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COMMITTEE ON EDUCATION AND LABOR

U.S. HOUSE OF REPRESENTATIVES

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February 12, 2007

The Honorable Margaret Spellings
Secretary
U.S. Department of Education
400 Maryland Avenue, SW, Rm. 7W301
Washington, DC 20202

Dear Secretary Spellings:

We write regarding the recent sale of more than \$18 million of Sallie Mae stock just prior to the public announcement of significant student lender cuts outlined in President Bush's Fiscal Year 2008 Budget.

According to recent news accounts, Sallie Mae's Chairman sold 400,000 shares of Sallie Mae (SLM Corp.) stock between February 1 and February 2, 2007—just three days before the official, public release of the President's budget. As you know, the President has called for more than \$17 billion in cuts to the lending industry, including \$11 billion in reduction to Special Allowance Payments (SAP). Such cuts could have an impact on the financial health of companies such as Sallie Mae, which are wholly reliant on the federal student loan program.

Given the timing between the stock sale and the public announcement of lender cuts, we seek additional information about these events. Specifically, we ask that you provide us with the details of any and all communications about the lending industry between the Department of Education and SLM Corp. and its agents beginning November 1, 2006 through the date of this request. Please provide us with copies of written correspondence, e-mails, meeting minutes, notes, etc. memorializing these communications. Also, please provide us with telephone and meeting logs detailing the names, dates, locations and context of all Department of Education and SLM Corp. communications for the same time frame.

As members of Congress and Chairmen of the Committees with oversight in the areas of education and financial services, we respectfully request your written response within 10 days of receiving this letter. We further ask that your staff coordinate the production of

the requested information with Michael Zola, Chief Investigative Counsel, House Education and Labor Committee at (202) 226-9403 and Ricardo Delfin, Senior Counsel, House Financial Services Committee at (202) 226-7321.

Sincerely,

A handwritten signature in dark ink, reading "George Miller". The "G" is large and loops around the first part of the name.

GEORGE MILLER
Chairman

A handwritten signature in dark ink, reading "Barney Frank". The signature is fluid and cursive.

BARNEY FRANK
Chairman
Committee on Financial Services

Enclosure: Information Request Supplemental Instructions

Enclosure

In responding to this information request, please apply the instructions and definitions set forth below.

Instructions

1. In complying with the request, you should produce all responsive documents that are in your possession, custody, or control, whether held by you or your past or present agents, employees, and representatives acting on your behalf. You should also produce documents that you have a legal right to obtain, that you have a right to copy, or to which you have access, as well as documents that you have placed in the temporary possession, custody, or control of any third party. Records, documents, data or information called for by this request should not be destroyed, modified, removed, transferred, or otherwise made inaccessible to the Committees.
2. In the event that any entity, organization, or individual denoted in this request has been, or is currently, known by any other name than that herein denoted, the request should be read also to include them under that alternative identification.
3. Each document produced should be produced in a form that renders the document capable of being copied.
4. When you produce documents, you should identify to which paragraph in the Committee's request the documents respond.
5. Documents produced in response to this request should be produced together with copies of file labels, dividers or identifying markers with which they were associated when this request was issued. To the extent that documents were not stored with file labels, dividers, or identifying markers, they should be organized into separate folders by any matter prior to production.
6. Each folder and box should be numbered, and a description of the contents of each folder and box, including the request number to which the documents are responsive, should be provided in an accompanying index.
7. It is not a proper basis to refuse to produce a document that any other person or entity also possesses a non-identical or identical copy of the same document.
8. If any of the requested information is stored in machine-readable or electronic form (such as on a computer server, hard drive, CD, DVD, memory stick, or computer backup tape), you should consult with Committee staff to determine the appropriate format in which to produce the information.

9. If compliance with the request cannot be made in full, compliance should be made to the extent possible and should include an explanation of why full compliance is not possible.
10. In the event that a responsive document is withheld on any basis, you should provide the following information concerning the document: (a) the reason the document is not being produced; (b) the type of document; (c) the general subject matter; (d) the date, author, and addressee; and (e) the relationship of the author and addressee to each other.
11. If any document responsive to this request was, but no longer is, in your possession, custody, or control, you should identify the document (stating its date, author, subject and recipients) and explain the circumstances by which the document ceased to be in your possession, custody, or control.
12. If a date or other descriptive detail set forth in this request referring to a document is inaccurate, but the actual date or other descriptive detail is known to you or is otherwise apparent from the context of the request, you should produce all documents which would be responsive as if the date or other descriptive detail were correct.
13. This request is continuing in nature and applied to any newly-discovered information. Any record, document, compilation of data, or information not produced because it has not been located or discovered by the return date should be produced immediately upon location or discovery subsequent thereto.
14. All documents should be bates-stamped sequentially and produced sequentially.
15. Two sets of documents should be delivered to Longworth 1107 to the Attention of Michael C. Zola.

Definitions

1. The term "document" means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded, and whether original or copy, including, but not limited to, the following: memoranda, reports, expense reports, books, manuals, instructions, financial reports, working papers, records, notes, letters, notices, confirmations, telegrams, receipts, appraisals, pamphlets, magazines, newspapers, prospectuses, interoffice and intra-office communications, electronic mail (e-mail), contracts, cables, notations of any type of conversation, telephone calls, meetings or other communications, bulletins, printed matter, computer printouts, teletypes, invoices, transcripts,

diaries, analyses, returns, summaries, minutes, bills, accounts, estimates, projections, comparisons, messages, correspondence, press releases, circulars, financial statements, reviews, opinions, offers, studies and investigations, questionnaires and surveys, and work sheets (and all drafts, preliminary versions, alterations, modifications, revisions, changes, and amendments of any of the foregoing, as well as any attachments or appendices thereto), and graphic or oral records or representations of any kind (including without limitation, photographs, charts, graphs, voicemails, microfiche, microfilm, videotape, recordings and motion pictures), and electronic and mechanical records or representations of any kind (including, without limitation, tapes, cassettes, disks, computer server files, computer hard drive files, CDs, DVDs memory sticks, and recordings) and other written, printed typed, or other graphic or recorded matter of any kind of nature, however or otherwise. A document bearing any notation not a part of the original text is to be considered a separate document. A draft of non-identical copy is a separate document within the meaning of this term.

2. The term “communication” means each manner or means of disclosure or exchange of information, regardless of means utilized, whether oral, electronic, by document or otherwise, and whether face-to-face, in a meeting, by telephone, mail, telexes, discussions, releases, personal delivery, or otherwise.
3. The terms “and” and “or” shall be construed broadly and either conjunctively or disjunctively to bring within the scope of this request any information which might otherwise be construed to be outside its scope. The singular includes plural number, and vice versa. The masculine includes the feminine and neuter genders.
4. The terms “person” or “persons” means natural persons, firms, partnerships, associations, corporations, subsidiaries, divisions, departments, joint ventures, proprietorships, syndicates, or other legal, business or government entities, and all subsidiaries, affiliates, divisions, departments, branches and other units thereof.
5. The terms “referring or relating,” with respect to any given subject, means anything that constitutes, contains, embodies, reflects, identifies, states, refers to, deals with or is in any manner whatsoever pertinent to that subject.