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**NOTICE OF PROPOSED LITIGATION PURSUANT
TO SECTION 63(12) OF THE EXECUTIVE LAW
AND SECTIONS 349 AND 350 OF THE
GENERAL BUSINESS LAW**

BY CERTIFIED MAIL

Ms. Tamera Briones, CEO
Education Finance Partners
111 Maiden Lane
San Francisco, CA 94108

Notice of Intention to Sue

Dear Ms. Briones:

You are hereby notified that the Attorney General intends to commence litigation against Education Finance Partners ("EFP") pursuant to Executive Law Section 63(12) and Article 22-A of the General Business Law ("GBL"), Sections 349 and 350, to enjoin unlawful and deceptive acts and practices in which EFP has engaged and continues to engage, and to obtain injunctive relief, restitution, damages, and such other relief as the Court may deem just and proper.

The unlawful and deceptive acts and practices complained of arise out of EFP's student loan business. EFP has repeatedly and persistently offered to make payments, and has in fact made payments, to colleges, universities, and vocational schools ("Schools") in exchange for those Schools (a) steering students to EFP loan products, and (b) placing EFP on the Schools' "preferred lender" lists. Among the Schools with which EFP has had such revenue sharing

agreements are: Baylor University, Boston University, Clemson University, Drexel University, Duquesne University, Fordham University, Long Island University, Pepperdine University - Graziado School of Business, St. John's University, Texas Christian University, Washington University in St. Louis, and the University of Mississippi. In total, EFP has or has had such agreements with more than 60 schools across the nation.

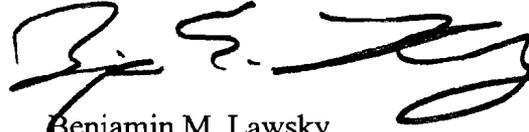
The agreements entered into by EFP require the Schools to promote EFP to its students as a "preferred private loan provider via the school's website, printed lender list, mailings, and other marketing opportunities to both first-time and serial borrowers who are candidates for a private loan." In return, the agreements require EFP to pay back to the school a percentage of the net value of the loans referred by each school. For example, EFP's agreement with Duquesne University provides that the school will receive 60 basis points (.6%) of the net value of all referred loans. Some of the agreements are "tiered" so as to provide increasing financial incentives for the schools as more students take loans from EFP. EFP's agreement with Boston University, for example, provides that the school will receive 25 basis points (.25%) of the net value of referred loans of at least \$1,000,000 up to \$5,000,000; 50 basis points (.5%) of the net value of referred loans between \$5,000,000 and \$10,000,000; and 75 basis points (.75%) of the net value of referred loans over \$10,000,000. In at least one instance (Drexel University), the agreement provides for EFP to be the exclusive preferred lender, resulting in the school's pushing its students towards EFP and EFP alone. Thus, Drexel's agreement with EFP, dated April 1, 2006, provides that Drexel has agreed to make EFP its "sole preferred private loan provider," in consideration for which EFP has agreed that Drexel will receive 75 basis points (.75%) of the net value of referred loans between \$1 and \$24,999,999; and 100 basis point (1%) of all loan amounts of \$25,000,000 or greater.

Such steering and placement on the preferred lender lists occurred without disclosure to the student borrowers and their parents of the payments and offers to pay, and had the potential to mislead the student borrowers and their parents. The arrangement created unlawful conflicts of interest on the part of the Schools. To avoid these inherent conflicts of interest, EFP must sever its financial ties with the Schools to whose students it makes loans. It must compete for the students' loans by offering the best loan products to students, not the best kickbacks to the Schools.

EFP has also repeatedly and persistently engaged in misleading and deceptive business practices and false advertising by falsely representing, directly and by implication, that Schools endorse EFP's loan products and recommend those products for individual student borrowers. Specifically, EFP has (i) used Schools' names, logos, colors, and mascots in EFP's correspondence and on EFP's web-based promotional materials, creating the false impression that the Schools have endorsed EFP's products, and (ii) provided Schools with EFP promotional materials for insertion into the Schools' financial aid award packages and tuition/cost of attendance bills, again creating the false impression that the Schools have endorsed EFP's products.

Please be advised that, pursuant to Sections 349-c and 350-c of the GBL, EFP is hereby afforded the opportunity to show orally or in writing, within five business days after receipt of this notice, why such proceedings should not be instituted.

Very truly yours,

A handwritten signature in black ink, appearing to read "B. M. Lawskey", written in a cursive style.

Benjamin M. Lawskey
Deputy Counselor &
Special Assistant to the Attorney General

cc: Paul Spagnoletti, Esq.