did not receive any compensation for having utilized the Collegexit program, the program was provided free of charge. U. T. Austin was therefore spared the cost of developing or purchasing its own college exit software. It would be problematic if students who utilized Collegexit were steered to consolidated loan products that were materially worse than other ones that they could obtain in the market. There does not appear to be any evidence that this was the case.

Moreover, the ability of CFS to use Collegexit as a means of marketing its products does not appear to have been the reason that OSFS elected to use it. Indeed, there were other legitimate reasons for OSFS to utilize the program. Collegexit appears to be a well-recognized program used by many higher education institutions. It saves institutions substantial resources from having to develop exit interview software. Furthermore, the use of a software program such as Collegexit benefits students by making the exit interview process more efficient.

In addition, OSFS’s use of the software was consistent with the federal anti-inducement statute. In 1998, the statute was amended to provide that “it shall not be a violation . . . for a lender to provide assistance to institutions of higher education comparable to the kinds of assistance provided to institutions of higher education by the Department of Education.”¹⁰⁵ In a

¹⁰² Federal regulations require that institutions conduct such exit interviews. *See, e.g.*, 34 C.F.R. § 682.604(g).

¹⁰³ *See* E-mail from Rick Medley to Dr. Burt, February 14, 2001, 5:22 PM, attached as Exhibit Q.

¹⁰⁴ *See* E-mail from Rick Medley to Dr. Burt, August 7, 2001, 10:46 AM, attached as Exhibit R.

¹⁰⁵ The Higher Education Act of 1965, 20 USC 1085(d)(5), mandates penalties for any lenders that offer “directly or indirectly, points, premiums, payments, or other inducements, to any educational institution or individual in order to secure applicants for loans.”

1999 commentary, the Department of Education offered clarification of this exception indicating that, among other things, it is not a violation of the anti-inducement law for a student lender to “develop and offer to schools electronic products and services, including Web-based processes that can be used to meet counseling requirements.”

While the use of the Collegexit program did not give rise to any legal violations, the documentation as to the factors that were considered in selecting it is incomplete. A January 2001 e-mail from an OSFS employee reflects a thorough analysis of the merits of Collegexit.¹⁰⁶ We identified no documentation, however, reflecting Dr. Burt’s decision-making process or the substance of his discussions with CFS about it. This fact is more problematic in light of e-mails that indicate an inappropriate relationship between Dr. Burt and CFS. Shortly after the CFS representative sent the August 7 e-mail citing the number of students who had inquired about consolidation loans, Dr. Burt sent the representative an e-mail stating, “I did a billboard for you.” Dr. Burt explained, “I was wearing my CFS shirt and did an on-camera interview with Fox News about the dangers of credit cards.”¹⁰⁷ The representative responded by asking about tickets for the upcoming Texas/OU football game, adding that he was willing to pay for Dr. Burt’s own tickets and inviting Dr. Burt to stay at his house.¹⁰⁸

In short, the selection and use of Collegexit, while not giving rise to any violations of federal or state legal provisions, represents another instance of Dr. Burt’s inappropriate relationship with student lenders and his failure to maintain a transparent process by which the school’s relationships with lenders could be independently assessed.

B. Free Loan Processing Software Provided by Nellie Mae to OSFS

First, from FY2002-03 to FY2003-04, Nellie Mae provided OSFS free software that automatically created award letters to be sent to students. This award presentation software was a back-office application that was not known to students. We did not uncover any evidence that OSFS revealed or marketed the Nellie Mae association to students. All OSFS employees who were interviewed concerning this software arrangement gave their opinion that the decision to use the free Nellie Mae software was made in order to realize cost-savings for OSFS while OSFS developed its own award presentation software. In fact, during the time that OSFS was using the Nellie Mae software, it undertook to create its own award presentation software. After OSFS developed its own award presentation software, OSFS stopped using the Nellie Mae software.

In choosing the Nellie Mae software as an interim product, OSFS undertook an extensive search for the best product in the market. The choice of the Nellie Mae software is amply supported by contemporaneous documentation evaluating it in comparison to other student lender software for award letter presentation.¹⁰⁹

¹⁰⁶ See E-mail from Miguel Wasielewski, January 31, 2001, 8:00 AM, attached as Exhibit S.

¹⁰⁷ See E-mail from Dr. Burt to Rick Medley, August 20, 2001, 10:18 AM, attached as Exhibit O.

¹⁰⁸ See E-mail from Rick Medley to Dr. Burt, August 21, 2001, 1:31 PM, attached as Exhibit O.

¹⁰⁹ Copies of Miguel Wasielewski’s December 16, 2000 and May 15, 2001 e-mail evaluations are attached as Exhibit T.

In the final analysis, use of the Nellie Mae software saved OSFS money. Its use does not appear to have created any harm to students. In fact, to the extent that the software did a good job of generating accurate award letters, it was a direct benefit to students.

Nellie Mae was on OSFS lender lists while the Nellie Mae software was in use, at times rising to 1st on some lists.¹¹⁰ *The Wall Street Journal* previously reported that part of the reason Nellie Mae “landed” on U. T. Austin lender lists was because Nellie Mae gave OSFS free software. As discussed earlier, because of the unclear decision-making process regarding the lender lists, it is almost impossible to determine whether this was the case. However, it is worth noting that Nellie Mae had been on OSFS lender lists prior to providing the free award presentation software and remained on OSFS lender lists after OSFS began using its own award presentation software.

With regard to use of the free Nellie Mae award presentation software, we conclude that there was no harm to students and that the choice of Nellie Mae as the provider of the free software was adequately documented, and there exists strong evidence that Nellie Mae’s software was the best choice at the time for OSFS. OSFS’s speedy development of its own product shows that it was not intending to rely on Nellie Mae or any other student lender in the long term to provide this function for OSFS. Further, OSFS did not market or advertise use of the Nellie Mae software to students. Finally, we find that use of the Nellie Mae software was consistent with the federal anti-inducement law. As explained above, the 1998 amendment to the statute, reinforced by subsequent Department of Education guidance, makes clear that it is not a violation of the anti-inducement law for a student lender to provide software programs that an institution can use in connection with student counseling.

C. Student Lender Underwriting of OSFS Operations

A second inquiry in this part of our investigation was the donation of monies to U. T. Austin by lenders involved in student lending. First, we noted that some financial institutions that are in the business of student lending donated scholarship funds. Contributing lenders included Sallie Mae, University Federal Credit Union, Wells Fargo, Sun Trust, BankOne, Nelnet, Bank of America, and First National Bank. Many times these scholarship donations were through the financial institution’s charitable foundation. Amounts varied from a low of \$25 to a high of \$5,000.¹¹¹

To determine whether any of these scholarships was inappropriately used, we tracked the receipt of these scholarship funds through OSFS accounts. It appears that in all instances the scholarship funds were administered by OSFS for the benefit of students and passed directly on to students in the form of scholarship monies granted. However, as of the date of this report, we are still performing audit inquiries on OSFS accounts to ensure that no designated scholarship

¹¹⁰ See U. T. Austin’s 2003-2004 Federal Subsidized Stafford Loan / Unsubsidized Stafford Loan Lender List, attached at Exhibit E. (That list ranks Nellie Mae #1. Nellie Mae subsequently moved to #5 the following year and has fallen in ranking consistently since then.)

¹¹¹ It appears some of the smaller amounts may have been matches of lender employee contributions.

funds were used by OSFS for other than direct scholarships to students. If any inappropriate activity is found, we will provide a supplement to our report on those findings.

Second, in our document review, we found that Dr. Burt also approved the solicitation of lenders to underwrite the cost of, and to participate in, presentations by OSFS personnel to high school students concerning the financing of college costs. OSFS personnel regularly give presentations to high school students concerning the affordability of college, and U. T. Austin routinely bears the cost of these presentations. In 2003, Dr. Burt approved a solicitation to some student lenders whereby OSFS would “partner” with lenders who would be willing to bear the costs of the presentations.¹¹² Under the proposed arrangement, the lenders would also be able to make presentations concerning their own loan programs. Several lenders agreed to the proposal.¹¹³

When we interviewed OSFS employees, we inquired as to whether they recalled any joint presentations or trips with student lenders. Miguel Wasielewski, who is in charge of outreach programs at OSFS, recalled one specific instance where OSFS and student lenders traveled to South Texas together and, over the course of a week, shared the stage while making presentations to high school students.¹¹⁴ Mr. Wasielewski stated that OSFS evaluated the “program” and discontinued it after only one occurrence because OSFS did not believe it was effective for prospective students.¹¹⁵ We have not seen any documents or heard any statements that led us to believe this “program” is currently continuing at OSFS.

We have not yet determined whether any student lenders actually underwrote OSFS presentations made in South Texas. As mentioned above, we are still performing audit activities on OSFS accounts and will supplement this report if we discover any monies contributed by student lenders in response to Dr. Burt’s solicitation.

In sum, it appears that OSFS was diligent and responsible in tracking receipt of direct benefits from student lenders. Although we are still performing audit activities, in the two instances where such benefits were received, we found that direct benefits were conferred upon students and that OSFS itself did not inappropriately or disproportionately benefit from those gifts.

¹¹² See January 21, 2003 and February 14, 2003 e-mails from Miguel Wasielewski to Lawrence Burt (discussing the proposal to the lenders and lenders’ responses) attached as Exhibit U.

¹¹³ See February 14, 2003 e-mail from Miguel Wasielewski to Lawrence Burt (identifying those lenders who responded favorably to the proposal) attached as Exhibit U.

¹¹⁴ May 2, 2007 Interview with Miguel Wasielewski (Assistant to the Director and in charge of the Community & Outreach programs).

¹¹⁵ May 2, 2007 Interview with Miguel Wasielewski (Assistant to the Director and in charge of the Community & Outreach programs).

IX. OSFS MANAGEMENT'S LACK OF AWARENESS REGARDING ETHICS AND CONFLICTS OF INTEREST ISSUES

We interviewed most of Dr. Burt's top management team during our investigation. Among those interviewees, we found an almost complete lack of awareness related to basic ethics and conflicts of interest principles. The management team failed to implement even the most basic processes and procedures necessary to handle ethics and conflicts of interest issues as they arose. To put this into perspective, it is important to recall the words of Dr. Burt, who described OSFS as an office that moves one-third of a billion dollars a year, pursuant to federal regulation, from private lenders and other financial aid servicers, through OSFS, into the hands of students attending U. T. Austin.¹¹⁶ The mission of OSFS requires it to ethically and responsibly sit in the middle of the triangle between the federal government, private lenders, and college students. This is an important responsibility, and one that must be carried out with the highest regard for ethical conduct and accountability.

Despite the prominent position and important function of OSFS, our investigation found no evidence that OSFS management paid even the most basic attention to ethics and conflicts of interest. OSFS management employees were repeatedly questioned on their knowledge of, and training in, ethics and conflicts of interest. Most vaguely recalled online training they were required to take when they first became employees. Departmentally, there was no follow up on this training. No one interviewed ever recalled a single instance when Dr. Burt spoke to them about ethics and conflicts of interest or gave them any guidance on how to deal with lender representatives. Perhaps Dr. Burt himself was failed by not being provided adequate ethics training. However, neither Dr. Burt nor anyone else on his management team implemented any processes or procedures to address ethics and conflicts of interest issues. No attempt was made to value gifts that were received. No formal process was in place for staff employees to clear interaction with, or seek guidance from, management about student lender representatives. No written guidelines existed within OSFS for employees to rely upon when being entertained by student lenders.

As director of OSFS, Dr. Burt was responsible for leading his employees in all respects. In the final analysis, the absence of sufficient ethics and conflicts of interest awareness and training must be laid at his feet. If the proper training and appropriate knowledge was not provided, he needed to seek it.

Many of the situations discussed in this report could have, and should have, been dealt with through adequate documentation and a defined process for dealing with conflicts of interest. In some cases, simple disclosure and recusal would have solved even the appearance of impropriety. However, this type of ethical decision-making simply did not occur because management did not make it a part of the culture of OSFS.

Dr. Burt's own employees in OSFS feel that he failed them in this regard. No one interviewed was aware of Dr. Burt's ownership of Student Loan Xpress stock prior to its public disclosure in the newspapers. All employees interviewed were "surprised" or "shocked" that he

¹¹⁶ April 19, 2007 Interview with Dr. Lawrence Burt.

owned Student Loan Xpress stock and stated their opinion that they would have, and he should have, avoided such a conflict of interest. Two of the employees interviewed stated their belief that because of these failings, Dr. Burt no longer has the credibility or authority to lead OSFS.

X. CONCLUSIONS AND RECOMMENDATIONS

This report has detailed the results of our investigation of Dr. Burt, in his role as the director of OSFS, and of the practices of OSFS with regard to student lenders and, specifically, the creation and maintenance of lender lists. Not having express investigatory powers (civil or criminal), acknowledging we have not interviewed some potentially key witnesses (*i.e.*, Fabrizio Balestri and Robert DeRose), and stating that we are still performing some audit work related to OSFS accounts, we looked into the following areas and now make the conclusions and recommendations set forth below. Of course, our recommendations must be considered with regard to any new requirements that may be imposed on university financial aid offices and the student loan industry generally by new federal and/or state legislation.

1. **Inquiry:** The process and procedure by which OSFS lender lists were created and maintained.

- **Conclusions:** Independent of any ethical concerns, the process by which OSFS created and maintained lender lists was flawed in several material respects.
- Decision-making power with regard to lender lists was inappropriately concentrated in one person, Dr. Burt.
- Lack of objective criteria led to an opaque process with no accountability.
- The best interests of student borrowers were not the overriding consideration in creating and ordering OSFS lender lists.

An independent ethical problem existed with regard to creation of the OSFS lender lists. OSFS personnel used as a criterion for inclusion on lender lists “OSFS visibility,” which amounted to ranking lenders by the amount of treats and related benefits provided to OSFS staff. This is an inappropriate criterion that never should have been considered because it elevates benefits to staff above the best interests of students.

Recommendations: To the extent that there is a prior determination that lender lists would benefit students, OSFS should only use lender lists under the following guidelines:

- The guiding principle must be the creation and maintenance of a lender list comprised of those lenders that provide the maximum benefit to the greatest number of student borrowers.
- OSFS should establish a defined set of objective criteria for inclusion on its lender lists and should disclose those criteria to lenders and students alike. Any lender that meets the objective criteria should be included on

the relevant list. OSFS can structure the criteria to control the size of the lender lists.

- Lenders should be listed on lender lists in alphabetical order. To the extent OSFS determines that ordering creates benefits for lenders at the top, the list should be rotated on a regular basis to compensate for that effect.
- An objective third party outside of OSFS should annually audit the lender list creation process and certify that it is being created and maintained according to the principles enunciated above.

2. **Inquiry:** Dr. Burt's receipt and ownership of stock in Education Lending Group at a time when he was overseeing operations of OSFS.

Conclusions: Dr. Burt did own stock in Education Lending Group, the parent company of Student Loan Xpress, during the time that Student Loan Xpress was placed and maintained on various OSFS lender lists.

Dr. Burt was aware that he owned Education Lending Group stock and that Education Lending Group was the parent of Student Loan Xpress when he, and he alone, made the decision to place Student Loan Xpress on various OSFS lender lists.

Dr. Burt paid for all of the shares he owned in Education Lending Group, but it is unclear whether he paid full value for those shares.

Dr. Burt's opportunity to purchase 1,500 share equivalents of Education Lending Group was a benefit conferred on him either because of his status as director of OSFS or because of his long-standing personal relationship with Fabrizio Balestri.

Regardless of the precise reasons, Dr. Burt was extended a unique opportunity to buy shares in Education Lending Group in a private transaction. Given the totality of the circumstances, his acceptance of that opportunity and his investment in Education Lending Group violated U. T. Austin's standards of conduct and the Regents' *Rules and Regulations*.

Dr. Burt maintained an extremely close relationship with Education Lending Group and the various ways that relationship manifested itself created an appearance of impropriety with regard to Student Loan Xpress.

Recommendations: Independent of state and university financial interest disclosure requirements, management employees of OSFS should be required to annually disclose all ownership interests, employment, consulting, and similar relationships with any entities involved in the student lending industry regardless of the value of such holdings or income. OSFS, with the assistance of U. T. Austin administration, should develop a code of conduct for its employees that prohibits relationships with student lenders that create conflicts of interest or the appearance of such conflicts. In developing

this code of conduct, OSFS should be mindful of pending federal and state legislation that may mandate a baseline for any such code of conduct.

3. **Inquiry:** Service by OSFS employees on student lender advisory committees.

Conclusions: Dr. Burt and several other employees of OSFS served on student lender advisory committees.

In general, service on student lender advisory committees by OSFS staff members was appropriately organized to enhance those staff members' job functions in OSFS.

No OSFS employee was paid for service on a student lender advisory committee.

OSFS employees were reimbursed for travel, lodging, and entertainment expenses associated with attendance at student lender advisory committee meetings.

Service on student lender advisory committees by OSFS employees and reimbursement of expenses did not violate Texas ethics laws or U. T. System or U. T. Austin policy regarding such service and reimbursement.

Recommendations: Given the current state of nationwide investigations being conducted in the student loan industry, OSFS employees should avoid service on student lender advisory committees for the time being. OSFS employees should only return to student lender advisory committee service if, and when, the industry and The University established standards for service on such committees and U. T. Austin can be assured that service on those committees is organized and implemented so as to guard against the appearance of or actual impropriety.

4. **Inquiry:** Provision of direct benefits to OSFS operations by student lenders.

Conclusions: Subject to verification by final audits of OSFS accounts, OSFS appears to be free of the egregious arrangements reported in the student lending industry, such as revenue-sharing, deceptive outsourcing, or inappropriate co-branding or other cooperative initiatives between student lenders and financial aid offices.

OSFS did benefit from the use of free CFS Collegexit software. There were legitimate reasons for its having done so. The decision to use the software, however, raises questions in light of Dr. Burt's broader inappropriate relationship with CFS.

OSFS did benefit from the free use of Nellie Mae software used to electronically generate award letters sent to students.

Use of the free Nellie Mae software by OSFS was for a short duration while OSFS developed its own award presentation software.

Use of the Nellie Mae software did not harm students and, in fact, most likely benefited students to the extent that it allowed OSFS to serve students through the timely and accurate presentation of award letters.

OSFS accepted and administered scholarship monies provided by companies involved in student lending.

Subject to verification by final audits of OSFS accounts, these scholarship monies were appropriately handled by OSFS and, in all cases examined, scholarship monies reached students without any benefit to OSFS.

Finally, provision of free software to OSFS by CFS and Nellie Mae comported with the Department of Education guidelines regarding assistance lenders may legally provide to student financial aid offices under federal anti-inducement statutes.

Recommendations: Pending final audit of OSFS accounts, no recommendations stem from inquiry number 4.

5. **Inquiry:** General awareness and application of and training with regard to state ethics and conflicts of interest laws.

Conclusions: Among OSFS management employees, there is a general lack of awareness of basic ethics and conflicts of interest principles.

Follow-up training on basic ethics and conflicts of interest in OSFS was lacking.

There was no culture or “tone-at-the-top” communicated to OSFS employees regarding ethics and conflicts of interest.

There is an absence of any written procedures or processes for dealing with ethical and conflicts of interest issues in OSFS.

Recommendations: U. T. System and U. T. Austin’s commitment to transparent, ethical, and accountable administration and management must be communicated to, and become a part of, the culture of OSFS.

U. T. Austin should insist on more frequent acknowledgement of its standards of conduct by all OSFS employees.

Even though the director of OSFS does not technically make decisions regarding contracts, because the office handles an important function involving significant sums of money and students’ interests, the director and perhaps upper management of OSFS should be required to complete annual financial disclosure and conflict of interest statements. As stated earlier, the financial disclosure as to student lenders should be without regard to value of the financial interest.

Our investigation also leads us to make the following additional recommendations:

- All of the major processes and procedures employed by OSFS should be subjected to a periodically recurring comprehensive review or audit by objective external sources.
- As part of a comprehensive code of conduct governing OSFS, with regard to OSFS's future interaction with student lender representatives, OSFS, with the help of U. T. Austin administration, should promulgate written rules and expectations for lender representative visits and entertainment that are uniquely suited to deal with the position of OSFS in the student loan industry.

EXHIBIT A

Paul Hastings

professionals

professional bio

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overview



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BAR ADMISSIONS

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PRACTICE AREAS

White Collar,
Internal
Investigations and
Corporate
Governance

Securities Litigation
and Enforcement

Antitrust and
Competition

Foreign Corrupt
Practices Act

Regulatory
Compliance

Tax Advisory

Litigation

links

NEWS

Former Assistant U.S. Attorney
Ken Breen Joins Paul Hastings
White Collar Practice Group in New
York

details

Ken Breen is a former federal prosecutor whose practice focuses on corporate internal investigations and on representing corporate and individual clients in white-collar criminal, regulatory enforcement and litigation matters.

Mr. Breen has conducted internal investigations for, and otherwise represented, numerous NYSE-listed, NASDAQ-listed and ASE-listed companies, and their boards and committees, as well as accounting firms, hedge funds and universities. For these clients, Mr. Breen has handled matters involving a wide range of issues, including Sarbanes-Oxley compliance, corporate and accounting fraud, securities fraud, health care fraud, antitrust and trade regulation violations, tax fraud, Foreign Corrupt Practices Act violations, lending practices and public

corruption. In connection with these matters, Mr. Breen regularly represents clients in court and before the United States Department of Justice, the Securities and Exchange Commission, the New York State Attorney General's Office and other federal and state agencies. Mr. Breen also represents executives and directors of such entities, as well as public officials. Mr. Breen was recognized in 2006 as a New York Super Lawyer - Criminal Defense: White Collar by Law & Politics publication.

As a prosecutor, Mr. Breen was an Assistant U.S. Attorney for the Eastern District of New York, where he served as Deputy Chief of the Business and Securities Fraud Section. While Deputy Chief, Mr. Breen supervised the U.S. Attorney's Office's white-collar and securities fraud section during a period when the office brought a series of high-profile corporate and securities fraud cases. As an Assistant U.S. Attorney and Deputy Chief, he personally investigated, charged and tried to verdict a wide range of white-collar crimes, including securities fraud, insider trading, market manipulation, corporate and accounting fraud, tax fraud, health care fraud, money laundering, Foreign Corrupt Practices Act violations and other financial crimes. Among others, he was the lead prosecutor in the Elgindy case, in which Amr Elgindy, a prominent Internet stock advisor, and a former FBI agent were convicted of racketeering, insider trading, market manipulation and other crimes. Prior to joining the U.S. Attorney's Office, Mr. Breen prosecuted tax crimes for four years as a Trial Attorney in the Department of Justice's Tax Division, in Washington, D.C.

After his government service and prior to joining Paul Hastings, Mr. Breen was a partner in another international firm and head of its New York White Collar Crime and Government Investigations Group.

As a defense attorney and federal prosecutor, Mr. Breen has tried more than 40 cases to verdict, and has argued on multiple occasions in the U.S. Court of Appeals for the Second Circuit.

Mr. Breen is a frequent lecturer and author on white collar crime and securities law topics. Recent publications and speaking engagements include the following:

Publications:

- "White Collar Crime," The Champion, the magazine of the National Association of Criminal Defense Lawyers, Co-Columnist with Kathryn Keneally, July 2005 - Present
- "Issues in the Advancement of Legal Fees," The Champion, Co-Author with Thomas Fallati, March 2007
- "Foreign Corrupt Practices Act: Growing Teeth," The Champion, Co-Author with Kathryn Keneally and J. Scott Maberry, August 2006
- "KPMG and the Future of Legal Fees Advancement," New York

- Law Journal, Co-Author with Thomas R. Fallati, July 14, 2006
- "Defining and Defending Obstruction Charges in the Wake of Arthur Anderson and Quattrone," The Champion, Co-Author with Kathryn Keneally, June 2006
- "Tax Crimes: More Aggressive Government Policies and Practices," The Champion, Co-Author with Kathryn Keneally, April 2006
- "New Life For Selective Waiver," The Champion, Co-Author with Kathryn Keneally and Thomas R. Fallati, January/February 2006
- "The KPMG Deferred Prosecution: Warning Flags for Defense Rights," The Champion, Co-Author with Kathryn Keneally, November 2005

Speeches:

- "The Expanded Role of Government - Civil and Criminal - In Securities and Corporate Law," The University of Texas School of Law, 29th Annual Conference on Securities Regulation and Business Law, February 2007
- "Criminal and Regulatory Dangers of Alternative Financing: Understanding the Risks and Ways to Protect Yourself," The Reverse Merger Conference 2006 (DealFlow Media), New York, July 20, 2006
- "Protecting Your Officers and Directors - 2006 Update," Fulbright & Jaworski Seminar, The Houstonian Hotel, Club and Spa, April 2006
- "Government Investigations -- What the Government Expects, Privilege Issues and How Best to Protect Your Company," The University of Texas School of Law, 28th Annual Conference on Securities Regulation and Business Law, February 2006

Mr. Breen received his B.A. in English, *cum laude*, from Boston College in 1989, and his J.D. from the Boston College School of Law in 1992, where he was annotation editor and staff writer for the *Uniform Commercial Code Reporter Digest*.

Mr. Breen is a member of the New York bar and is admitted to practice in the United States District Court for the Southern and Eastern Districts of New York and the U.S. Court of Appeals for the Second Circuit.

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EXHIBIT B



THE UNIVERSITY OF TEXAS SYSTEM

Office of General Counsel

201 WEST SEVENTH STREET AUSTIN, TEXAS 78701-2981

TELEPHONE (512) 499-4462

FAX (512) 499-4523

Barry D. Burgdorf
Vice Chancellor and
General Counsel

April 12, 2007

Via Email: dirk@dirkjordan.com

Dr. Larry Burt
c/o Dirk M. Jordan, Esq.
P.O. Box 50204
Austin, Texas 78763

Re: Investigation of Dr. Lawrence Burt and the Policies and Practices at The University of Texas at Austin (UT Austin) Financial Aid Office

Dear Dr. Burt:

As referenced in my introductory letter to you dated April 9, 2007, I am now following up with you to specifically request documents in your possession or within your custody and control relevant to the above-referenced investigation that I have been charged to lead. Below are listed the categories of documents I am seeking. As I am sure you are aware from reading newspaper accounts of student loan practices and procedures nationwide, the issues of interest continue to broaden beyond those originally raised by the State of New York Office of Attorney General. Therefore, while I have attempted to be as comprehensive as possible in this document request, I may need to ask for additional documents as the various inquiries widen.

I realize that you may not have in your possession all responsive documents. Therefore, to speed the investigation along, I ask that you respond to each document category with one of the following five general responses:

1. Responsive documents provided. I am not aware of any additional documents responsive to this request.
2. I have responsive documents, but I am withholding them under a claim of privilege.

3. Responsive documents provided. I am aware that additional documents may be obtained from _____.

4. I have no documents responsive to this request, but I believe that responsive documents may be obtained from _____.

5. To my knowledge, no documents exist that are responsive to this request.

In considering your responses to this request for documents, please use the following definitions:

"documents" shall be used in the broadest sense and includes, but is not limited to, original and non-identical copies, whether by reason of marginal or other notes or alterations, and means, without limitation, the following items, whether printed or recorded or produced by other mechanical or electronic process, or written or produced by hand: agreements, communications, including inter-company and intra-company communications, email, state and federal governmental hearings and reports, correspondence, telegraphs or telegrams, newspapers or journal excerpts, cables, telexes, facsimiles, memoranda, records, books, summaries, records of personal conversations or interviews, bulletins, notices, diaries, graphs, charts, maps, blueprints, diagrams, reports, notebooks, note charts, plans, surveys, plats, calculations, drawings, sketches, indices, pictures, audio or visual recordings, tapes, transcripts, printouts of internet sites, accounts, invoices, analytical records, summaries and/or records of meetings, conferences, telephone calls or negotiations, telephone message logs, calendars, day-timers, schedules, diaries, opinions or reports of consultants, appraisals, reports or summaries of negotiations, photographs, motion picture film, brochures, pamphlets, advertisements, circulars, advertising literature, press releases, drafts, letters, projections, working papers, securities ledgers, checks (front and back), check stubs, receipts, and other papers or writings of any character or description, including but not limited to, any information contained in any computer or information-retrievable devices, including but not limited to electronic mail, any marginal comments appearing on any document, and other writings, including mass-mailings to customers and/or competitors.

"student lender" means any person or entity involved in the business of providing, servicing, marketing, or consolidating loans to college students and any other activities directly related to lending money to college students.

"entity" means the legal entity referenced and any predecessor, parent, subsidiary, affiliate, or successor-in-interest to such legal entity.

The documents requested are any and all documents that relate to, reference or any way evidence:

- a. The purchase (discounted or otherwise), sale, gift, or any other type of receipt or disposition of any form of security in the following entities: Student Loan Xpress, Inc., Education Lending Group, and/or Direct III Marketing. Please include any and all documents that indicate the value, tax reporting of, or other arrangements related to your receipt and disposition of the securities of these entities.
- b. Any other transactions in the securities of any other entity that is a student lender or which otherwise supports the operation and function of the UT Austin Office of Student Financial Services (OSFS). Please include any and all documents that indicate the value, tax reporting of, or other arrangements related to your receipt and disposition of the securities of these entities.
- c. Any other relationships between you and/or OSFS and any entity that is a student lender or which otherwise supports the operation and function of the OSFS. Please include any and all documents that relate to or evidence your, or any of your employees, service on advisory boards and/or attendance at conferences sponsored by the relevant entities.
- d. The process by which OSFS creates, orders, maintains, modifies, and updates its preferred lender list and in particular your participation and involvement in that process.
- e. Any outsourcing by OSFS of any financial counseling or other service it provides to students, i.e. call centers, web-based information access, etc.
- f. Any involvement by OSFS in a revenue or profit-sharing arrangement with any student lender whether such student lender is on the preferred lender list.
- g. Any financial inducements of any kind to you personally or to OSFS from a student lender in exchange for any preferential treatment, such as, but not limited to, inclusion on OSFS's preferred lender list.
- h. Any agreements between Sallie Mae Fund and other similar entities regarding collaborative efforts for the provision of financial services to students.
- i. Any agreements between you or OSFS and an entity that is a student lender that relates to funding for staff members or employees of the OSFS.
- j. Any compensation you or any employee in OSFS received from any entity other than your primary employer, UT Austin.

- k. Any gifts worth more than \$50 from any entity that is a student lender, including reimbursement of travel expenses, trainings, or meetings attendance.
- l. Any agreements or understandings related to any entity that is a student lender relating to co-branding, sponsorship endorsement, or partnership with OSFS.
- m. Any agreements, understandings, or acceptance of incentives or inducements from any entity in return for OSFS agreeing not to participate in a direct loan program.
- n. Any training you or your staff have received in ethics and conflicts of interest generally or specifically related to the business of OSFS or dealing with student lenders.
- o. Any forms, consents, or similar notices, disclosures of conflicts of interests or ethics violations, or any agreement to abide by particular codes of conduct, ethics standards, or similar pledges prepared, submitted and/or executed by you.
- p. Any past ethical or criminal violations of any nature, arrests, convictions, indictments, investigations, or similar actions or proceedings brought and/or filed against you.

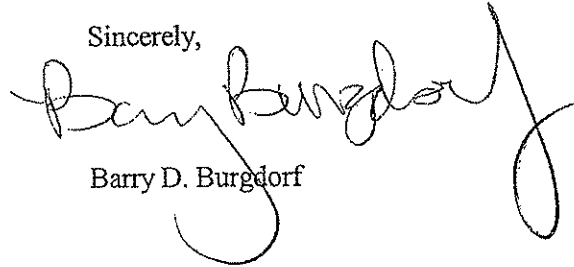
I know that you are anxious for this investigation to proceed and curious as to the scope of my upcoming interview with you. In addition to being a request for documents, this letter will give you a good outline of the types of inquiries I will make when we talk personally. Because my review of these documents is a necessary predicate to that interview, I ask that you give me your responses as soon as possible. I have blocked off April 19, 2007, and am prepared to conduct my interview of you on that date if you can produce your responses on a timeframe that will allow the interview to proceed on the 19th and it otherwise meets with your schedule. If April 19th does not work for either of the reasons stated above, I will work with your attorney to arrange an alternative date.

Finally, it is important to remind you that in producing documents to me and/or in answering questions I ask, I am not your lawyer. I represent The University of Texas System (UT System) and UT Austin. The information you provide me orally or in writing is not privileged or confidential and it may be shared with parties outside UT System and UT Austin, such as the New York Attorney General.

April 12, 2007
Page 5

I look forward to your responses.

Sincerely,

A handwritten signature in cursive script, appearing to read "Barry Burgdorf". The signature is fluid and extends to the right with a long, sweeping tail.

Barry D. Burgdorf

BDB:bh

c: Patricia C. Ohlendorf, Vice President for Institutional Relations and Legal Affairs
Juan C. Gonzalez, Vice President for Student Affairs

EXHIBIT C



THE UNIVERSITY OF TEXAS SYSTEM
Office of General Counsel

201 WEST SEVENTH STREET AUSTIN, TEXAS 78701-2981

TELEPHONE (512) 499-4462

FAX (512) 499-4523

Barry D. Burgdorf
Vice Chancellor and General Counsel

April 13, 2007

Don C. Davis, Acting Director
Office of Student Financial Services
c/o Juan C. Gonzalez, Vice President for Student Affairs
The University of Texas at Austin
Austin, Texas

Re: Investigation of Dr. Lawrence Burt and the Policies and Practices at The University
of Texas at Austin (UT Austin) Financial Aid Office

Dear Mr. Davis:

As I think you are aware, at the request of UT Austin President Bill Powers and The University of Texas System (UT System) Board of Regents I am conducting an investigation into certain allegations against Dr. Lawrence Burt and related policies and procedures of the UT Austin Office of Student Financial Services (OSFS). Many of the documents necessary to complete the investigation will be in the possession of OSFS. Below are listed the categories of documents I am seeking. As acting head of OSFS, UT System and UT Austin are charging you with supervising the collection of relevant documents.

For each document produced, please indicate the source of the document and all persons inside or outside OSFS that to your knowledge should be interviewed about the document and the topics covered by the document. I will likely be conducting multiple interviews with OSFS in the very near future. Also, please confine your production of documents to those dated January 1, 2000 and later.

In considering your responses to this request for documents, please use the following definitions:

"documents" shall be used in the broadest sense and includes, but is not limited to, original and non-identical copies, whether by reason of marginal or other notes or alterations, and means, without limitation, the following items, whether printed or recorded or produced by other mechanical or electronic process, or written or produced by hand: agreements, communications, including inter-company and intra-company communications, email, state and federal governmental hearings and reports, correspondence, telegraphs or telegrams, newspapers or journal excerpts, cables, telexes, facsimiles, memoranda, records, books, summaries, records of personal conversations or interviews, bulletins, notices, diaries, graphs, charts, maps, blueprints, diagrams, reports, notebooks, note charts, plans, surveys, plats, calculations, drawings, sketches, indices, pictures, audio or visual recordings, tapes, transcripts, printouts of internet sites, accounts, invoices, analytical records, summaries and/or records of meetings, conferences, telephone calls or negotiations, telephone message logs, calendars, day-timers, schedules, diaries, opinions or reports of consultants, appraisals, reports or summaries of negotiations, photographs, motion picture film, brochures, pamphlets, advertisements, circulars, advertising literature, press releases, drafts, letters, projections, working papers, securities ledgers, checks (front and back), check stubs, receipts, and other papers or writings of any character or description, including but not limited to, any information contained in any computer or information-retrievable devices, including but not limited to electronic mail, any marginal comments appearing on any document, and other writings, including mass-mailings to customers and/or competitors.

"student lender" means any person or entity involved in the business of providing, servicing, marketing, or consolidating loans to college students and any other activities directly related to lending money to college students.

"entity" means the legal entity referenced and any predecessor, parent, subsidiary, affiliate, or successor-in-interest to such legal entity.

The documents requested are any and all documents that relate to, reference or any way evidence:

a. Any transaction by any employee of OSFS in the securities of any entity that is a student lender or which otherwise supports the operation and function of OSFS. Please include any and all documents that indicate the value, tax reporting of, or other arrangements related to your receipt and disposition of the securities of these entities.

b. Any relationship between OSFS and any entity that is a student lender or which otherwise supports the operation and function of the OSFS. Please include any and all documents that relate to or evidence the service of OSFS employees on advisory boards and/or attendance at conferences sponsored by student lenders.

April 13, 2007

Page 3

c. The process by which OSFS creates, orders, maintains, modifies, and updates its preferred lender list.

d. Any outsourcing by OSFS of any financial counseling or other service it provides to students, i.e. call centers, web-based information access, etc.

e. Any involvement by OSFS in a revenue or profit-sharing arrangement with any student lender whether such student lender is on the preferred lender list.

f. Any financial inducements of any kind given to OSFS or any employee of OSFS by a student lender in exchange for any preferential treatment, such as, but not limited to, inclusion on OSFS's preferred lender lists.

g. Any agreements between Sallie Mae Fund and other similar entities regarding collaborative efforts for the provision of financial services to students.

h. Any agreements between OSFS and an entity that is a student lender that relates to funding for staff members or employees of OSFS.

i. Any compensation any employee in OSFS received from any entity other than UT Austin.

j. Any gifts to any OSFS employee worth more than \$50 from any entity that is a student lender, including reimbursement of travel expenses, trainings, or meetings attendance.

k. Any agreements or understandings related to any entity that is a student lender relating to co-branding, sponsorship endorsement, or partnership with OSFS.

l. Any agreements, understandings, or acceptance of incentives or inducements from any entity in return for OSFS agreeing not to participate in a direct loan program.

m. Any training OSFS employees have received in ethics and conflicts of interest generally or specifically related to the business of OSFS or dealing with student lenders.

n. Any forms, consents, or similar notices, disclosures of conflicts of interests or ethics violations, or any agreement to abide by particular codes of conduct, ethics standards, or similar pledges prepared, submitted and/or executed by any employee of OSFS.

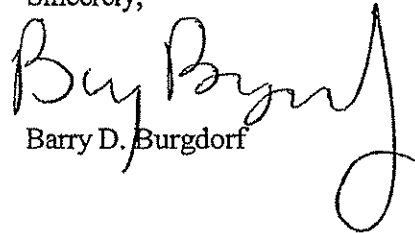
In addition to being a request for documents, this letter will give you a good outline of the types of inquiries I will make when I interview OSFS employees.

April 13, 2007
Page 4

It is important to remind you that in producing documents to me and/or in answering questions I ask, I am not your lawyer. I represent The University of Texas System (UT System) and UT Austin. The information you provide me orally or in writing is not privileged or confidential and it may be shared with parties outside UT System and UT Austin, such as the New York Attorney General.

I look forward to your responses.

Sincerely,



Barry D. Burgdorf

BDB:bh

c: Patricia C. Ohlendorf, Vice President for Institutional Relations and Legal Affairs
Juan C. Gonzalez, Vice President for Student Affairs

EXHIBIT D

From: Hurst, Bev [bhurst@utsystem.edu] on behalf of Burgdorf, Barry D. [bburgdorf@utsystem.edu]
Sent: Monday, April 16, 2007 2:31 PM
To: GRP-Presidents and Assistants; GRP-Chief Business Officers
Cc: Yudof, Mark; Frederick, Francie; Brown, Tonya (Moten); Kelley, Scott C.; McBee, Barry; Sanga, Arjuna; Malandra, Geri; Shine, Kenneth; Safady, Randa S.; Shute, William; de Bruyn, Anthony; Adaauto, Richard - UT El Paso; Blair, Patricia A - UTHCT; Fontaine, Dan-MD Anderson; Hurley, Leah - UT Southwestern; Johnstone, Charles - UTMB; Koelher, Lee Ann - UTEP; Langabeer, James - UT Pan American; Mitchell, Elizabeth - UT San Antonio; Ohlendorf, Patti - UT Austin; Park, Jack - UT HSC San Antonio; Staller, Arlene - UT HSC Houston
Subject: Privileged and Confidential -- Attorney/Client Communication

As you are no doubt aware from recent news reports, a nationwide investigation of the student loan industry widens almost daily. As you may also know, the Chairman of the Board of Regents and the Chancellor have asked me to conduct a comprehensive review of UT System's practices and procedures employed by campus student financial aid and financial services offices. You will soon receive from me a comprehensive set of requests for documents and inquiries necessary to complete the review.

I want to stress that as of the writing of this communication, with the exception of one very specific allegation relating to one individual, I am not aware of any allegations of impropriety within the UT System. Nevertheless, it is important to take a couple of prudent steps pending the completion of my full review. Many of the early allegations against the student loan industry focus on (1) the creation and maintenance of preferred lender lists by colleges and universities and inappropriate influence on that process by student lenders; and (2) revenue-sharing, sponsorship, endorsement, and similar arrangements between student lenders and universities that result in payments from student lenders to universities and/or university student financial services office staff.

With regard to (1), because a full and complete review will be necessary to verify the purity of UT System preferred lender lists, UT System Administration is asking that you take steps reasonably necessary to immediately cease and desist use of all preferred lender lists, including, but not limited to, the removal of such lists from websites and ceasing further dissemination of such lists to students. The suspension of the use of preferred lender lists does not necessarily imply we will recommend permanent discontinuance of preferred lender lists for UT System institutions. Also, if your student financial services offices deem it in the best interests of the students they serve, they may reference or link to lender lists maintained by Texas Guaranteed Student Loan Corporation or post a list compiled with reference to purely objective factual matters, such as the Top 50 student lenders by volume on your campus.

With regard to (2), I ask that you quickly canvass your office of student financial services and report to me any and all, or the absence of any, arrangements with student lenders that result in payments of monies, commissions, rebates, or the like to your institution or which result in any benefits to student financial services office staff, such as paid travel and perks related to advisory board service, etc. Again, I am not aware that any such arrangements exist, but I want to promptly understand UT System's practices with regard to such allegations.

Thank you in advance for your time and cooperation. If you have any questions, please do not hesitate to contact me directly.

Sincerely,

Barry D. Burgdorf

Vice Chancellor and General Counsel
The University of Texas System
201 West 7th Street
Austin, Texas 78701
(512) 499-4479
(512) 499-4523 - fax
bburgdorf@utsystem.edu

EXHIBIT E

2002-2003 LENDER SELECTION & AUTHORIZATION FORM

Office of Student Financial Services – The University of Texas at Austin – P.O. Box 7758, UT Station, Austin, TX 78713-7758
Web Site: www.utexas.edu/student/finaid - Questions? Visit our website and Ask DON!

Student Name: _____

Student SSN: _____ - _____ - _____

***IF YOU ARE A PREVIOUS AMERICAN EXPRESS BORROWER,
PLEASE USE THE LIST AT THE BOTTOM OF THIS FORM.**

LENDER SELECTION Please choose a lender below:

- | | |
|--|---|
| <input type="checkbox"/> Nellie Mae, (888) 272-5543 | <input type="checkbox"/> Student Loan Xpress, (800) 829-4599 |
| <input type="checkbox"/> Frost National Bank, (800) 829-4599 | <input type="checkbox"/> Bank One, (888) 272-5543 |
| <input type="checkbox"/> First National Bank, Bryan, (800) 829-4599 | <input type="checkbox"/> First American Bank, (888) 272-5543 |
| <input type="checkbox"/> University Federal Credit Union, (800) 252-8311 | <input type="checkbox"/> Bank of Texas, (800) 788-1881 |
| <input type="checkbox"/> A Plus Funds, (888) 272-5543 | <input type="checkbox"/> Educaid, (800) 338-2243 |
| <input type="checkbox"/> Chase, (888) 272-5543 | <input type="checkbox"/> First Convenience Bank, (800) 375-9208 |
| <input type="checkbox"/> Fleet Education Financing, (800) 375-9208 | <input type="checkbox"/> SunTrust Education Loans, (800) 829-4599 |
| <input type="checkbox"/> Access Group, (800) 282-1550 | <input type="checkbox"/> Citibank NA, (800) 967-2400 |
| <input type="checkbox"/> Wells Fargo, (800) 658-3567 | <input type="checkbox"/> Bank of America, (800) 375-9208 |
| <input type="checkbox"/> Comerica Bank, (800) 928-4599 | <input type="checkbox"/> Compass Bank, (800) 829-4599 |

If you are choosing a lender not listed above, please write in the name and address below.

NOTE: Using a lender who is not listed on our Lender Selection list will result in additional processing time for your student loan.

Lender Name & City

Lender Code (if known)

LENDER SELECTION FOR PREVIOUS AMERICAN EXPRESS BORROWERS:

Please determine if your loan was serviced through Sallie Mae or LoanStar Student Loans, and choose a new lender from the appropriate list below.

LENDER SELECTION FOR PREVIOUS AMERICAN EXPRESS-SALLIE MAE BORROWERS:

- ☐ Student Loan Xpress (833908)
- ☐ Chase (807807)
- ☐ Nellie Mae (829076)
- ☐ A Plus Funds (833810)
- ☐ First American Bank (831366)
- ☐ Bank One (824206)

LENDER SELECTION FOR PREVIOUS AMERICAN EXPRESS-LOANSTAR STUDENT LOANS BORROWERS:

- ☐ Student Loan Xpress (833890)
- ☐ Frost National Bank (822157)
- ☐ Comerica Bank (830489)
- ☐ SunTrust Student Loans (811304)
- ☐ First National Bank (821359)
- ☐ Compass Bank (828078)

STUDENT SIGNATURE

DATE

THIS FORM WILL BE RETURNED TO YOU IF IT IS MISSING A SIGNATURE.

Lender Selection & Authorization Form
2003-2004 Federal Subsidized Stafford Loan / Federal Unsubsidized Stafford Loan

Office of Student Financial Services – The University of Texas at Austin – P.O. Box 7758, UT Station, Austin, TX 78713-7758
Web Site: www.utexas.edu/student/finaid - Questions? Visit our website and Ask DON!

IMPORTANT!

IF THIS FORM IS NOT RETURNED TO THE OFFICE OF STUDENT FINANCIAL SERVICES (OSFS),
YOU WILL NOT RECEIVE YOUR LOAN(S).

Student Name: _____

Date: _____

UT-EID: _____

Date of Birth: _____

LENDER SELECTION

Make your lender selection from the Lender Selection list below:

___ Nellie Mae, (888) 272-5543
___ Frost National Bank, (800) 813-4372
___ First National Bank, Bryan, (800) 829-4599
___ University Federal Credit Union, (800) 252-8311
___ A Plus Funds, (888) 272-5543
___ Chase (800) 343-5904
___ College Loan Corporation, (800) 226-5534
___ Access Group, (800) 282-1550
___ Wells Fargo, (800) 658-3567
___ Comerica Bank, (800) 829-4599

___ Student Loan Xpress, (866) 759-7737
___ Bank One, (888) 272-5543
___ First American Bank, (800) 229-0062
___ AMS Education Loan Trust, (800) 637-3060
___ Educaid, (800) 338-2243
___ Key Bank, (800) 539-5363
___ SunTrust Education Loans, (800) 829-4599
___ Citibank NA, (800) 967-2400
___ Bank of America, (800) 375-9208
___ Compass Bank, (800) 829-4599

* If you prefer to use a lender who is **not** listed above, you must write in the name and address below.

NOTE: Using a lender who is **not** listed on our **Lender Selection** list will result in additional processing time for your student loan.

Lender Name & City

Lender Code (if known)

CHOOSING A LENDER:

We recommend that you choose a lender who participates with Texas Guaranteed Student Loan Corporation (TGS LC). Choosing a lender who participates with TGS LC will provide for the most efficient delivery of your student loan funds. This will allow you to benefit fully from the Master Promissory Note. You can verify that your lender participates with TGS LC at www.tgslc.org or by calling 1(800)252-9743. All the lenders listed above provide reasonable service to UT-Austin students and meet or exceed minimum processing requirements. If you choose a lender who does not participate with TGS LC, you will be required to complete a new **Lender Selection & Authorization Form** and **Master Promissory Note** every year. **This will increase the processing time for delivery of your student loan funds.**

If you are interested in learning more about a specific lender and what services they offer, check our web site at www.utexas.edu/student/finaid/ for important informational links.

MASTER PROMISSORY NOTE (MPN):

The MPN is the Promissory Note that must be used by all Subsidized and Unsubsidized Stafford Loan recipients. The MPN potentially allows a student to receive all of his/her Stafford loans by signing only one note valid for up to a maximum of ten years.

Student Signature

Date

Lender Selection & Authorization Form
2004-2005 Federal Subsidized Stafford Loan / Federal Unsubsidized Stafford Loan

Office of Student Financial Services – The University of Texas at Austin – P.O. Box 7758, UT Station, Austin, TX 78713-7758
Web Site: finaid.utexas.edu - Questions? Visit our website and Ask DON!

IMPORTANT!

PLEASE CONTACT OUR OFFICE IMMEDIATELY IF YOU PLAN TO CHANGE LENDERS.
RETURN THIS FORM TO THE ADDRESS ABOVE WHEN COMPLETED.

Student Name: _____ Date: _____
UT-EID: _____ Date of Birth: _____

LENDER SELECTION

Make your lender selection from the Lender Selection list below:

___ Frost National Bank, (800) 813-4372	___ Student Loan Xpress, (866) 759-7737
___ Chase Bank, (800) 242-7339	___ AMS Education Loan Trust, (800) 334-8609
___ University Federal Credit Union, (800) 252-8311	___ Bank One, (800) 487-4404
___ First National Bank, Bryan, (800) 829-4599	___ Educaid, (800) 338-2243
___ Nellie Mae, (800) 634-9308	___ A Plus Funds, (800) 665-6750
___ College Loan Corporation, (800) 226-5534	___ Key Bank, (800) 539-5363
___ Bank of America, (800) 375-9208	___ SunTrust Education Loans, (800) 552-3006
___ Wells Fargo, (800) 658-3567	___ Citibank NA, (800) 967-2400
___ Access Group, (800) 282-1550	___ Collegiate Funding Services, (800) 829-4599
___ Comerica Bank, (800) 829-4599	___ Compass Bank, (800) 829-4599

* If you prefer to use a lender who is **not** listed above, you must write in the name and address below.

NOTE: Using a lender who is **not** listed on our **Lender Selection** list will result in additional processing time for your student loan.

Lender Name & City

Lender Code (if known)

CHOOSING A LENDER:

We recommend that you choose a lender who participates with Texas Guaranteed Student Loan Corporation (TGSLOC). Choosing a lender who participates with TGSLOC will provide for the most efficient delivery of your student loan funds. This will allow you to benefit fully from the Master Promissory Note. You can verify that your lender participates with TGSLOC at www.tgsloc.org or by calling 1(800)252-9743. All the lenders listed above provide reasonable service to UT-Austin students and meet or exceed minimum processing requirements. If you choose a lender who does not participate with TGSLOC, you will be required to complete a new **Lender Selection & Authorization Form** and **Master Promissory Note** every year. This will increase the processing time for delivery of your student loan funds.

If you are interested in learning more about a specific lender and what services they offer, check our web site at finaid.utexas.edu for important informational links.

MASTER PROMISSORY NOTE (MPN):

The MPN is the Promissory Note that must be used by all Subsidized and Unsubsidized Stafford Loan recipients. The MPN potentially allows a student to receive all of his/her Stafford loans by signing only one note valid for up to a maximum of ten years. Please note that even though you have previously completed a MPN, your request to change lenders will result in the need for you to complete another MPN.

Student Signature

Date

INTERGRADUATE

Lender Change Form
2005-2006 Federal Subsidized Stafford Loan / Federal Unsubsidized Stafford Loan

Office of Student Financial Services – The University of Texas at Austin – P.O. Box 7758, UT Station, Austin, TX 78713-7758
Web Site: finaid.utexas.edu - Questions? Visit our website and Ask DON!

IMPORTANT!

PLEASE CONTACT OUR OFFICE IMMEDIATELY IF YOU PLAN TO CHANGE LENDERS.
RETURN THIS FORM TO THE ADDRESS ABOVE WHEN COMPLETED.

Student Name: _____ Date: _____
UT-EID: _____ Date of Birth: _____

LENDER SELECTION

Make your lender selection from the Lender Selection list below:

- | | |
|--|--|
| <input type="checkbox"/> Student Loan Xpress, (800) 829-4599 | <input type="checkbox"/> Frost National Bank, (800) 813-4372 |
| <input type="checkbox"/> First National Bank, Bryan, (800) 829-4599 | <input type="checkbox"/> Nelnet, (866) 866-7372 |
| <input type="checkbox"/> University Federal Credit Union, (800) 252-8311 | <input type="checkbox"/> Chase Bank, (888) 272-5543 |
| <input type="checkbox"/> College Loan Corporation, (800) 226-5534 | <input type="checkbox"/> Wachovia (Educaid), (800) 338-2243 |
| <input type="checkbox"/> Nellie Mae, (800) 634-9308 | <input type="checkbox"/> SunTrust Education Loans, (800) 829-4599 |
| <input type="checkbox"/> Texas Exes Student Loan Program, (800) 375-9208 | <input type="checkbox"/> Key Bank, (800) 539-5363 |
| <input type="checkbox"/> Bank of America, (800) 375-9208 | <input type="checkbox"/> Dollar Bank/SallieMae Education Trust, (888) 272-5543 |
| <input type="checkbox"/> Wells Fargo Bank, (800) 658-3567 | <input type="checkbox"/> PNC Bank, (800) 375-9208 |
| <input type="checkbox"/> College Board / College Credit, (888) 272-5543 | <input type="checkbox"/> Collegiate Funding Services, (800) 829-4599 |
| <input type="checkbox"/> Comerica Bank, (800) 829-4599 | <input type="checkbox"/> Compass Bank, (800) 829-4599 |

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NOTE: Using a lender who is **not** listed on our Lender Selection list will result in additional processing time for your student loan.

Lender Name & City

Lender Code (if known)

CHOOSING A LENDER:

We recommend that you choose a lender who participates with Texas Guaranteed Student Loan Corporation (TGS LC). Choosing a lender who participates with TGS LC will provide for the most efficient delivery of your student loan funds. This will allow you to benefit fully from the Master Promissory Note. You can verify that your lender participates with TGS LC at www.tgs lc.org or by calling 1(800)252-9743. All the lenders listed above provide reasonable service to UT-Austin students and meet or exceed minimum processing requirements. If you choose a lender who does not participate with TGS LC, you will be required to complete a new Lender Selection & Authorization Form and Master Promissory Note every year. **This will increase the processing time for delivery of your student loan funds.**

If you are interested in learning more about a specific lender and what services they offer, check our web site at finaid.utexas.edu for important informational links.

MASTER PROMISSORY NOTE (MPN):

The MPN is the Promissory Note that must be used by all Subsidized and Unsubsidized Stafford Loan recipients. The MPN potentially allows a student to receive all of his/her Stafford loans by signing only one note valid for up to a maximum of ten years. Please note that even though you have previously completed a MPN, your request to change lenders will result in the need for you to complete another MPN.

Student Signature

Date

Graduate Lender Change Form
2005-2006 Federal Subsidized Stafford Loan / Federal Unsubsidized Stafford Loan

Office of Student Financial Services – The University of Texas at Austin – P.O. Box 7758, UT Station, Austin, TX 78713-7758
Web Site: finald.utexas.edu - Questions? Visit our website and Ask DON!

IMPORTANT!

PLEASE CONTACT OUR OFFICE IMMEDIATELY IF YOU PLAN TO CHANGE LENDERS.
RETURN THIS FORM TO THE ADDRESS ABOVE WHEN COMPLETED.

Student Name: _____

Date: _____

UT-EID: _____

Date of Birth: _____

LENDER SELECTION

Make your lender selection from the Lender Selection list below:

- | | |
|--|--|
| <input type="checkbox"/> Student Loan Xpress, (800) 829-4599 | <input type="checkbox"/> Frost National Bank, (800) 813-4372 |
| <input type="checkbox"/> First National Bank, Bryan, (800) 829-4599 | <input type="checkbox"/> Nelnet, (866) 866-7372 |
| <input type="checkbox"/> University Federal Credit Union, (800) 252-8311 | <input type="checkbox"/> Chase Bank, (888) 272-5543 |
| <input type="checkbox"/> College Loan Corporation, (800) 226-5534 | <input type="checkbox"/> Wachovia (Educaid), (800) 338-2243 |
| <input type="checkbox"/> Nellie Mae, (800) 634-9308 | <input type="checkbox"/> A + Funds, (800) 665-6750 |
| <input type="checkbox"/> Texas Exes Student Loan Program, (800) 375-9208 | <input type="checkbox"/> College Board / College Credit, (888) 272-5543 |
| <input type="checkbox"/> Bank of America, (800) 375-9208 | <input type="checkbox"/> Dollar Bank/SallieMae Education Trust, (888) 272-5543 |
| <input type="checkbox"/> Wells Fargo Bank, (800) 658-3567 | <input type="checkbox"/> Citibank, NA, (800) 967-2400 |
| <input type="checkbox"/> Access Group, (800) 282-1550 | <input type="checkbox"/> Collegiate Funding Services, (800) 829-4599 |
| <input type="checkbox"/> Comerica Bank, (800) 829-4599 | <input type="checkbox"/> Compass Bank, (800) 829-4599 |

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Lender Name & City

Lender Code (if known)

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Student Signature

Date

Undergraduate Lender Change Form
2006-2007 Federal Subsidized Stafford Loan / Federal Unsubsidized Stafford Loan

Office of Student Financial Services - The University of Texas at Austin - P.O. Box 7758, UT Station, Austin, TX 78713-7758
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Student Name: _____

Date: _____

UT-EID: _____

Date of Birth: _____

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- | | |
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| <input type="checkbox"/> Student Loan Xpress, (800) 829-4599 | <input type="checkbox"/> Comerica Bank, (800) 829-4599 |
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| <input type="checkbox"/> University Federal Credit Union, (800) 252-8311 | <input type="checkbox"/> Wachovia (Educaid), (800) 338-2243 |
| <input type="checkbox"/> First National Bank, Bryan, (800) 829-4599 | <input type="checkbox"/> Citibank, (800) 967-2400 |
| <input type="checkbox"/> Nellie Mae, (800) 634-9308 | <input type="checkbox"/> Key Bank, (800) 539-5363 |
| <input type="checkbox"/> Texas Exes Student Loan Program, (800) 375-9208 | <input type="checkbox"/> Sallie Mae Education Trust, (888) 272-5543 |
| <input type="checkbox"/> Bank of America, (800) 375-9208 | <input type="checkbox"/> PNC Bank, (800) 375-9208 |
| <input type="checkbox"/> Wells Fargo Bank, (800) 658-3567 | <input type="checkbox"/> Collegiate Funding Services, (800) 829-4599 |
| <input type="checkbox"/> College Board / College Credit, (888) 272-5543 | <input type="checkbox"/> Compass Bank, (800) 829-4599 |

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Lender Name & City _____

Lender Code (if known) _____

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Student Signature _____

Date _____

Graduate Lender Change Form
2006-2007 Federal Subsidized Stafford Loan / Federal Unsubsidized Stafford Loan

Office of Student Financial Services - The University of Texas at Austin - P.O. Box 7758, UT Station, Austin, TX 78713-7758
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Student Name: _____

Date: _____

UT-EID: _____

Date of Birth: _____

LENDER SELECTION

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____ Frost National Bank, (800) 813-4372
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____ University Federal Credit Union, (800) 252-8311
____ First National Bank, Bryan, (800) 829-4599
____ Nellie Mae, (800) 634-9308
____ Texas Exes Student Loan Program, (800) 375-9208
____ Bank of America, (800) 375-9208
____ Wells Fargo Bank, (800) 658-3567
____ Access Group, (800) 282-1550

____ Comerica Bank, (800) 829-4599
____ Nelnet, (866) 866-7372
____ Chase Bank, (800) 487-4404
____ Wachovia (Educaid), (800) 338-2243
____ Key Bank, (800) 539-5363
____ College Board / College Credit, (888) 272-5543
____ Sallie Mae Education Trust, (888) 272-5543
____ Citibank, (800) 967-2400
____ Collegiate Funding Services, (800) 829-4599
____ Compass Bank, (800) 829-4599

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Lender Name & City

Lender Code (if known)

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Student Signature

Date

**Graduate PLUS Lender Change Form
2006-2007 Federal Graduate PLUS Loan**

Office of Student Financial Services - The University of Texas at Austin - P.O. Box 7758, UT Station, Austin, TX 78713-7758
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Student Name: _____

Date: _____

UT-EID: _____

Date of Birth: _____

LENDER SELECTION

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____ College Loan Corporation, (800) 226-5534
____ Frost National Bank, (800) 813-4372
____ University Federal Credit Union, (800) 252-8311
____ First National Bank, Bryan, (800) 829-4599
____ Nellie Mae, (800) 634-9308
____ Nelnet, (866) 866-7372
____ Bank of America, (800) 375-9208
____ Compass Bank, (800) 829-4599
____ PNC, (800) 282-1550

____ Comerica Bank, (800) 829-4599
____ Collegiate Funding Services, (800) 829-4599
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____ Sallie Mae Education Trust, (888) 272-5543
____ Chase Bank, (800) 487-4404
____ Key Bank, (800) 539-5363
____ Texas Exes Student Loan Program, (800) 375-9208

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Student Signature _____

Date _____

2007-2008

Undergraduate Lender Change Form
Federal Subsidized Stafford Loan / Federal Unsubsidized Stafford Loan

Office of Student Financial Services — The University of Texas at Austin — P.O. Box 7758, UT Station, Austin, TX 78713-7758
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RETURN THIS FORM TO THE ADDRESS ABOVE WHEN COMPLETED.

Student Name: _____ **Date:** _____

UT EID: _____ **Date of Birth:** _____

LENDER SELECTION*

Make your lender selection from the list below:

- | | |
|---|--|
| <input type="checkbox"/> Student Loan Xpress, (888) 272-5543 | <input type="checkbox"/> Frost National Bank, (800) 813-4372 |
| <input type="checkbox"/> College Loan Corporation, (800) 226-5534 | <input type="checkbox"/> University Federal Credit Union, (800) 252-8311 |
| <input type="checkbox"/> First National Bank, Bryan, (800) 813-4372 | <input type="checkbox"/> Citibank, NA, (800) 967-2400 |
| <input type="checkbox"/> Bank of America, (800) 375-9208 | <input type="checkbox"/> Wells Fargo Bank, (800) 658-3567 |
| <input type="checkbox"/> College Board / College Credit, (888) 272-5543 | <input type="checkbox"/> IBC Bank, (800) 949-6371 |
| <input type="checkbox"/> Nelnet, (866) 866-7372 | <input type="checkbox"/> Chase Bank, (800) 487-4404 |
| <input type="checkbox"/> Wachovia (Educaid), (877) 629-0763 | <input type="checkbox"/> Nellie Mae, (888) 272-5543 |
| <input type="checkbox"/> Key Bank, (800) 539-5363 | <input type="checkbox"/> Sallie Mae Education Trust, (888) 272-5543 |
| <input type="checkbox"/> PNC Bank, (800) 375-9208 | <input type="checkbox"/> FinanSure, (866) 375-4890 |
| <input type="checkbox"/> Compass Bank, (866) 866-7372 | <input type="checkbox"/> Capital One, (800) 736-5727 |

** If you prefer to use a lender who is not listed here, you must write in the name and address below.*

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_____ Lender Name & City	_____ Lender Code (if known)
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_____ Student Signature	_____ Date
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2007-2008

Graduate Lender Change Form

Federal Subsidized Stafford Loan / Federal Unsubsidized Stafford Loan

Office of Student Financial Services – The University of Texas at Austin – P.O. Box 7758, UT Station, Austin, TX 78713-7758
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Student Name: _____

Date: _____

UT EID: _____

Date of Birth: _____

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____ College Loan Corporation, (800) 226-5534
____ First National Bank, Bryan, (800) 813-4372
____ Bank of America, (800) 375-9208
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____ Nelnet, (866) 866-7372
____ Wachovia (Educaid), (877) 629-0763
____ College Board / College Credit, (888) 272-5543
____ Nellie Mae, (888) 272-5543
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____ Frost National Bank, (800) 813-4372
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____ IBC Bank, (800) 949-6371
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Student Signature

Date

2007-2008

Graduate PLUS Lender Change Form Federal Graduate PLUS Loan

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Student Name: _____

Date: _____

UT EID: _____

Date of Birth: _____

LENDER SELECTION*

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____ First National Bank, Bryan, (800) 813-4372
____ Nelnet, (866) 866-7372
____ Compass Bank, (866) 866-7372
____ IBC Bank, (800) 949-6371
____ Wells Fargo Bank, (800) 658-3567
____ Nellie Mae, (888) 272-5543
____ Sallie Mae Education Trust, (888) 272-5543
____ Key Bank, (800) 539-5363

____ College Loan Corporation, (800) 226-5534
____ University Federal Credit Union, (800) 252-8311
____ Citibank, NA, (800) 967-2400
____ Bank of America, (800) 375-9208
____ PNC Bank, (800) 375-9208
____ FinanSure, (866) 375-4890
____ Wachovia (Educaid), (877) 629-0763
____ College Board / College Credit, (888) 272-5543
____ Chase Bank, (800) 487-4404
____ Capital One, (800) 736-5727

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Student Signature

Date

EXHIBIT F

Memo

2/23/07

To: Larry
From: Christine
CC: Don and Henry

Re: 060 Lender Review

Attached are the five lender lists from 060. Lender volume for all FFELP loans (Grad & Undergrad) is listed on the 060 Undergrad FFELP chart and was pulled from TG's records. Lender FFELP default rates at UT are for all FFELP loans also. Suntrust was on the 060 lender list and is being replaced with Key Bank.

The OSFS visibility data was kept by May in the past year and is attached.

I have also attached Default Information from TGSLC for UT and the lenders.

Please let me know if you have any questions or need more information.

PLUS Lender	Lender ID	060 PLUS LL Rank	060 PLUS* Volume in Millions	Volume Rank		
<u>Student Loan Xpress</u>	833890	1	1.53	9		
<u>College Loan Corporation</u>	833733	2	1.68	7		
<u>Frost National Bank</u>	810883	3	1.76	6		
<u>University Federal Credit Union</u>	828148	4	11.63	1		
<u>First National Bank, Bryan</u>	821359	5	0.34	17		
<u>Nellie Mae</u>	829076	6	1.55	8		
<u>Nelnet</u>	833669	7	0.64	13		
<u>Bank of America</u>	832733	8	6.38	2		
<u>Compass Bank</u>	828078	9	0.52	14		
<u>PNC Bank</u>	809921	10	0.15	27		
<u>Comerica Bank</u>	830489	11	0.25	18		
<u>Collegiate Funding Services</u>	834059	12	0.16	25		
<u>Wells Fargo Bank</u>	807176	13	5.84	3		
<u>Wachovia (Educaid)</u>	830005	14	0.79	12		
<u>Citibank, NA</u>	826878	15	0.95	10		
<u>College Board/College Credit</u>	830310	16	0.15	26		
<u>Sallie Mae Education Trust</u>	802218	17	0.93	11		
<u>Chase Bank</u>	818590	18	0.05	42	807807*	2.99*
<u>Key Bank (was Suntrust)</u>	813760	19	0.02	66		
<u>Texas Exes Student Loan Program</u>	834201	20	2.36	5		

*disbursed
8/21/06-2/22/07
for specific
lender ID

060 UNDERGRAD FFELP LENDER LIST

Lender	Servicer	Lender ID	060 Stafford LL Rank	060 FFELP Volume Rank for lender ID	060 FFELP* Volume (in millions)	FY06 default rate at UT
Student Loan Xpr.	LoanStar	823584	1	17	1.5	0
Frost	NTHEA	810883	2	6	4	1.3
College Loan Corp.	CLC Servicing	833733	3	16	1.5	2.4
UFCU	EDFinancial	828148	4	1	34.8	0.4
First Nat'l, Bryan	LoanSTAR	821359	5	22	0.5	3.8
Nellie Mae	SLMA	829076	6	7	4	0.5
Texas Exes	Brazos	834201	7	10	2.9	0
Bank of America	Brazos	832733	8	2	26	0.4
Wells Fargo	Self	807176	9	3	22.7	1.7
College Board	SLMA	830310	10	37	0.1	
Comerica	LoanSTAR	830489	11	26	0.3	0
Nelnet	Nelnet	833669	12	15	1.7	0
Chase	EDFinancial	818590	13	12	2.7	0
Wachovia	Self	830005	14	8	3.7	1.1
Citibank	Self	826878	15	4	4.7	1.6
Key Bank (was Suntrust)		813760	16	27	0.2	0
Sallie Mae Education	SLMA	802218	17	9	3.4	0
PNC*	Brazos	809921	18	33	0.1	0
Collegiate Funding Serv.	LoanSTAR	834059	19	21	0.6	0
Compass	LoanSTAR	828079	20	11	2.8	1.1

net amount disb
8/12/06-2/16/07

*on Undergrad list but not
Grad FFELP

*all FFELP
including Grad

On Grad FFELP not UG
Access Group Self
A+ Funds SLMA

Grad LL Rank
808851 10
834040 15
13
31
2.5
0.1
0
0

060 ALT LOAN Lender List		
LENDER & WEBSITE	SERVICER	060 ALT LL RANK
University Federal Credit Union	HESC	1
Nellie Mae	SLMA	2
Wells Fargo	Self	3
Access Group	Self	4
Wachovia (Educaid)	Self	5
Bank of America	Self	6
Citibank	Self	7
Education Finance Partners	Self	8
Key Bank	Self	9
Chase Bank	CFS	10

060 GRAD FFELP LENDER LIST

LENDER & WEBSITE	PROCESSOR/ SERVICER	LENDER CODE	LL RANK
<u>Student Loan Xpress</u>	LoanStar	823584	1
<u>Frost National Bank</u>	NTHEA HESC	810883	2
<u>College Loan Corporation</u>	CLC Servicing	833733	3
<u>University Federal Credit Union</u>	EdFinancial Services	828148	4
<u>First National Bank, Bryan</u>	NTHEA HESC	821359	5
<u>Nellie Mae</u>	SallieMae	829076	6
<u>Texas Exes Student Loan Program</u>	Brazos HESC	834201	7
<u>Bank of America</u>	Brazos HESC	832733	8
<u>Wells Fargo Bank</u>	Self Servicer	807176	9
<u>Access Group</u>	Self Servicer	808851	10
<u>Comerica Bank</u>	LoanStar	830489	11
<u>Nelnet</u>	Nelnet	833669	12
<u>Chase Bank</u>	EdFinancial Services	818590	13
<u>Wachovia (Educaid)</u>	Self Servicer	830005	14
<u>A + Funds</u>	SallieMae	834040	15
<u>Key Bank (was Suntrust</u>		813760	16
<u>College Board/College Credit</u>	SallieMae	830310	17
<u>Sallie Mae Education Trust</u>	SallieMae	802218	18
<u>Citibank, NA</u>	Self Servicer	826878	19
<u>Collegiate Funding Services</u>	LoanStar	834059	20
<u>Compass Bank</u>	LoanStar	828078	21

GRAD PLUS Lender List

LENDER & WEBSITE	LENDER CODE	LL RANK
<u>Student Loan Xpress.</u>	833890	1
<u>College Loan Corporation.</u>	833733	2
<u>Frost National Bank.</u>	810883	3
<u>University Federal Credit Union.</u>	828148	4
<u>First National Bank, Bryan.</u>	821359	5
<u>Nellie Mae.</u>	829076	6
<u>Netnet.</u>	833669	7
<u>Bank of America.</u>	832733	8
<u>Compass Bank.</u>	828078	9
<u>PNC Bank.</u>	809921	10
<u>Comerica Bank.</u>	830489	11
<u>Collegiate Funding Services.</u>	834059	12
<u>Wells Fargo Bank.</u>	807176	13
<u>Wachovia (Educaid).</u>	830005	14
<u>Citibank, NA.</u>	826878	15
<u>College Board/College Credit.</u>	830310	16
<u>Sallie Mae Education Trust.</u>	802218	17
<u>Chase Bank.</u>	818590	18
<u>SunTrust Education Loans.</u>	811304	19
<u>Texas Exes Student Loan Program.</u>	834201	20

2006-07 LENDER EVENTS					
Date	Lender		Lender Rep. Attending	What/Where	
10/4/2006	Access Group		Tom Ramaeker and Martin Hernandez	pizza lunch	
8/31/2006	Bank of America		Mark Bray	Amy's Ice Cream	
9/7/2006	Brazos		Phillip Applebaum	Tiff's treats: cookies/brownies	
3/29/2006	Citibank		Mike Henderson and Beth Zachary	breakfast from Jason's Deli	
7/18/2006	Citibank		Elsa Ramos	Popcorn	
10/31/2006	Citibank		Elsa Ramos	halloween candy and popcorn	
9/6/06 (10/6)	College Board		Mike Novak	taco lunch	
2/16/2007	College Loan Corporation		Barry Klassen	snacks	
6/1/2006	Comerica		Diana Daniels	pies	
12/12/2006	Commerce Bank		Jessie McCoy	Fortune cookies	
9/8/2006	Compass Bank		Paul Wright	breakfast pastries	
8/4/2006	Education Finance Partners		David Garza	Chicken Casorole lunch	
12/13/2006	Goal Financial			Christmas cookies	
1/23/2007	Key Bank		Donna Smith	Mangia Lasagne Lunch	
9/6/06 (10/6)	Nellie Mae		Tricia Johnson	taco lunch	
9/22/2006	North Texas Higher Ed Authority & UFCU		Jose Guerrero and Rhonda Summerbell	Mangia Lasagne	
2/23/2007	North Texas Higher Education Authority		Jose Guerrero	BBQ lunch	
9/6/06 (10/6)	Sallie Mae Education Trust		Letitia Reyna	taco lunch	
9/6/06 (10/6)	Sallie Mae Texas		Brook Pallanez and Kevin Lemasters	taco lunch	
1/26/2006	Student Loan Xpress		Jennifer Medley	Jason's Deli cookies/brownies	
2/28/2006	Student Loan Xpress		Robert Hogeda	breakfast treats	
3/28/2006	Student Loan Xpress		Jennifer Medley	cheesecake from Jason's Deli	
4/11/2006	Student Loan Xpress			softball drinks	
4/20/2006	Student Loan Xpress		Jennifer Medley	breakfast from Jason's Deli	
5/17/2006	Student Loan Xpress		Jennifer Medley	cupcakes	
Jun-06	Student Loan Xpress		Jennifer Medley	breakfast for June birthdays	
7/19/2006	Student Loan Xpress		Jennifer Medley	mini chocolate bars	
7/27/2006	Student Loan Xpress		Jennifer Medley	b-day pies	
8/22/2006	Student Loan Xpress		Robert Hogeda	August birthday	
9/29/2006	Student Loan Xpress		Jennifer Medley	breakfast	
10/13/2006	Student Loan Xpress		Jennifer Medley	popcorn	
10/18/2006	Student Loan Xpress		Jennifer Medley	b-day treats	
10/25/2006	Student Loan Xpress		Jennifer Medley	halloween candy	
11/21/2006	Student Loan Xpress		Jennifer Medley	birthday breakfast	
1/25/2007	Student Loan Xpress		Jennifer Golden	birthday pies	

3/1/2006	SunTrust Education Loans	Bunny Ferris	chicken lunch
4/25/2006	UFCU	Rhonda Summerbell	softball drinks
3/31/2006	Wachovia	Michelle Enriquez	Mangia Lasagne lunch
8/17/2006	Wachovia	Michelle Enriquez	Mangia Lunch
11/3/2006	Wachovia	Michelle Enriquez	Mangia Lasagne lunch
4/4/2006	Wells Fargo		softball drinks
7/13/2006	Wells Fargo	Casey Galindo and Maurice Benson	Lucy's Boatyard happy hour
9/13/2006	Wells Fargo	Casey Galindo and Maurice Benson	breakfast
12/8/2006	Wells Fargo	Casey Galindo and Maurice Benson	Papasito's lunch
		Information Provided by May	

EXHIBIT G

Davis, Don C

From: Don C Davis
Sent: Friday, August 08, 2003 11:42 AM
To: Barbara J Kolthoff
Subject: RE: New Alternative Loan Stuff

I would be interested at least in knowing what lenders/programs are on the list, how it looks, etc. How would I get to the list as it looks to students?

Don

Don Davis
Associate Director
Office of Student Financial Services
(512) 475-6203
email: dondavis@mail.utexas.edu

-----Original Message-----

From: Barbara J Kolthoff
Sent: Friday, August 08, 2003 11:12 AM
To: Don C Davis
Subject: RE: New Alternative Loan Stuff

Larry,

Approved the who and the order of presentation. I would need to check for an exact number, but there are only about 10 or so lenders, but each lender has multiple loan programs offered.

Barb

Barbara J. Kolthoff
Assistant Director, Information Technology
Office of Student Financial Services
University of Texas at Austin
512-475-6266

-----Original Message-----

From: Don C Davis
Sent: Wednesday, August 06, 2003 5:35 PM
To: Barbara J Kolthoff
Subject: RE: New Alternative Loan Stuff

Barb

Who has decided who is on the alternative lender code list and how many are there?

Don

Don Davis
Associate Director
Office of Student Financial Services
(512) 475-6203
email: dondavis@mail.utexas.edu

-----Original Message-----

From: Barbara J Kolthoff
Sent: Wednesday, August 06, 2003 4:04 PM

4/9/2007

To: AustinDL-osfs.staff{finaidstaff}
Subject: New Alternative Loan Stuff

Staff,

We have just put a new web page into production for students. Now in E-Services, if the student has an alternative loan estimate (award code 180) that has been accepted but we have not yet collected an alternative loan lender, there will be a link that takes the student to the new alternative loan lender selection page. This page will dynamically build a lender list that is specific for that student based on the student's budget category (FA-Admission on some FAMENU screens). The list also includes hot links to the lenders web sites so the student can immediately go from our lender selection page to the lender's site to complete an application with the lender.

We plan to email the students who need to select an alternative loan lender tomorrow; however, the E-Services link will appear for those students now. I will be sending more info about alternative loans tomorrow. Stay tuned.

Barb

Barbara J. Kolthoff
Assistant Director, Information Technology
Office of Student Financial Services
University of Texas at Austin
512-475-6266

4/9/2007

EXHIBIT H

From: Don C Davis [/O=AUSTIN/OU=AUSTIN/CN=RECIPIENTS/CN=DAVISDC]
Sent: Thursday, June 09, 2005 9:10 PM
To: Larry Burt; Samuel R Riley
Subject: RE: exes

Larry,
What would you think about taking off Key Bank. I know they have zero interest loans, but when you take a look at what they did last year (and I think they were on the lender list last year)—it was 96 loans. We don't "publicize" the zero fees, and it is pretty obvious that students just don't ever get to their site and would not find out about them anyway—and we have no relationship with Key Bank to speak of, whereas we do have some very strong historical ties with CFS and Medfunds.

I much rather explain to Amy Cruz (if that is that our rep now) why Key Bank is off the list, than to explain to Taft and other folks at CFS or to Dave, Brian et al.

What do you think? Since most of our new borrowers have probably already chosen a lender anyway, it probably doesn't make a lot of difference in volume to any of them, or to Ex-Students.

Don

Don Davis
Associate Director
Office of Student Financial Services
(512) 475-6203
email: dondavis@mail.utexas.edu

From: Larry Burt
Sent: Wednesday, June 08, 2005 4:22 PM
To: Samuel R Riley; Don C Davis
Subject: exes

Sam please make sure that the Exes are on both the undergraduate and graduate lender lists before the close of business tomorrow. I think Don has indicated his preference for one list but not the other. He needs to let you know or we go without input.

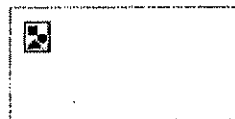
Larry

Lawrence W. Burt
Associate Vice President Student Affairs &
Financial Aid Director
The University of Texas at Austin



From: Samuel R Riley
To: samuelriley2@yahoo.com
Date: Monday, May 1, 2006 9:45:16 AM
Subject: FW: Another favor

*Samuel R. Riley
Accounting/Loans Supervisor
Office of Student Financial Services
The University of Texas at Austin*



From: Larry Burt
Sent: Tuesday, July 05, 2005 12:56 PM
To: Samuel R Riley
Subject: FW: Another favor

Sam,

Switch College Board with the Exes.

Thanks, Larry

From: Jim Boon [mailto:boon@alumni.utexas.edu]
Sent: Wednesday, June 29, 2005 11:07 AM
To: Larry Burt
Subject: Another favor

Would it be possible to get us listed on your website so that you don't have to scroll down to see us? If we were one of the top 5 or 6 names it would work.

Jim Boon, Executive Director
Texas Exes, 512-471-3800
www.TexasExes.org

Membership in the Texas Exes is a charitable contribution that protects the value of your diploma, shows your pride in The University, and keeps you connected to campus news and fellow alumni through social events and business networking.

EXHIBIT I

Memo

To: Larry
From: Sam
CC: Don, Henry and Marissa
Date: 3/10/2006
Re: 050 Lender Review

I am shortening it up this year...a tad that is.

Attached are three FFELP lender lists and the Alternative Loan lender list. The FFELP lists vary slightly. There are twenty lenders on the PLUS and GRAD lists and 21 on the UG list. All of the lenders are on all three lists except for PNC (not on GRAD List), Key (not on GRAD List), SunTrust (not on GRAD List) and Citibank (not on UG or PLUS lists). The change to the Alternative Loan lender list is listed on that page.

All of the lenders are offering zero origination fees except for a few and I am not sure about Comerica and Student Loan Xpress. I do not think they are offering the zero origination fee though. First National, Bryan and CLC definitely are not and CFS was bought out.

The OSFS visibility data was kept by May in the past year and is attached. The percent change in volume from 040 to 050 is listed. Those that have red numbers mean a negative percent change. Those in black are a positive percent change.

Finally, Education Finance Partners is the only lender that is private loans only.

050 UG LENDER LIST

Lender	Servicer	050 Stafford LL Rank	050 FFELP Volume Rank	050 FFELP Volume (in millions)
Student Loan Xpr.	LoanSTAR	1	13	2.6
Frost	NTHA	2	6	5.6
First Nat'l, Bryan	LoanSTAR	3	19	1
UFCU	EDFinancial	4	1	46.6
CLC	ACS	5	12	3.1
Nellie Mae	SLMA	6	5	7.2
Texas Exes	Brazos	7	21	0.7
BOA	Brazos	8	2	30.1
Wells Fargo	Self	9	3	27.3
College Board	SLMA	10	36	0.1
Comerica	LoanSTAR	11	25	0.6
Nelnet	Nelnet	12	20	1.1
Chase	SLMA	13	4	8.8
Wachovia	Self	14	11	3.4
A+ Funds	SLMA	15	18	1.1
Sun Trust	LoanSTAR	16	26	0.6
Key	Great Lakes	17	33	0.3
Dollar Bank	SLMA	18	24	0.7
PNC	Brazos	19	50	0.1
CFS	LoanSTAR	20	23	0.8
Compass	LoanSTAR	21	9	3.7

3/10/2006

PLUS Lender List Analysis

060

050 PLUS LENDER LIST

Lender	Servicer	050 Stafford LL Rank	050 FFELP Volume Rank	050 FFELP Volume (in millions)
Student Loan Xpr.	LoanSTAR	1	13	2.6
CLC	ACS	2	12	3.1
Frost	NTHA	3	6	5.6
UFCU	EDFinancial	4	1	46.6
First Nat'l, Bryan	LoanSTAR	5	19	1
Nellie Mae	SLMA	6	5	7.2
Nelnet	Nelnet	7	20	1.1
BOA	Brazos	8	2	30.1
Compass	LoanSTAR	9	9	3.7
Dollar Bank	SLMA	10	24	0.7
Wells Fargo	Self	11	3	27.3
CFS	LoanSTAR	12	23	0.8
PNC	Brazos	13	50	0.1
Wachovia	Self	14	11	3.4
Key	Great Lakes	15	33	0.3
College Board	SLMA	16	36	0.1
Comerica	LoanSTAR	17	25	0.6
Chase	SLMA	18	4	8.8
Sun Trust	LoanSTAR	19	26	0.6
Texas Exes	Brazos	20	21	0.7

3/10/2006

ALT Lender List Analysis

060

050 Alternative Loan LENDER LIST

Lender	Servicer	050 ALT LL Rank
Nellie Mae	SLMA	1
Wells Fargo	Self	2
Access Group	Self	3
UFCU	NTHFA	4
Wachovia	Self	5
Chase	SLMA	6
BOA	Self	7
Citibank	Self	8

Note: This is the list after February 14, 2006. These are the lenders deleted due to inability to operate via TG: Chase Campus One (TERI), CFS (TERI), Comerica (TERI), Key (AES), PNC (TERI), Student Loan Xpress (AES)

3/10/2006

GRAD Lender List Analysis

060

050 GRAD LENDER LIST

Lender	050 Stafford LL Rank	050 FFELP Volume Rank	050 FFELP Volume (in millions)	% Change in Volume from 040	050 OSFS Visibility*	School Customer Service**	Offers Consol. Loan	Zero or Reduced Fees 060	TG**** Stafford Default Rate
Student Loan Xpr.	1	13	2.6	48	Very Good	Average	Y	?	3.2
Frost	2	6	5.6	7	Good	Average	Y	Y	2.8
First Nat'l, Bryan	3	19	1	4	Good	Average	Y	N	3.6
UFCU	4	1	46.6	18	Very Good	Good	Y	Y	1.6
CLC	5	12	3.1	0	Good	Very Good	Y	N	2.2
Nellie Mae	6	5	7.2	18	Good	Very Good	Y	Y	0.9
Texas Exes	7	21	0.7	n/a	Poor	Average	Y	Y	n/a
BOA	8	2	30.1	4	Very Good	Average	Y	Y	2.2
Wells Fargo	9	3	27.3	2	Very Good	Good	Y	Y	2.7
Access Group	10	10	4.6	31	Good	Good	Y	Y	0.2
Comerica	11	25	0.6	9	Good	Average	Y	?	3
Nelnet	12	20	1.1	1494	Good	Average	Y	Y	2.4
Chase	13	4	8.8	10	Good	Very Good	Y	Y	1.6
Wachovia	14	11	3.4	10	Very Good	Good	Y	Y	3.1
A+ Funds	15	18	1.1	24	Poor	Very Good	Y	Y	0
College Board	16	36	0.1	132	Good	Very Good	Y	Y	0
Dollar Bank	17	24	0.7	n/a	Good	Very Good	Y	Y	n/a
Citibank	18	7	5.8	5	Good	Very Good	Y	Y	3
CFS	19	23	0.8	86	Poor	Average	Y	N	3
Compass	20	9	3.7	8	Very Good	Average	Y	Y	3.2

* based on number of lunches, breakfasts and extracurricular functions for entire OSFS staff (document attached)

** based on interactions with school customer service representatives and reactions from OSFS counselors

**** default rate is from TG's Integrated Default Assistant program for FY 2005; per Research Department at TG.

WANNABEES

Lender	050 Stafford LL Rank	050 Stafford Volume Rank	050 Stafford Volume (in millions)	% Change in Volume from 040	050 OSFS Visibility*	School Customer Service**	Offers Consol. Loan	Zero or Reduced Fees 060	TG**** Stafford Default Rate
THE Loan	n/a	79	0.04	76	n/a	n/a	Y	Y	1.4
AMS	n/a	48	0.09	28	Poor	VG	Y	Y	2
EFSI	n/a	40	0.2	1	Poor	Average	Y	?	6.7
Education F. P.	n/a	n/a	n/a	n/a	Good	n/a	n/a	n/a	n/a

3/10/2006

Lender Treats 050.

Date	Lender	Rep	Where or what
5/4/05	Access Group	Rick Medley	Hula Hut happy hour
6/6/05	Bank of America	Mark Bray, Rhonda Metz	Amy's ice cream
7/27/05	Bank of America	Mark Bray, Kathy Cannon	Mangia Lasagne Lunch
6/17/05	Chase	Javier Salinas	BBQ Lunch
12/20/05	Chase and Student Loan Xpress	Javier Salinas, Jennifer Medley, Robert Hogeda	Serranos after work event
7/26/05	Citibank	Elsa Ramos	BBQ Lunch
9/21/05	Citibank	Elsa Ramos	payday candy bars
10/25/05	Citibank	Elsa Ramos	popcorn
8/4/05	College Loan Corporation	Barry Klassen and Jack Falk	Happy Hour at Cedar Door
11/15/05	Comerica	Diana Daniels	Turkey lunch
7/25/05	Frost	Barbara Kelly and Kevin	various cakes
12/15/05	Frost and NTHEA	Barbara Kelly and Jose Guerrero	BBQ lunch
5/11/05	Frost/ North TX Higher Ed Agency	Barbara Kelly/ Jose Guerrero	Slab Shack BBQ lunch
11/9/05	Key Bank	Sandy Holt	Mangia lasagne lunch
6/1/05	LoanSTAR/ Comerica/ Compass Bank	Ramiro Fonseca and George Durstine/ Diana Daniels/ Mark White	pasta lunch
9/14/05	Netnet	Don Buehrer	Boatyard happy hour
8/9/05	North Texas Higher Ed Agency	Jose Guerrero	Afternoon dessert/ drinks
5/7/05	SallieMae	Memory Keeler and Brook Pallenez	Mangia Lasagne Lunch
12/14/05	SallieMae	Robert Hogeda	Dave & Busters
5/31/05	Student Loan Xpress	Jennifer Medley, Robert Hogeda	May birthday cakes
6/28/05	Student Loan Xpress	Jennifer Medley	June birthday cookies
7/28/05	Student Loan Xpress	Jennifer Medley	July birthdays Jason's Deli Cheesecake
8/25/05	Student Loan Xpress	Robert Hogeda	Amy's ice cream for August birthdays
9/27/05	Student Loan Xpress	Jennifer Medley	September birthday cookies
10/19/05	Student Loan Xpress	Jennifer Medley and Robert Hogeda	October birthday cakes
11/17/05	Student Loan Xpress	Jennifer Medley	fall buckets with goodies
1/26/06	Student Loan Xpress	Robert Hogeda	Jason's Deli cookies/brownies
2/28/06	SunTrust Education Loans	Bunny Ferris	breakfast treats
3/1/06	UFCU	Rhonda Summerbell	chicken lunch
6/23/05	UFCU	Rhonda Summerbell	TX Land and Cattle Dinner
August	UFCU	Rhonda Summerbell	El Arroyo fajita lunch
12/19/05	UFCU	Rhonda Summerbell	\$1000 sponsorship for Walk to D'Feet ALS
5/26/05	Wachovia	Michelle Enriquez	lasagne lunch
8/26/05	Wachovia	Michelle Enriquez	Serranos Fajita lunch
10/27/05	Wachovia	Michelle Enriquez	Mangia Pizza Lunch
			BBQ Lunch and Halloween candy

3/10/2006

12/22/05	Washington Mutual	Donna Smith and Bryce Harrison	pizza lunch
6/14/05	Wells Fargo	Casey Galindo, Maurice Benson	Boatyard happy hour
8/18 and 8/19/05	Wells Fargo	Casey Galindo	Ice Cream cart in the office
12/16/05	Wells Fargo	Casey Galindo	Pappasito's lunch

EXHIBIT J

Davis, Don C

From: Davis, Don C
Sent: Wednesday, February 07, 2007 4:15 PM
To: 'Tom Ramaeker'
Subject: RE: Hello from Nebraska

Tom,
We have not made decisions yet about the lender list, and I am not sure what the time frame is. We can change the list very easily and quickly, and the only deadline we face is when we send our first electronic aid notifications to students, which will be sometime in mid to late March.

I will forward your email to Larry and see what his reaction is to your golf outing suggestion as well. I don't know what his plans are during TG week. They usually have a pre-conference tournament as well, but I have not heard about it yet.

I will get back to you about it.

Thanks.

Don

From: Tom Ramaeker [mailto:tramaeker@accessgroup.org]
Sent: Wednesday, February 07, 2007 4:09 PM
To: Davis, Don C
Subject: Hello from Nebraska

Don,

I'm sorry to bother you but Larry commented that you would be making a final decision about your lender list for 2007/08 in early February and well...I was wondering if we made the cut? We are moving forward with our system enhancements and will have electronic change transactions available by the end of this month. Not that you care right now but we will also have Blanket Guaranty with TG at the same time and be able to support TG's PLUS Pre-approval process sometime in May. We are good to go from our end of things!

On another topic I am wondering what's going to happen with our ability to do the golf outing thing if congress gets its way by limiting the amount of money we can spend on a customer to some ridiculous amount of \$10.00. Until then I was wondering if you and Larry could get together sometime the week of the TG conference in early April for 18? My schedule for February and March are pretty filled up but I will be in Austin most of the first week in April and I thought what better time. Let me know your thoughts and we'll go from there.

Thanks,

Tom

4/25/2007

EXHIBIT K



Education Lending Group, Inc.
12760 High Bluff Drive, Suite 210
San Diego, California 92130-2018

Telephone (858) 793-4151
Facsimile (858) 793-1184
www.educationlendinggroup.com

July 22, 2002

FORWARDED BY AIRBORNE EXPRESS

Mr. Lawrence Burt
11517 Silmarillion
Austin, Texas 78739

Re: Education Lending Group, Inc. (fka "Direct III Marketing, Inc.")
Stock Certificate/Stock Purchase Warrant

Dear Mr. Burt:

Enclosed please find the original of the Education Lending Group, Inc., Stock Certificate No. 1384, in the amount of 1,000 shares and Stock Purchase Warrant in the amount of 500 shares at an exercise price of \$1.00 per share, dated December 31, 2001. The issuance to you of the enclosed Stock Certificate and Stock Purchase Warrant was the result of gift by Mr. and Mrs. Fabrizio Balestri, effective December 31, 2001. Based on the date of the gift and not the date of the Stock Certificate, your *holding period* for the issuance shares of common stock began on December 31, 2001.

Education Lending Group, Inc., wants to welcome you as an investor in our company. Should you have any questions concerning the enclosures, please contact me at your convenience.

Very truly yours,

A handwritten signature in black ink, appearing to read 'DLF', is written over a circular stamp or seal.

DOUGLAS L. FEIST
Executive Vice President and General Counsel

DLF:bms
Enclosures (2)

AIRBORNE EXPRESS AIRBILL NO. 2599876926



EXHIBIT L



Education Lending Group, Inc.
12760 High Bluff Drive, Suite 210
San Diego, California 92130-2018

Telephone (858) 617-6080
Facsimile (858) 617-6079

October 14, 2004

FORWARDED BY DHL EXPRESS

Mr. Lawrence W. Burt
11517 Silmarillion Trail
Austin, TX 78739

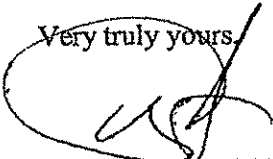
Re: Education Lending Group, Inc.
Exercise of Stock Purchase Warrant/Stock Issuance

Dear Mr. Burt:

Enclosed please find the original of the Education Lending Group, Inc., Stock Certificate No. ELG 2638 in the amount of 500 shares dated October 4, 2004, issued to Lawrence W. Burt with a legend pursuant to our S-3 Registration Statement. *Under the terms of the S-3 Registration Statement, the seller must deliver a copy of the enclosed Prospectus to the purchasing party. The Stock Certificate and Prospectus should both be delivered to your broker.* I have enclosed one (1) copy of the Prospectus for your use. If you or your broker require additional copies, please contact our transfer agent, American Stock Transfer and Trust Company.

Should you have any questions concerning the enclosure, please contact me at your convenience.

Very truly yours,


DOUGLAS L. FEIST
Executive Vice President and General Counsel

DLF:mrc
Enclosures (2)

DHL EXPRESS WAYBILL NO. 23352027451

EXHIBIT M

Attention: Jill Desjean
Director of Graduate Financial Aid
79 Fifth Avenue, 5th Floor
New York, NY 10003

Dear Ms. Desjean,

Student Loan Xpress has been a preferred lender at UT Austin for many years dating back to their very earliest days in student lending. As the Associate Vice President of Student Affairs at UT Austin I am happy to recommend Student Loan Xpress as a preferred lender for The New School.

The University of Texas at Austin commends Student Loan Xpress for their quality service, single point of contact, competitive benefits and innovative products. Since Student Loan Xpress has entered the student loan market they have never failed to provide the best in class customer care.

I highly recommend Student Loan Xpress to The New School. Please do not hesitate to contact me at (512) 475-6203 or via email at larry.burt@austin.utexas.edu for further information.

Sincerely,

Lawrence W. Burt
Associate Vice President of Student Affairs and Director of Student Financial Services

EXHIBIT N

Dear DFA,

Student Loan Xpress would like to take this opportunity to introduce a new and exciting product, Small Business Administration (SBA Loans) through our parent company CIT. CIT Small Business Lending Corporation is the nation's premier small business lender. As the largest SBA lender in the United States CIT has originated thousands of SBA loans to professionals via the Alumni Channel. Small Business Administration (SBA Loans) will not only provide value to the schools alumni but also through the Alumni Referral Program has the potential to generate significant revenue for your school. The most common uses of SBA Loans through the Alumni Referral Program are the financing of practice and franchise acquisitions, practice expansion, partner buy-outs, real estate purchases, and practice start-ups. Michael Blattman, Student Loan Xpress Senior Vice President for Business Development, will contact your school's alumni association to promote the SBA Loan Alumni Referral Program. We ask for your assistance in facilitating a meeting to assure that you have an awareness of the funds that will become available on campus and the opportunity to participate in decisions regarding the expenditure of these funds. I will be contacting you soon in order to work with your scheduled to set up the best time for meeting with Michael and your alumni association.

Sincerely,

Lawrence W. Burt
Associate Vice President for Student Affairs and Director of Student Financial Services

EXHIBIT O

Unknown

From: larryburt [larryburt@mail.utexas.edu]
Sent: Tuesday, August 21, 2001 3:59 PM
To: 'Rick Medley'
Subject: RE: Thank you!

It came out OK. I may digitize it. If I do I will send you a copy.
Larry

-----Original Message-----

From: Rick Medley [mailto:rirmedley@msn.com]
Sent: Monday, August 20, 2001 1:31 PM
To: larryburt
Subject: Thank you!

Awesome! Thank you very much for the support. Is the interview just going to air on your local Fox News telecast?

Also, have you made plans for the OU/Texas game? Jennifer and I can pay for your tickets etc... if you can get us tickets again this year. Regardless of the ticket situation, you guys are welcome to stay over our house like last year if you would like!

I hope to hear from you soon.

Rick

----- Original Message -----

From: "larryburt" <larryburt@mail.utexas.edu>
To: "'Rick Medley'" <rirmedley@email.msn.com>
Sent: Monday, August 20, 2001 10:18 AM
Subject: RE: Schools with the consolidation module

> Hey Rick! Thought you would like to know that I did a billboard for you.
> I
> was wearing my CFS shirt and did an on-camera interview with Fox News
> about
> the dangers of credit cards. It is supposed to air tonight. Larry

> -----Original Message-----

> **From:** Rick Medley [mailto:rirmedley@email.msn.com]
> **Sent:** Friday, May 25, 2001 4:13 PM
> **To:** Miguel Wasielewski; Larry Burt; Don Davis
> **Subject:** Fw: Schools with the consolidation module

>
> Attached is a list of schools currently using the Consolidation Loan
Module
> in their Exit Counseling. There are several others that want it, but
> they are new and are still in development. Also, many existing schools
> are
being
> added to this list daily. Remember, the page can be customized to your
> liking if needed. Thank you very much for your consideration.

> Rick

> ----- Original Message -----

> **From:** "Darlene Woody" <dwoody@cfsloans.com>
> **To:** "Rick Medley" <rmedley@cfsloans.com>
> **Sent:** Monday, May 21, 2001 1:53 PM
> **Subject:** Schools with the consolidation module

>
>
> >
> > Rick,
> >
> > Attached is the list of schools with the consolidation module.
> >
> > Good luck!!
> >
> > Darlene
> >
> > <<Consolidation Report with status.rtf>>
> >
>
>

EXHIBIT P

From: larryburt [larryburt@mail.utexas.edu]
Sent: Tuesday, July 25, 2000 2:30 PM
To: Fabrizio Balestri
Subject: RE: hello

Breeze, Adam birdied 18 on a public course in Wisconsin to shoot a 79! He did take one mullie so its not "real" but he's getting close.
Larry
ps I took 2 mullies to crank out a 93!

-----Original Message-----

From: Fabrizio Balestri [mailto:breeze.balestri@aee1.com]
Sent: Thursday, July 13, 2000 11:15 AM
To: 'larry burt'
Subject: RE: hello

Hey, you got that right!! I need too. Sometime in September. I was great spending time with you and Adam. Great kid. I can't wait until he's legal so I can mentor him on the finer things in life. Safe travels, Breeze.

> -----Original Message-----

> From: larry burt [SMTP:larryburt@mail.utexas.edu]
> Sent: Thursday, July 13, 2000 8:36 AM
> To: Fabrizio Balestri
> Subject: Re: hello

> Breeze, Adam told me you were coming to Texas to try to recover a little respect.
> Good luck, Larry

> -----

> >From: Fabrizio Balestri <breeze.balestri@aee1.com>
> >To: 'larryburt' <larryburt@mail.utexas.edu>
> >Subject: RE: hello
> >Date: Wed, Jul 5, 2000, 2:43 PM

> >

> >It is good to be King

> >

> >> -----Original Message-----

> >> From: larryburt [SMTP:larryburt@mail.utexas.edu]
> >> Sent: Wednesday, July 05, 2000 12:31 PM
> >> To: Fabrizio Balestri
> >> Subject: RE: hello

> >>

> >> I used to be able to earn outside the office. I guess that's gone too. About the only benie is that while I may not golf well at least I always golf for free!

> >>

> >> -----Original Message-----

> >> From: Fabrizio Balestri [mailto:breeze.balestri@aee1.com]
> >> Sent: Wednesday, July 05, 2000 2:14 PM
> >> To: 'larryburt'
> >> Subject: RE: hello

> >>

> >>

> >> and you make no money

> >>

> >> > -----Original Message-----

> >> > From: larryburt [SMTP:larryburt@mail.utexas.edu]
> >> > Sent: Wednesday, July 05, 2000 11:21 AM
> >> > To: Fabrizio Balestri
> >> > Subject: RE: hello

> >> >
> >> > Pretty interesting, lunch hour AND A HALF. I'm eating at my
> desk.
> >> > The good life of the private sector!!!
> >> >
> >> > -----Original Message-----
> >> > From: Fabrizio Balestri [mailto:breeze.balestri@aeel.com]
> >> > Sent: Wednesday, July 05, 2000 12:46 PM
> >> > To: 'larryburt'
> >> > Subject: RE: hello
> >> >
> >> >
> >> > Better tell him to sharpen up. I'll be hitting on my lunch hour
> and
> >> > a
> >> > half today.
> >> >
> >> > > -----Original Message-----
> >> > > From: larryburt [SMTP:larryburt@mail.utexas.edu]
> >> > > Sent: Wednesday, July 05, 2000 9:30 AM
> >> > > To: Fabrizio Balestri
> >> > > Subject: RE: hello
> >> > >
> >> > > I pklayed him for the fireworks he bought, about \$80
> altogether.
> >> > > He played like crap! He kept hitting the ball right. The
> woods
> >> > > are tough on your score. I had a 200 yard shot to within 6
> feet
> >> > > for a birdie. I think he lost it on that hole. A triple for
> >> > > him and a bird for me. See you soon. Larry
> >> > >
> >> > > -----Original Message-----
> >> > > From: Fabrizio Balestri [mailto:breeze.balestri@aeel.com]
> >> > > Sent: Wednesday, July 05, 2000 10:53 AM
> >> > > To: 'larryburt'
> >> > > Subject: RE: hello
> >> > >
> >> > >
> >> > > I can't wait to surprise him with the golf balls. Paying off
> bets
> >> > > pays
> >> > > off. Tell him I shot an 83 and a 97 over the weekend. Modle
> of
> >> > > consistancy. Breeze
> >> > >
> >> > > > -----Original Message-----
> >> > > > From: larryburt [SMTP:larryburt@mail.utexas.edu]
> >> > > > Sent: Monday, July 03, 2000 11:32 AM
> >> > > > To: Fabrizio Balestri
> >> > > > Subject: RE: hello
> >> > > >
> >> > > > Breeze, As I sit at my desk chewing on a hunk of leftover
> >> brisket
> >> > I
> >> > > am
> >> > > reading the Galileo menu. WOW!! I think this will be a
> very
> >> > > special
> >> > > dinner. I can't wait. Adam and I are going to play
> tomorrow.
> >> He
> >> > is
> >> > > talking big. Says he's going to take his \$10 back from you.
> >> I'm
> >> > not
> >> > > sure you have to worry -- yet. See you soon, Larry
> >> > >

> > > > > -----Original Message-----
> > > > > From: Fabrizio Balestri [mailto:breeze.balestri@aeel.com]
> > > > > Sent: Tuesday, June 13, 2000 1:39 PM
> > > > > To: 'larryburt'
> > > > > Subject: RE: hello
> > > > >
> > > > >
> > > > > On your meager salary? I'm impressed. Please inform Debbie
> > > that
> > > > she
> > > > may need to drive.
> > > > >
> > > > > -----Original Message-----
> > > > > From: larryburt [SMTP:larryburt@mail.utexas.edu]
> > > > > Sent: Tuesday, June 13, 2000 10:21 AM
> > > > > To: Fabrizio Balestri
> > > > > Subject: RE: hello
> > > > >
> > > > > Better. I am a REAL Texan. I have a Suburban!! Well
> > > technically
> > > > > Deb has a Suburban that I can sometimes drive. Larry
> > > > > >
> > > > > -----Original Message-----
> > > > > From: Fabrizio Balestri [mailto:breeze.balestri@aeel.com]
> > > > > Sent: Tuesday, June 13, 2000 11:04 AM
> > > > > To: 'larryburt'
> > > > > Subject: RE: hello
> > > > >
> > > > >
> > > > > No problem, I'm used to dinner with 2 nut cases and a
> wife.
> > > Do
> > > > you
> > > > > still have that piece of shit van with the optional bottle
> > > holders
> > > > > in
> > > > > the back and can we all fit?
> > > > > >
> > > > > > -----Original Message-----
> > > > > > From: larryburt [SMTP:larryburt@mail.utexas.edu]
> > > > > > Sent: Tuesday, June 13, 2000 5:20 AM
> > > > > > To: Fabrizio Balestri
> > > > > > Subject: RE: hello
> > > > > >
> > > > > > OK If you are going to do it I will take a chance, but
> > > Cassie
> > > > > goes
> > > > > > virually nowhere without Milla. Tally for dinner will be
> > > five
> > > > > Burts
> > > > > >
> > > > > > and a Breeze!! I am VERY glad you are finally coming
> back
> > > to
> > > > > Texas.
> > > > > >
> > > > > > Larry
> > > > > > >
> > > > > > -----Original Message-----
> > > > > > From: Fabrizio Balestri [mailto:breeze.balestri@aeel.com]
> > > > > > Sent: Monday, June 12, 2000 6:11 PM
> > > > > > To: 'larryburt'
> > > > > > Subject: RE: hello
> > > > > >
> > > > > >
> > > > > > Hello again Dr. Burt. Additional plans: Dinner will be
> set
> > > > as

> >> > > soon
> >> > > > as
> >> > > > that brain of yours retrieves the name of the restaurant
> you
> >> > > want
> >> > > > to
> >> > > > > eat
> >> > > > > at. I am making all plans for Friday night. Dinner will
> be
> >> > > at
> >> > > a
> >> > > > fine
> >> > > > > dining establishment. Since we won't get back to your
> house
> >> > > until
> >> > > > about
> >> > > > > 6:30 pm after golf, I won't make resv. until 8:00pm. Is
> it
> >> > > just
> >> > > > you,
> >> > > > > Debbie and Cassie, or is Adam also comming? Let me know.
> >> > Breeze
> >> >
> >> > > > > -----Original Message-----
> >> > > > > From: larryburt [SMTP:larryburt@mail.utexas.edu]
> >> > > > > Sent: Thursday, June 08, 2000 12:26 PM
> >> > > > > To: Fabrizio Balestri
> >> > > > > Subject: RE: hello
> >> > > > >
> >> > > > > I am excited! It will be good to see you! Larry
> >> > > > >
> >> > > > > -----Original Message-----
> >> > > > > From: Fabrizio Balestri
> > [mailto:breeze.balestri@aeeel.com]
> >> > > > > Sent: Thursday, June 08, 2000 12:50 PM
> >> > > > > To: 'larryburt'
> >> > > > > Subject: RE: hello
> >> > > > >
> >> > > > > Hey!!!!!!!!!!!! I get in on Thursday afternoon. Dinner
> is
> >> > That
> >> > > > > night.
> >> > > > > Jim Carroll is selecting the restaurant. I'm sure you
> can
> >> > > > invite
> >> > > > > Debbie!! We have a meeting Friday morning until lunch.
> >> > Then
> >> > > > you,
> >> > > > > Adam,
> >> > > > > me and either Jim or Jose` will play golf. We (me and
> >> your
> >> > > > family
> >> > > > > will
> >> > > > > go out to dinner at a swnki restaurant on Friday night
> in
> >> > > > honor
> >> > > > of
> >> > > > > Cassie's "B" day. I plan to stay at your place Friday.
> I
> >> > > > have
> >> > > > a
> >> > > > > 7:20
> >> > > > > am flight home on Sat. Don't worry, I have a car.
> Breeze
> >> > > > >
> >> > > > > > -----Original Message-----
> >> > > > > > From: larryburt [SMTP:larryburt@mail.utexas.edu]

> > > > > > > Sent: Thursday, June 08, 2000 10:26 AM
> > > > > > > To: Fabrizio Balestri
> > > > > > > Subject: RE: hello
> > > > > > >
> > > > > > > Breeze, Do you have "final" plans? Did you remember
> > that
> > > > you
> > > > > > "owe"
> > > > > > > Cassie dinner? Is Debbie going out with us Thursday
> > nite?
> > > > > She's
> > > > > > not
> > > > > > > sure she wants to (probably doesn't). By the way I
> will
> > > > open
> > > > > > the
> > > > > > > bottle of Opus Friday to recognize Cassie's 21st
> > birthday
> > > > and
> > > > > your
> > > > > > > return to Texas. Larry
> > > > > > >
> > > > > > > > > -----Original Message-----
> > > > > > > > From: Fabrizio Balestri
> > [mailto:breeze.balestri@aeel.com]
> > > > > > > > Sent: Thursday, May 25, 2000 1:02 PM
> > > > > > > > To: 'larryburt'
> > > > > > > > Subject: RE: hello
> > > > > > > >
> > > > > > > > Thanks, I talked to Jim C. Dinner the evening of the
> > > 15th.
> > > > I
> > > > > > will
> > > > > > > meet
> > > > > > > > with Loanstar a.m., Play golf on the 16th p.m. I'll
> > stay
> > > at
> > > > your
> > > > > > house
> > > > > > > the night of the 16th. Leave the morning of the
> > 17th.
> > > Adam
> > > > is
> > > > > > > welcome.
> > > > > > > > I think its Jim, Jose, Doug Feist, Me and you. Talk
> to
> > > > soon.
> > > > > > Breeze
> > > > > > >
> > > > > > >
> > > > > > > > > -----Original Message-----
> > > > > > > > > From: larryburt [SMTP:larryburt@mail.utexas.edu]
> > > > > > > > > Sent: Thursday, May 25, 2000 10:47 AM
> > > > > > > > > To: Fabrizio Balestri
> > > > > > > > > Subject: RE: hello
> > > > > > > >
> > > > > > > > > They are an interesting group. Let me know as soon
> as
> > > you
> > > > get
> > > > > > > something
> > > > > > > > > arranged. Adam works so I will have to have him
> see
> > > if
> > > > he
> > > > > can

> >> > > > > > switch
> >> > > > > > out
> >> > > > > > so he can play with us. We also need to make plans
> >> for
> >> > > DC.
> >> > > > > Adam
> >> > > > > > will
> >> > > > > > > be
> >> > > > > > > with me. You know of course that you are both
> welcome
> >> > and
> >> > > > > > encouraged
> >> > > > > > > to
> >> > > > > > > stay at my home when you get to Austin. Larry
> >> > > > > > >
> >> > > > > > > -----Original Message-----
> >> > > > > > > From: Fabrizio Balestri
> >> > > > > > > [mailto:breeze.balestri@aee1.com]
> >> > > > > > > Sent: Thursday, May 25, 2000 12:03 PM
> >> > > > > > > To: 'larryburt@mail.utexas.edu'
> >> > > > > > > Subject: FW: hello
> >> > > > > > >
> >> > > > > > >
> >> > > > > > >
> >> > > > > > >
> >> > > > > > > > -----Original Message-----
> >> > > > > > > From: Sarah Bauder [SMTP:sarahb@osfa.umd.edu]
> >> > > > > > > Sent: Thursday, May 25, 2000 6:33 AM
> >> > > > > > > To: breeze.balestri@aee1.com
> >> > > > > > > Subject: RE: hello
> >> > > > > > >
> >> > > > > > > B.
> >> > > > > > >
> >> > > > > > > No, I didn't get your invitation but, then again,
> >> I'm
> >> > > behind
> >> > > > on
> >> > > > > > > reading my mail.
> >> > > > > > > I'll keep an eye out for it. And No, Sallie Mae
> >> > didn't
> >> > > have
> >> > > > > anything
> >> > > > > > to do
> >> > > > > > > with putting you on the lender list. I thought
> we
> >> > > should
> >> > > > > > "diversify"
> >> > > > > > > the list,
> >> > > > > > > and the rest of the staff agreed that A.E. would
> be
> >> a
> >> > > good
> >> > > > > > > addition.!
> >> > > > > > > I forgot
> >> > > > > > > to tell Darlene Parker...oopps.! Which, by the
> way,
> >> > > we're
> >> > > > > > > transmitting A.E.
> >> > > > > > > loans to USAF, is that doable?
> >> > > > > > >
> >> > > > > > > Stop by when you're in the area. I hope EASFAA
> was
> >> > fun.
> >> > > > I'm
> >> > > > > > > short-staffed and unable to get away these days.
> >> > > > > > > :-)
> >> > > > > > >
> >> > > > > > > Hope all is well.

> >> > > > > > > > > >
> >> > > > > > > > > > Please stop in when you're in the area.
> >> > > > > > > > > >
> >> > > > > > > > > > Thanks,
> >> > > > > > > > > > S.
> >> > > > > > > > > >
> >> > > > > > > > > > Sarah Bauder Associate Director University of
> >> > > > > > > > > > Maryland
> >> > > > > > > > > > (301) 314-8289 (phone)
> >> > > > > > > > > > (301) 405-9265 (fax)
> >> > > > > > > > > >
> >> > > > > > > > > >
> >> > > > > > > > > >
> >> > > > > > > > > > Sarah Bauder
> >> > > > > > > > > > Associate Director University of Maryland
> >> > > > > > > > > > (301) 314-8289 (phone)
> >> > > > > > > > > > (301) 405-9265 (fax)
> >> > > > > > > > > >
> >> > > > > > > > > >

From: larryburt [larryburt@mail.utexas.edu]
Sent: Tuesday, September 18, 2001 10:07 PM
To: Breeze (E-mail)
Subject: home

Did you get home OK? I am glad you didn't get hurt and that the American Express building survived. I am going to "The Valley" tomorrow. Flying the first time might be strange. Let me know if you are going to be around. I will be back in the office on Friday. Larry

From: larry.burt
Sent: Friday, November 01, 2002 3:06 PM
To: 'Breeze Balestri'
Subject: FW: pictures

Attachments: ca tree_sm.jpg; blueangels2_sm.jpg; blueangels3_sm.jpg; blueangels4_sm.jpg;
blueangels_sm.jpg



ca tree_sm.jpg
(662 KB)



blueangels2_sm.jpg
(352 KB)



blueangels3_sm.jpg
(803 KB)



blueangels4_sm.jpg
(687 KB)



blueangels_sm.jpg
(706 KB)

Please share my Thunderbird

photos with Mark(?). I think that was your golfing buddy's name. BTW Nick says both Hi
and that you do not return his calls.
Larry

Lawrence W. Burt, Ed.D.
Director
Office of Student Financial Services
University of Texas at Austin
(512) 475 6203
(512) 475 6349 FAX

-----Original Message-----

From: david.welch {David Welch}
Sent: Friday, November 01, 2002 3:52 PM
To: larry.burt
Subject: pictures

David Welch
Network Administrator
Office of Student Financial Services
University of Texas at Austin
512-475-6253 v
512-475-6254 f

From: Burt, Larry
Sent: Thursday, March 29, 2007 4:43 PM
To: 'Jose Guerrero'
Subject: RE: Monday and Tuesday

That might work.

-----Original Message-----

From: highereducationse02@sprintpcs.com [mailto:highereducationse02@sprintpcs.com] On Behalf Of Jose Guerrero
Sent: Thursday, March 29, 2007 11:31 AM
To: Burt, Larry; Balestri, Breeze; larryburt@mail.utexas.edu
Cc: adam burt
Subject: RE: Monday and Tuesday

we are set for 8:30 at circle c on april 3rd.

Jose Guerrero
North Texas Higher
Education Authority/HESC
512-7311311

-----Original Message-----

From: "Burt, Larry" <LARRY.BURT@austin.utexas.edu>
Subj: RE: Monday and Tuesday
Date: Thu Mar 29, 2007 9:05 am
Size: 2K
To: "Balestri, Breeze" <breeze.balestri@slxpress.com>, larryburt@mail.utexas.edu
cc: adam burt <incubus_65@hotmail.com>, Jose Guerrero <Joseg@nthea.com>

Well it looks like we are set for Monday. Wolfdancer at 10:30. Tuesday is still a little iffy. Jose has not confirmed with Ralph, we have a tee time that is too late for me to finish, Breeze will be at the hotel and unless Perry is confirmed and ready to go will not have a way to the course. Other than those few items all is good.

Larry

From: Balestri, Breeze [mailto:breeze.balestri@slxpress.com]
Sent: Wednesday, March 28, 2007 9:51 AM
To: larryburt@mail.utexas.edu
Subject: Monday and tuesday

Larry:

Please pass this on to Jose as I don't have his email address in my bb.

Jose, as we discussed, you are responsible for getting us tee times for Monday and Tuesday morning.

I will pay for one, you for the other. Dr. Burt and I will be playing you and young Adam on Monday. Stakes to be determined.

On Tuesday, Dr. Burt and I will have our rematch with you and Ralph Perri. Make sure that you contact Ralph and give him the details.

Please confirm in english that you have received this message and will comply with the instructions herein.

Thank you

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EXHIBIT Q

Unknown

From: larryburt [larryburt@mail.utexas.edu]
Sent: Wednesday, May 23, 2001 4:41 PM
To: Rick Medley
Subject: RE: Tomorrow

Rick, That sound fine to me. Larry

---Original Message-----
From: Rick Medley [mailto:rmedley@email.msn.com]
Sent: Wednesday, May 23, 2001 10:28 AM
To: larryburt
Cc: Don Davis
Subject: Tomorrow

Here is the latest...I just talked to Jose. He told me that he really could not get out of his meeting tomorrow so Robert is definitely going to meet us. Robert and Jose are traveling together today so both are aware of who should be there tomorrow.

Rick
----- Original Message -----
From: "larryburt" <larryburt@mail.utexas.edu>
To: "Rick Medley" <rmedley@email.msn.com>
Sent: Wednesday, May 23, 2001 10:21 AM
Subject: RE: Collegexit Update

> OK. Jose said he will change his schedule "just for us". We have a 1:10
> at Riverplace. Larry
>

> -----Original Message-----
> From: Rick Medley [mailto:rmedley@email.msn.com]
> Sent: Wednesday, May 23, 2001 10:04 AM
> To: larryburt
> Subject: Re: Collegexit Update
>

> Hi Larry
>

> Yes, I did talk to Don. I think I talked to him right after you did. I
plan
> to come by your office about 10:30 or 11:00 tomorrow morning. We can
> go
over

> a few things, and then we can head out to our outdoor activity. Is
> Jose joining us? Can we find anyone else if Jose can't... maybe
> someone in your office or Robert or Barry???

>
> Rick
> ----- Original Message -----
> From: "larryburt" <larryburt@mail.utexas.edu>
> To: "Rick Medley" <rmedley@email.msn.com>
> Sent: Tuesday, May 22, 2001 11:38 AM
> Subject: RE: Collegexit Update
>

>
> > Rick, Has Don made arrangements for you to come to Austin? When?
> > Did he arrange any outdoor activity? Larry
> >

> > -----Original Message-----
> > From: Rick Medley [mailto:rirmedley@email.msn.com]
> > Sent: Tuesday, February 27, 2001 3:16 PM
> > To: larryburt
> > Subject: Re: Collegexit Update
> >
> >
> > Awesome! This is great news. I don't currently have an updated
> > Agreement form in an email format, but I just faxed one to you
> > (Royce should have
> > it).
> > I hope that will work for you. You can just fill it out and fax it
> > back
> > to
> > me at 972-691-3988. I would like to ask you a couple of things so
> > could
> > you
> > call me at 972-691-3263. I look forward to working with you guys on
> > this project!
> >
> > Rick
> > ----- Original Message -----
> > From: "larryburt" <larryburt@mail.utexas.edu>
> > To: "Rick Medley" <rirmedley@email.msn.com>
> > Sent: Tuesday, February 27, 2001 2:09 PM
> > Subject: RE: Collegexit Update
> >
> >
> > > Rick, I can't sign a contract with you because Don has hidden
> > > them
> > and
> > > is not in the office until Thursday. How about attaching one to
> > > an
> > e-mail
> > > and sending it to me?
> > > Larry
> > >
> > > -----Original Message-----
> > > From: Rick Medley [mailto:rirmedley@email.msn.com]
> > > Sent: Wednesday, February 14, 2001 5:22 PM
> > > To: Santa Z Garza
> > > Subject: Re: Collegexit Update
> > >
> > >
> > > Hi Santa, thank you for your reply. Yes, I did talk to Miguel last
> > week.
> > > It
> > > was the day you guys where trying to look at the Collegexit demo site.
> > He
> > > had just gotten back from lunch. Apparently, our site must have
> > > been
> > down
> > > temporarily, but when I talked to Miguel he could access it just fine.
> > Sorry
> > > for the inconvenience. Miguel seemed to think that you guys were
> > > still
> > able
> > > to successfully discuss Collegexit in your meeting without the demo.
> > We
> > also
> > > discussed possibly creating a special Work Study Module and Direct
> > Deposit
> > > Module. I think that would be great, and it would be very unique
> > compared
> > to


```

> > > >
> > > > Hello everyone, I hope you all are enjoying or will be enjoying
> > > > your
=
> > > > Valentine's Day. I just want to update you on a few Collegexit
> Partners
> > =
> > > > that have joined us most recently. Recent notables are UCLA,
> University
> > =
> > > > of Tulsa, University of Mary Hardin-Baylor, and Southwestern
> University.
> > =
> > > > We are now about 120 strong with 20 Texas schools on board.
> > > > Please = contact me at anytime if you have any questions or
> > > > would like to set
> up
> > =
> > > > another meeting if needed. Also, if you want to go on to our
> > > > demo
> site,
> > =
> > > > please give me a call on my cell phone at 972-489-6926. I can
> > > > make
> sure
> > > the =
> > > > site is available and then walk you through the logon process. I
hope
> to
> > =
> > > > hear from you soon!
> > > >
> > > > Rick Medley
> > > > Southwest Sales Director
> > > > Collegexit/CFS
> > > > 972-691-3263
> > > > 972-691-3988 fax
> > > > RiMedley@msn.com
> > > >
> > > >
> > > > -----_NextPart_000_001D_01C09669.B89B6CA0
> > > > Content-Type: text/html;
> > > > charset="iso-8859-1"
> > > > Content-Transfer-Encoding: quoted-printable
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> > > > <!DOCTYPE HTML PUBLIC "-//W3C//DTD HTML 4.0 Transitional//EN">
> > > > <HTML><HEAD> <META http-equiv=3DContent-Type
> > > > content=3D"text/html; charset=3Diso-8859-1"> <META
> > > > content=3D"MSHTML 5.50.4134.600" name=3DGENERATOR>
> > > > <STYLE></STYLE> </HEAD> <BODY bgColor=3D#ffffff> <DIV><FONT
> > > > face=3DArial size=3D2>Hello everyone, I hope you all are
=
> > > > enjoying or=20
> > > > <EM>will be</EM> enjoying your Valentine's Day.&nbsp; I just
> > > > want to
=
> > > > update you=20
> > > > on a few&nbsp;Collegexit Partners that have joined us most recently.
=
> > > > Recent=20
> > > > notables are <STRONG>UCLA, University of Tulsa, University of
Mary=20
> > > > Hardin-Baylor, and Southwestern University</STRONG>. We are now
about
> =

```

> > > 120 strong=20
 > > > with 20 Texas schools on board. Please contact me at anytime if
 > > > you
 > have
 > > =
 > > > any=20
 > > > questions or would like to set up another meeting if needed.
 > > > Also,
 if
 > =
 > > > you want=20
 > > > to go on to our demo site, please give me a call my cell
 > > > phone
 > > at=20
 > > > 972-489-6926. I can make sure the site is available and
 then walk
 > =
 > > > you=20
 > > > through the logon process. I hope to hear from you
 soon!</DIV>
 > > > <DIV> </DIV> <DIV><FONT
 > > > face=3DArial size=3D2>Rick Medley
Southwest Sales=20
 > > > Director
Collegexit/CFS
972-691-3263
972-691-3988
 > fax
<A=20
 > > > >
 > >
 href=3D"mailto:RiMedley@msn.com">RiMedley@msn.com
</DIV></B=
 > > > ODY></HTML>
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 > > > -----_NextPart_000_001D_01C09669.B89B6CA0--
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 >

EXHIBIT R

From: larryburt [larryburt@mail.utexas.edu]
Sent: Tuesday, August 07, 2001 5:15 PM
To: Rick Medley
Subject: RE: Collegexit

Rick, I am glad it has worked well for you and UT as well. Larry

-----Original Message-----

From: Rick Medley [mailto:rmedley@msn.com]
Sent: Tuesday, August 07, 2001 10:46 AM
To: Larry Burt; Don Davis; Miguel Wasielewski
Subject: Collegexit

Hello all

Here is an update on your Collegexit traffic: As of Friday of last week UT Austin has had 532 students successfully complete an exit through Collegexit. 201 of those students asked us for more information about consolidation. UT Austin is the most active/productive collegexit school that we currently have.

Thank you so much for working with me and Collegiate Funding Services! I look forward to working with you on future Collegexit enhancements and other projects in the future.

Rick Medley
Director of Business Development - Southwest
Collegiate Funding Services/Collegexit
800-762-6441 x5504
972-691-3263
972-691-3988 fax
RiMedley@email.msn.com

www.2cfs.com
www.collegexit.com

EXHIBIT S

Wasielewski, Miguel V

From: Miguel Wasielewski [miguelw@mail.utexas.edu]
Sent: Wednesday, January 31, 2001 8:00 AM
To: faszg@utxdp.dp.utexas.edu
Subject: Comments On Exit Products

Santa,

Below are my comments and recommendations regarding exit products.

Choosing the best product for on-line entrance and exit interviews (EEI) is a much easier process than choosing an award presentation product. We provide EEIs to fulfill our Federal responsibilities and as an effort to prevent students from defaulting. However, studies have shown that EEIs have little, if any, influence on default prevention. Furthermore, a significant amount of time, effort, and money is involved in processing these EEIs. This creates an interesting scenario. We are currently involved in a process that is time consuming, is an expense, and does not provide any significant influence on a student's desire or ability to pay back their loan.

With this in mind, the product we choose should meet three criteria. First, the product should require the school to devote the least amount of resources possible to startup and maintain the system. Second, the product should present information in a coherent manner and provide the best possible resources including better money management. Finally, the ability to update and expand on the product is essential to our office being able to move at our own pace and in the direction we desire.

College Exit (CE) best accommodates our desires for an effective and efficient EEI product. The most desirable aspect of CE is its level of personalization. Much like the Nellie Mae Award Presentation product, CE provides schools with a template pre-populated with essential information. The OSFS has the ability to manipulate this information to suit our needs and desires. This ability will accommodate our desire to produce a streaming video presentation of EEIs.

Our level of involvement in setting up and maintaining the CE product is minimal. The canned information fulfills our Federal requirement and provides a website that can go live by the desired date. We can personalize and update the information at our leisure. Our regular communication with CE is limited to the receipt of data transmissions that list students who have completed entrance interviews. CE retains all information of student interaction allowing us access to data if we develop a need for it. Furthermore, CE routinely updates their website to reflect any changes in Federal policy, reducing our need to monitor the product on a regular basis. CE has secured communication with TGSLC that allows CE to transmit important exit survey information to TGSLC.

CE structures its information in a clear, accurate, and efficient manner. This increases the likelihood that a student will actually retain some instruction from the exit or entrance interview. CE contains a canned streaming video that keeps up to date with the latest technology in web pages. Streaming video may prove to keep a student's attention longer than a text-based presentation. CE also plans to develop additional money management resources that we may include in the product. Finally, CE is planning to produce a "continuing student" counseling product that will be used to keep students aware of their responsibilities regarding student loans and better money management.

The other products under consideration are Mapping Your Future (MF) and Nellie Mae Exits (NM).

The Nellie Mae product is my second choice for an EEI website. NM provides the most professional looking website with very clear information. It lacks in that it is heavy on the branding, placing the Nellie Mae logo in obvious locations. Second, it is almost completely canned, allowing very little room for personalization. Last, the fact that we are heavily considering Nellie Mae for Award Presentation software, should automatically exclude them from consideration for an EEI provider.

Last is Mapping Your Future, provided by Texas Guaranteed Student Loan Corporation. This product is deficient in several areas. First and most important, MF presents their information in a style that will not be very visually stimulating for the student. The EEI is provided on one page, divided into two scrolling columns. These columns are too large and contain a boring description of the rights and responsibilities of a lender. This product is also almost completely canned. Finally, our experience with TGSLC shows that we will not always receive the level of service that we expect out of a vendor.

In conclusion, College Exit is the Exit and Entrance Interview product that will best suit the needs of The University of Texas at Austin. They provide us with a partnership that most accommodates our desire to always provide the most efficient and effective delivery of information and funds to students.

EXHIBIT T

Wasielewski, Miguel V

From: Miguel Wasielewski [miguelw@mail.utexas.edu]
Sent: Saturday, December 16, 2000 12:31 PM
To: larryburt@mail.utexas.edu
Cc: fadcd@utxdp.dp.utexas.edu
Subject: Comments on Award Presentation Software

Larry and Don,

Choosing the right software is essential to having a smooth 2001-2002 school year. Ideally, our data processing staff would have already started production on this capability. We have thrived on our ability to create and adjust processes at our leisure. Unfortunately, we are not technically knowledgeable enough at this point to produce a quality product by March 1, an ideal date for delivery.

If we intend on providing the most efficient notification to students by March 1, we will need to use an outside vendor. This is new ground for our office. We should make every effort to choose a product that will provide us with the sense of control that we enjoy with our home-grown software. The Nellie Mae product allows UT to retain the most control over it's substance and capabilities. Chase and Unipac have created products that contain too many defaults that can not be immediately changed. Our office may create award presentation software in the next two years. This suggests that the product we use should be the closest to what we want now, as opposed to waiting until version updates are released.

Of equal concern is the ability of outside vendors to provide a product with minimal error and downtime. Given that most of these products are just rolling off the assembly line, it is very difficult for any of us to gauge how well one product will perform against another. We can probably be safe to assume that Nellie Mae, Chase, and UNIPAC have a sufficient amount of resources to provide the technical support and hardware necessary to handle their own product. Nevertheless, it is essential that we decide on a product soon to allow as much time as possible for testing.

We should not lose control over our ability to decide how our preferred lenders are presented to students. Both Chase and Unipac present lenders to students with drop down lists, as opposed to Nellie Mae who mirrors our lender selection form.

Students must be able to individually accept, decline, and modify each semester award. Chase and UNIPAC do not extend this ability to students. Nellie Mae did not clearly indicate if this was a possibility. We should attempt to find out if they can modify their process to allow this.

These are the most important issues in choosing a lender to provide us with software. Below are some less significant concerns and comments on the individual products.

UNIPAC

The Unipac product provides excellent instructions and icons that effectively communicate what the student must do to complete the process. The student is allowed to report resources independent of accepting the award package. This product has a very impressive ability to guide students through the financial aid process. In a sense, this is more than just an awards presentation software. It is a financial aid processing software, allowing students to apply for FAFSA, fill out verification items, and so much more. However, at the point that we transmit data to UNIPAC, the FAN, LSAF, and Entrance Counseling would be the only requirements remaining. This product may be too extensive for our needs.

CHASE

The Chase product shows great promise for its future functionality. It has a strong base from which to grow. Unfortunately, it lacks fundamental qualities that are consistent with products that our office has produced. Student instructions are unclear and limited to the entrance screen. Students need guidance throughout the process. The focus of the product on the actual awards is minimal. Students need to quickly see their awards and identify with the process. The general feel of the website is that of a corporate website. The graphics on the website, unlike UNIPAC's, are irrelevant to the process. Allowing students to postpone their award decision promotes procrastination. This product does not effectively direct students to report additional resources. The error messages are confusing. Again, this product shows great promise, but is inadequate to suit our needs right now.

Nellie Mae

The Nellie Mae product provides us with the framework to create award presentation software with minimal effort. Chase and Unipac have created award presentation software, whereas Nellie Mae has created software to create award presentation software. Our ability to customize is extensive. This allows us to create a website that will be as simple and straightforward as our current process. The relationship we develop with any outside vendor is very important. Nellie Mae is willing to accommodate our needs. They present themselves as a solution provider and thank us for the opportunity to work with us. The impression that Chase left with many of us is that we should be thanking them for their efforts.

In conclusion, we should contract with Nellie Mae to use their product. Unipac is my second choice, home-grown is third, and Chase is last. I believe that Nellie Mae in combination with CollegeExit will effectively and efficiently provide us with the necessary tools to make a student's experience at UT a more pleasant one.

Thanks,
Miguel

Wasielewski, Miguel V

From: Miguel Wasielewski [miguelw@mail.utexas.edu]
Sent: Tuesday, May 15, 2001 9:16 AM
To: Larry Burt
Subject: For Chase

Description of selection process

Three products were evaluated for electronic award presentation. Several upper administrative staff members initially viewed all three products. Next, Chase, Nellie Mae, and UNIPAC, were invited to present a demonstration of their products to our web committee. The web committee is made up of Senior Administrative Staff, Supervisors, and Data Processing staff. The web committee submitted their comments to Larry Burt and Don Davis. In a final committee meeting, all of the recommendations were reviewed, and the Nellie Mae product was determined to be the best fit for UT's needs.

Installation and Set-Up experience

The product involved no installation, as it is completely web-based. Miguel Wasielewski customized the Nellie Mae site for UT. That process was completed in a few hours. The more extensive task involved programming our site to process the return data files. Joel Porter completed all programming within three weeks.

Process for loading student records

Records are uploaded and downloaded on a daily basis via the Nellie Mae website. Transactions are completed within seconds.

Security requirements

Our security requirement was to ensure that someone other than the student could not easily access a student's individual record. To compensate, Nellie Mae provided UT with an award letter link accessible only from UT's secured module. Students are referred to the UT site to access their notification. After logging onto our site, students are re-directed to the Nellie Mae site to complete their award letter.

Customization requirements

Features selected

The Nellie Mae product is a template for award letters. The unique part of this product is that its features are really determined by the school. UT did not select any one feature over another. Rather, we populated pre-existing fields with UT-specific information.

Unique UT customization

The only enhancement to the product that was completely UT-specific was the return data-file format. It appears that Nellie Mae developed their software to accommodate most financial aid management programs. UT, however, has a homegrown system. Although we could have programmed against their pre-set return file format, we asked Nellie Mae if they could adjust the data file to make the process more efficient.

Nellie Mae has always given the impression that their product is a growing product. UT offered several suggestions for modifications. For example, we suggested that the return file should be accessible by date submitted rather than by date uploaded. Many of our suggestions resulted in modifications to the product for all users, not just UT.

Usage tracking and reporting requirements The product provides statistics regarding files uploaded, submitted, and not opened. These statistics are sufficient for our needs.

Training requirements

The product was straightforward enough that UT did all the training.

Success criteria

The success of the product was dependent on UT uploading the files, students accessing their files, and UT downloading the submitted data with as little delay, error, and confusion as possible. Over seventeen thousand award letters have been processed in an efficient and accurate way. This product has proved successful for our needs.

Future plans

Our plans are to evaluate our internal needs for data processing enhancements and determine what our priorities are for the next year. The continued use of the Nellie Mae product will be dependant on the level of benefits UT would gain by creating an electronic award presentation product in-house.

EXHIBIT U

From: miguelw {Miguel Wasielewski} [/O=UTEXAS.EDU/OU=CC/CN=RECIPIENTS/CN=S-1-5-21-1343687065-249178954-1554850252-7683]

Sent: Tuesday, January 21, 2003 5:49 PM

To: michael.boyd; larry.burt; sarah.walter; santa.garza

Subject: Lenders and Outreach

Larry,

During the 2002 Lender Gathering, many lenders expressed their desire to be involved as much as possible in the current and future outreach efforts of our office. This is understandable given the potential success that can come when partnering with a major university. Lenders gain significant credibility if their message is delivered alongside financial aid professionals from The University of Texas at Austin. In addition, our outreach efforts are targeted at a population that is very likely to be borrowing a loan for the first time. Given the serial property of the Master Promissory Note, this is the most beneficial audience to which a lender can market their product. There is no doubt that the lenders have quite a bit to gain by partnering in our outreaches. The question that we must answer is, "What will our office and the students gain by involving lenders in outreaches?"

Lenders have great knowledge and understanding of the many details of the various student loan programs. Having their skills easily accessible at outreaches will dramatically increase the effectiveness of our presentations. We will be able to answer more specific questions related to student and parent loans. Many students are scared to borrow student loans. Specifically, statistics have shown that the growing Hispanic population has the most fear of student loans. Ironically, this is the population that has the greatest need to borrow money. The concept of partnering a financial aid professional with a student loan professional may help students to be a little less fearful of borrowing. By lenders gaining credibility, student loans gain credibility.

Lending professionals are marketing professionals. They receive thorough training on how to identify needs and make a sale. My recent experiences at outreaches where other higher education institutions are involved shows that financial aid presentations are often boring and too detail specific. This leads us to question the purpose of financial aid presentations. The answer will vary depending on the outreach. If we are presenting at a summer orientation, the purpose will be to provide very specific information related to the awarding and disbursement of financial aid. A high school presentation, on the other hand, is an opportunity to sell the concept of financial aid. Our message is very clear, you can afford college and it is easy. We must market that idea. Providing a presentation that reviews all specifics from FAFSA to disbursement is useless and intimidates the student. Lending professionals can pass their presentation and marketing experience on to us. We, the financial aid professionals, will learn from them how to market a product. Observing the way they talk, move, socialize, plan, etc. is a unique opportunity for our counselors to enhance their skills.

Finally, a major incentive to partner with lenders lies in the area of financing. Although modest now, we will embark on an ambitious effort to further the understanding of financial aid across the state of Texas. Lenders already make many trips to the various regions of Texas. Coordinating our efforts with them will help offset the travel and hotel costs associated with marketing to students outside of the Austin area. These expenses can be as extensive as plane fares, rental cars, hotel rooms, and meals. However, I expect our needs to be limited to a few meals and maybe the occasional hotel room.

My recommendation is to partner with lenders for high school outreaches. While I understand the desire to open this opportunity to all preferred lenders, my preference is to be specific as to who we invite to attend these outreaches. Along with improving our message and the delivery of that message, we are also trying to improve our image. The reality is that not all lender representatives have the charisma and skills to provide an accurate, useful, and entertaining presentation. I would like to send a message to our preferred and some non-preferred lenders to see who is interested in assisting us. From that population of lenders, we should meet to determine the best candidates to work with. An example of a lender that may not be the most effective presenter is Cathy Elander. A better presenter is someone like Robert Hogeda or Barry Klassen. They are both friendly and natural presenters.

I would be more than happy to craft a letter and work with the lenders if you agree that this is something we should do.

Thanks,
Miguel

Cc: Sarah, Michael, Santa

Miguel Wasielewski
Supervisor - Information Management
Office of Student Financial Services
The University of Texas at Austin

From: Miguel V Wasielewski [/O=AUSTIN/OU=AUSTIN/CN=RECIPIENTS/CN=MVW2]
Sent: Friday, February 14, 2003 4:03 PM
To: Lawrence W Burt
Subject: Lender Responses

Larry,

Attached is a summary of the responses to the e-mail sent Monday regarding the outreach opportunity for lenders.

In summary:

1. TGSLC, Loan Star, Sallie Mae, CLC, and Frost would all like to contribute funds for sponsorship.
2. TGSLC, Loan Star, Sallie Mae, CLC, Suntrust, Bank of America, Chase, AMS, Brazos, A+ Funds, and Nellie Mae would all like to help present.
3. Sallie Mae, CLC, A+ Funds, Chase, and AMS are able to help the whole week.

Thanks,
Miguel

Miguel Wasielewski
Supervisor - Information Management
Office of Student Financial Services
The University of Texas at Austin

Summary of Responses to Request for Outreach Help

Ayeesha Green – TGSLC – Presentation and Sponsorship

Phone: Committed to participate and to sponsor

E-mail: TG will definitely be available to assist UT in any way possible. Let me know exactly what you need, and we will start working on it.

Robert Hogeda – LoanStar – Presentation and Sponsorship

Phone: Committed to Monday and to sponsor

E-mail: Per our conversation on Tuesday morning, I am available to assist you all on Monday, Feb. 24. I have to participate in the UT Brownsville Financial Aid event during the day on Tuesday, Feb. 25, and have to fly back to Bryan on that afternoon for 2 day sales team meeting.

I wish I could help out more but my schedule is already set, unfortunately. Let me know if you will want me to participate on Monday, Feb. 24. Thanks!

Don Buehrer – Sallie Mae – Presentation and Sponsorship

E-Mail: Miguel, thanks for the opportunity to participate in this very important project. I am available during all of these times and will gladly assist if needed. Sallie Mae will also assist in the sponsorship of this program. We will pledge \$500 to assist your efforts. Please let me know if you need additional information. Thanks for giving us the opportunity to be a part of this exciting initiative.

Barry Klassen – CLC – Presentation and Sponsorship

Phone: Committed to entire week and sponsorship

E-mail: Count me in on whatever!

Barbara Kelly – Frost - Sponsorship

E-mail: Thanks for the e-mail about the outreach opportunity. Frost would like to give a financial contribution to UTA to help cover some of the cost. Would we send the check to your attention? Also, would you update my e-mail address to barbara.kelly@frostbank.com please. I'm not sure if we can attend any of the workshops, but I will let you know as soon as possible.

Sarah Holland – Suntrust - Presentation

Phone: Committed to two days.

E-Mail: considered offering my time to help with Outreach activities, especially since we've got those awesome "Off To College" brochures that explain everything any student or parent should know about how to pay for college. The brochure is also available in Spanish, which would be perfect. If you guys need them, please feel free to use them whether or not I'm with you.

I noticed in the e-mail you sent that you hope to get Spanish speaking people to help out, and that the lenders would be expected to help complete FAFSA's. Since I don't speak Spanish, and since I've never actually completed a FAFSA except during New Aid Officers Training, I fear that I wouldn't be what you guys are hoping for during that week. I guess I said all of that to say that I want to help, but I'm worried I won't be ENOUGH help. How has your response been so far? I thought it was a great idea!

Oscar Garcia – Bank of America - Presentation

E-mail: I can help you on February 24, Monday from 2:00-4:00pm at Hanna High School. I have a Spanish publication that I can share with students/ parents who do not speak English.

Brook Pallanez – Chase – Presentation

E-Mail: I'd be thrilled to assist you with your efforts in the Valley. I'm flexible and could assist with any of the events scheduled. I don't speak Spanish so I'll let you decide whether or not to use me at a Parent's Night event. If I have a preference, anything between Wed. and Friday would work well. Multiple events are fine if you don't have a huge response from the lending community. Please let me know when you can what I need to block off.

Javier Salinas – AMS - Presentation

E-Mail: Miguel, thanks for this opportunity. I am able to help on Monday, Tuesday Morning , Wednesday after noon, Thursday and Friday. I am able to review information in Spanish if needed. Please let me know which dates I can assist on. Javier

John Tipton – Brazos - Presentation

E-mail: Susan forwarded your email to me. I would be glad to help with presentations at any of the events that you are having. My calendar is open and I would appreciate as much advance notice as possible. I am willing to help with FA nights but I have very limited Spanish language skills.

Elsa Ramos – A+ Funds - Presentation

E-Mail: Count me in for any or all of the dates.

Tricia Simpson – Nellie Mae - Presentation

Phone: Thursday commitment

Shelly Cook – Citibank

Phone: Wants more info