Financial Aid Director Resigns

Ellen Frishberg, director of student financial services at the Homewood campus of The Johns Hopkins University since 1989, has submitted her resignation, the university said today. Frishberg resigned Friday, effective immediately.

Frishberg, who directed financial aid matters for full-time undergraduate and graduate students in the university's schools of Arts and Sciences and Engineering, had been on paid administrative leave since April 9.

The university learned that day from CIT Group Inc., parent company of Student Loan Xpress Inc., that SLX had paid about $65,000 in consulting fees and tuition payments to or on behalf of Frishberg between 2002 and 2006. SLX had been included during those years on lists of suggested lenders distributed by Frishberg's office.

The university's investigation -- including interviews and an extensive review of documents -- found no evidence that any university official was aware of the consulting and tuition payments from Student Loan Xpress.

Frishberg did not submit written reports disclosing the SLX consulting or tuition payments. This non-disclosure, along with her acceptance of tuition payments, was inconsistent with the university's ethics and conflict of interest policies, the university said. The university said that Frishberg had also performed paid consulting work prior to 2002 for another lender, American Express, at a time when her office recommended American Express as a lender. The university said, based on the evidence it had reviewed, that Frishberg had not disclosed this relationship in a manner consistent with the university's conflict of interest policy.

During the course of the investigation Frishberg also acknowledged paid consulting relationships with other lenders as well, but these lenders had not been on a recommended lender list issued by Frishberg's office. One of those consulting relationships had been approved. Also, Frishberg had earlier disclosed certain advisory committee work. At different times Frishberg had served on advisory committees for American Express, Sallie Mae and SLX.

The university said it found no evidence that any student or parent borrower was harmed financially because of any arrangement between Frishberg and a lender. The university also said it has had no revenue...
sharing arrangements with lenders.

Since April 9, the university has adopted the code of conduct proposed by New York Attorney General Andrew M. Cuomo to govern the relationship between universities and student loan companies. The university has cooperated with Cuomo's investigation and with that of the Senate Health, Education, Labor, and Pensions Committee.

The university also has canceled all lists of suggested lenders compiled for students and their families by Frishberg's office and by six other, independent financial aid offices around the university. It said on April 25 that it would not resume issuing such lists until "there is a national consensus on standards for lists that are free of conflict of interest and serve the best interests of students."

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