

Press Releases

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ATTORNEY GENERAL CUOMO ANNOUNCES SETTLEMENT WITH JOHNS HOPKINS UNIVERSITY

Johns Hopkins to Pay \$1.125 million; Agrees to End Deceptive Practices; Abide by the Code of Conduct; Submit to Monitoring and Oversight by New York and Maryland Attorneys General

NEW YORK, NY (June 14, 2007) - Attorney General Andrew M. Cuomo today announced a new agreement with Johns Hopkins University that addresses improper transactions between financial aid officials and student loan companies.

This settlement resulted from Cuomo's findings that Ellen Frishberg, the director of student financial services at Johns Hopkins University, was improperly promoting a lender, Student Loan Xpress, after the company paid her more than \$65,000 in consulting fees and tuition payments. The agreement marks the latest fallout from Cuomo's nationwide investigation into conflicts of interest in the \$85 billion-a-year student loan industry.

"Ellen Frishberg's conduct while leading the financial aid office of Johns Hopkins ranks among the worst we have seen at any school across the country. Her work was mired with conflicts of interest, deception, and unethical behavior," said Cuomo. "Today's settlement brings to an end a sad chapter in Johns Hopkins history and sets in place a monitoring regimen to ensure this never happens again."

Under the terms of the agreement, Johns Hopkins will adopt Cuomo's Code of Conduct, and pay \$1.125 million. Of the \$1.125 million, \$562,500 will be paid into the New York Attorney General's national education fund. The remaining \$562,500 will be used to implement a similar program to be overseen by the Maryland Attorney General's office. Johns Hopkins has also agreed to have its financial aid procedures monitored for a period of five years by both Attorney General Cuomo and the Maryland Attorney General.

The transactions involving Ellen Frishberg, the director of student financial services at Johns Hopkins University, and Student Loan Xpress (SLX), one of the largest student loan companies nationwide, were uncovered as part of Cuomo's investigation. Ellen Frishberg accepted more than \$65,000 in consulting fees and tuition payments from Student LoanXpress. Frishberg also took payments from other lenders as detailed in the settlement agreement. The transactions took place between 2002 and 2006. During these years, Frishberg failed to disclose these payments and activities, and actively provided marketing promotion and other support for SLX.

Cuomo's ongoing nationwide probe has exposed, among other things, that lenders pay financial school aid advisors for entertainment, meals, holiday lunches and make office and individual gifts. Lenders have also provided goods, services, or payments to the Universities related to the lending program, including certain office supplies, brochures, information in hard copy and available to students electronically, support for job fairs, workshops for students and employees, awards and promotions, and printing and distribution of brochures.

This agreement, together with the recent announcement that Columbia University agreed to adopt Cuomo's Code of Conduct, and pay \$1.125 million into a national education fund is tremendous progress in achieving solutions to the student lending crisis. Twenty-six schools and the nation's top-five lenders (seven lenders in all) have now reached agreements with Cuomo.

Under the agreement with the Attorney General, John Hopkins will:

Pay \$562,000 to the New York Attorney General's national fund dedicated to educating college students and their parents about the financial aid process. The university will pay an additional \$562,500 to implement a similar program administered by the Maryland Attorney General's office.

Submit to new oversight which include the following:

- Centralization of their various financial aid operations;
- More robust conflict of interest screening of their financial aid employees;
- Requirement that all preferred lender lists be approved by committees of at least 3 people and then by a person outside of the financial aid office who reports to the President of the University;

For the next 5 years the University must issue a report to the New York Attorney General laying out all policies and procedures relating to student lending and laying out any conflicts or violations of the Code of Conduct.

In total, 26 schools have committed to Cuomo's Code of Conduct, 9 of which have agreed to reimburse students over \$3 million for the cost of revenue sharing agreements. Cuomo's investigation has resulted in agreements with the nation's five largest student loan providers - Citibank, Sallie Mae, JP Morgan Chase, Bank of America, and Wells Fargo - as well as with Education Finance Partners (EFP) and CIT. Sallie Mae, Citibank, EFP, and CIT have also agreed to contribute \$9.5 million to a national fund established by Cuomo that will educate high school students and their families about the financial aid process. On May 7, 2007, the New York State Legislature passed the Student Lending Accountability, Transparency, and Enforcement (SLATE) Act of 2007, which was sponsored at the request of Cuomo and is the first piece of legislation in the country aimed at ending the widespread conflicts of interest the student loan industry. Governor Spitzer signed the SLATE Act into law on May 29, 2007.

- [Johns Hopkins Agreement](#)