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April 19, 2007

**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

Carl Oxholm III
Senior Vice President and General Counsel
Drexel University
3201 Arch Street, Suite 310
Philadelphia, PA 19104

Notice of Intention to Sue

Dear Mr. Oxholm:

You are hereby notified that the Attorney General intends to commence litigation against Drexel University ("Drexel") 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 Drexel has engaged and continues to engage, and to obtain additional injunctive relief, restitution, penalties, damages and such other relief as the Court may deem just and proper.

The unlawful and deceptive acts and practices complained of arise from agreements dated April 1, 2005, and April 1, 2006, that Drexel entered with Education Finance Partners, Inc. ("EFP"). The agreements provided, in substance, that Drexel would promote EFP's private loan program, and, in exchange, would receive a portion of loans that Drexel students placed with EFP. The 2006 contract, in particular, requires Drexel to promote EFP's private loan program, as Drexel's "sole preferred private loan provider, via the School's website, printed lender list, mailings, and other marketing

opportunities customarily utilized by the School, to both first-time and serial borrowers who are candidates for a private loan.” In return, the agreement requires EFP to pay Drexel a 75 basis points (.75%) of the net value of all referred loans for the portion of the net disbursed value of referred loans that is between \$1 and \$24,999,999, and 100 basis points (1%) of the net value of all referred loans for the portion of the net disbursed value of referred loans that is \$25,000,000 or greater. The earlier agreement also had a revenue share provision, pursuant to which Drexel would receive 75 basis points (.75%) of the net value of all referred loans.

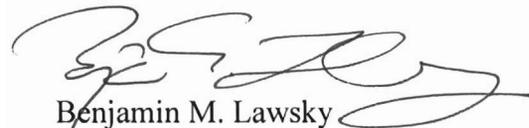
Since entering into the contracts, Drexel has directed millions of dollars in loans to EFP, for which we understand that it has received over \$124,000 from EFP and is owed another \$126,000.

The contracts and payments, which were not disclosed to students or their parents, created unlawful conflicts of interest on the part of Drexel and may have misled the student borrowers and their parents. To avoid such conflicts of interest, Drexel must terminate any revenue sharing arrangement with any lender. Drexel must require lenders to compete for the students’ loans by offering the best loan products to students, not the best kickback to Drexel.

Drexel has also repeatedly and persistently engaged in misleading and deceptive business practices and false advertising by fostering the false impression to student borrowers and their parents that Drexel, which is in a position of trust with students and their parents, is a lender or lender partner on EFP’s private education loans. Specifically, Drexel (i) has allowed EFP to use Drexel’s name, logo, colors and mascot in EFP’s promotional materials, and (ii) has included a link from Drexel’s website to EFP’s website where EFP has used Drexel’s name, logo, colors and mascot and otherwise made representations which fostered the false impression that Drexel is a lender or lender partner on EFP’s private education loans.

Please be advised that, pursuant to Sections 349(c) and 350-c of the GBL, Drexel 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,



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